

Approved: 2-22-99
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:20 a.m. on February 17, 1999, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator Anthony Hensley
Melissa Ness, Kansas Children's Service League
Joyce Allegrucci, Commissioner of Children & Family Services
Marlene Schmar, Another Chance, Inc.

Others attending: See attached list.

The minutes of the February 16, 1999, meeting were approved.

SB 242—Income taxation; allowing a credit for foster parents.

Senator Anthony Hensley, sponsor of **SB 242**, testified in support. He explained that the bill is an attempt to recruit and retain foster parents in Kansas by providing a \$1,000 refundable income tax credit for foster parents who have had a foster child in their home for twelve consecutive months. (Attachment 1)

In response to a question from Senator Bond, Senator Hensley explained that it would not be necessary to be a foster parent for the same child for a period of twelve consecutive months to qualify for the refund. In fact, foster parents often care for several different children in a year's time.

Senator Bond expressed concern that the tax benefit may encourage longer care in the foster setting, which is contrary to the state's goal to place children in permanent settings as soon as possible. He also questioned if foster parents would qualify if care for foster children was interrupted for a short period during twelve consecutive months. He suggested that perhaps a better approach would be to pay more money to foster parents as opposed to a credit for a consecutive twelve month period.

In response to Senator Bond's concerns, Senator Lee said the foster parents she knows are not foster parents for the same child for twelve consecutive months. She did not believe the intent of **SB 242** is to require that the foster parents care for the same child for twelve consecutive months, although she agreed that this is not clearly stated in the bill. She added that foster parents are required to complete a training program before they are allowed to care for a foster child. In her opinion, it would be helpful for the system if the same foster parents continue to serve as it would eliminate the need to train more foster parents. She further noted that the foster parents do not determine if the foster child moves from their home or not.

Melissa L. Ness, Kansas Children's Service League, testified in support of **SB 242** as an effort to create yet another avenue of support for those individuals who open their homes and hearts to some of Kansas' most vulnerable children. However, she cautioned the Committee to review the bill to ensure that its intent is clear with regard to the "twelve consecutive months" provision, noting that foster families may take a break or may not have a child in their homes for a couple of months or as little as two weeks. In addition, she suggested that the Committee discuss ways of ensuring that the tax credit does not become a disincentive for those who otherwise would become adoptive parents. (Attachment 2)

Senator Lee commented that she could not see how a tax credit is any more a disincentive to adopt than increased pay to foster parents as the receipt of more money per diem for foster care would be just as much an disincentive to adopt as a tax credit. Ms. Ness responded that the debate should center on what policy the

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE, Room 519-S, Statehouse, at 11:20 a.m. on February 17, 1999.

Legislature wants to support in the long run. She contended that the bill, as written, would allow foster parents to receive credit for a longer period of time than they could as adoptive parents. She suggested that the Committee discuss a way to level the playing field of both of those populations.

Senator Hardenburger commented that the proposed foster care tax credit reflects on the tax code. She questioned who has the legal right to assume a personal exemption on the income tax form, and, if one itemizes, is the expense for a custodial child allowed as a deduction for foster parents. She believes that questions as to what tax benefits are derived from the state tax code should be answered to determine if the tax code should be changed rather than identifying foster care as an item for a tax credit. Senator Langworthy suggested that the Department of Revenue be requested to respond to Senator Hardenburger's questions at a future meeting.

Joyce Allegrucci, Commissioner of Children and Family Services, testified in support of the concept of **SB 242**. She noted that, as written, any family who holds a family foster home license for at least twelve consecutive months would be eligible for an income tax credit whether or not a child was in placement at any time during the twelve month period. Commissioner Allegrucci listed four recommendations to improve the bill. (Attachment 3)

Marlene Schmar, Another Chance, Inc., gave final testimony in support of **SB 242**. She discussed the negative influences which have extremely hampered recruitment of foster parents. In her opinion, a \$1,000 tax credit would recognize and reward the time and effort put forth by foster parents and also provide an incentive that would be useful in the recruitment of additional foster parents. (Attachment 4)

Senator Lee called attention to written testimony in support of **SB 242** faxed to her by David Lang, The Saint Francis Academy in Salina. (Attachment 5) With this, the hearing on **SB 242** was closed.

