



Sept. 9, 2008

An Update on the Tax and Budget System

Now that the Democratic and Republican Conventions are over, Congress is set to return to work on September 8. There are several pieces of legislation that benefit children and families that we hope will receive action between now and the election.

Update on Child Welfare Legislation

The Senate Finance committee is expected to mark-up S. 3038, the Improved Adoption Incentives and Relative Guardianship Support Act of 2008, so that it can be sent to the Senate floor for passage. In June, the House of Representatives passed H.R. 6307, The Fostering Connections to Success Act, which is similar legislation to S. 3038.

Both bills will allow foster children to achieve greater permanency by supporting kinship and guardianship families, improving incentives for adoptions from foster care; continue supports for foster youth up to age 21; and strengthens educational stability of foster youth. The House and Senate measures also, for the first time, allow direct federal access of child welfare support for Native American Tribes.

The Adoption Incentives program is set to expire September 30 unless action is finalized and sent to the President for his signature. In Arkansas 481 foster children are waiting for adoptive homes. On behalf of these children, we need urgent action. Senator Lincoln has worked hard to garner support for this bill among her Senate colleagues. Both she and Senator Pryor are co-sponsors of S. 3038. Additional review of the House and Senate measures is available [here](#).

Federal Child Tax Credit

After several failed attempts, the Senate is expected to try again to pass the tax extenders legislation (S. 3335) that includes improvements to the Federal Child Tax Credit (CTC). The credit is a \$1,000 per-child tax benefit intended to help working families. Unfortunately, it is currently structured in such a way that families must have earnings above \$12,050 in 2008 to qualify for the refundable CTC. The bill would allow lower-income families to qualify for a refundable CTC if their earnings exceeded \$8,500.

In this uncertain economic climate, the CTC can help many working families in Arkansas deal with the costs associated with raising children. In May, the House passed its version (H.R.

*If you would like more information on the topics discussed above, please contact **Candice Smith**, federal tax and budget policy director, at csmith@aradvocates.org. If you would like to subscribe to *Moving Families Forward*, which provides updates and alerts on state and federal tax and budget issues, please email csmith@aradvocates.org.*

6049). Both bills will: (1) extend benefits to 33,677 Arkansas children who otherwise wouldn't be eligible since the current threshold is \$12,050; and (2) provide an increased tax benefit to an additional 116, 657 Arkansas children because the size credit is based on the amount by which the family's earnings exceed the threshold. To learn more click [here](#).

Senators Pryor and Lincoln and Congressmen Berry, Ross and Snyder have supported this legislation with their votes. We hope Congressman Boozman will join them in September so that all members of Arkansas' congressional delegation will work to both retain this provision and help ensure it becomes law this year before Congress adjourns.

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