Senator Langworthy announced that Senators Corbin, Lee, Donovan, and Stephens would serve with her on the subcommittee on **SB 250** relating to sales taxation of contractors and retailers.

The meeting was adjourned at 12:00 p.m.

The next meeting is scheduled for February 18, 1999.

State of Kansas

Senate Chamber

ANTHONY HENSLEY
STATE SENATOR, NINETEENTH DISTRICT
SHAWNEE, DOUGLAS & OSAGE COUNTIES

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Senate Assessment and Taxation Committee

Senate Bill No. 242

February 17, 1999

Senator Langworthy and Committee Members:

I testify today in support of 1999 Senate Bill No. 242, a bill which would provide a \$1,000 refundable income tax credit to Kansas foster parents who have had a foster child in their home for the past twelve months.

Senate Bill No. 242 is aimed at encouraging families to participate in Kansas' foster care system and to ensure continued participation of current foster care parents. Currently, the average foster parent in Kansas has a foster child in their home for six months. Research indicates that most foster parents leave the program due to burnout or adoption. If a child is adopted, the foster parents are eligible for a refundable tax credit of \$1,500. This bill will help to keep qualified foster parents involved in the system and reward them for their efforts.

Over the past several years, the Graves administration has continued its efforts to privatize our state's foster care system. There are varying opinions about the problems in the system. However, the one problem everyone acknowledges is that we have a shortage of foster parents. Senator Langworthy, your own Senate Republican caucus has recognized this problem. Earlier, your caucus proposed spending \$500,000 on promotional advertising in an effort to recruit more foster parents.

In addition, SRS and the private contractors are working hard to increase the number of foster parents, but we can do more. We need to be more pro-active in the recruitment and retention of foster parents. This bill will respond to the shortage by giving parents a tax incentive to care for a foster child.

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Attachment 1

In order to qualify for the tax credit, a foster parent must be a resident of the State of Kansas and be a licensed foster parent with a foster child in their home for twelve consecutive months. The \$1,000 refundable tax credit will be claimed for the calendar year in which twelve months of providing foster care is reached. Foster parents who continue providing care for children year after year can continue to receive a \$1,000 refundable tax credit upon each successive twelve month interval.

Many of the foster parents I have visited with over the years have always talked about the additional hardships that they face. Most are not in the foster care business to make money. They open their homes and their hearts to help kids. Their expenses come in many forms - time, financial and emotional. Hopefully, Senate Bill No. 242 will provide help for foster parents to meet the challenges they face.

I urge you to support Senate Bill No. 242 and I am open for any questions you may have.



Senate Assessment and Taxation Committee – SB 242
February 17, 1999

Kansas Children's Service League (KCSL) is a statewide not-for-profit agency providing over a century of service to families and children in Kansas. We provide a broad range of services throughout the state driven by needs in a given community. Directed by a strong mission, our services and advocacy efforts are aimed at **keeping children safe, families strong and communities involved.**

KCSL has a long and rich tradition of advocating for the needs of Kansas children and their families. Our obligation to take what we know about the children and families we serve and place it in the hearts and minds of policy makers is evident in our tradition of advocacy. Our efforts are not driven by what is good for KCSL but rather what is good for children and their families. We **represent a group of special interest, NOT a special interest group.** At KCSL we see the effects of the lack of support for our children and families every day as children who have been victims of child abuse, drug abuse, neglect, and poverty walk through our front doors.

Our **Advocacy and Education** efforts are not only aimed at supporting and developing a skilled and involved workforce but also educating communities and policy makers about how they can be supportive and involved with children and their families.

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YOUTH SHELTER
2600 SE 23RD
TOPEKA, KS 66605
913-234-5424
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EMERGENCY
CHILDREN'S SHELTER
802 BUCHANAN
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OTHER LOCATIONS

CIMARRON
CLAY CENTER
CONCORDIA
DEERFIELD
GARDEN CITY
HUGOTON
HUTCHINSON
JUNCTION CITY
KANSAS CITY
LEOTT
LIBERAL
MANHATTAN
MANTER
MARYSVILLE
SALINA
SATANTA
SCOTT CITY
ULYSSES
WICHITA

To that end our agency stands in support of the intent of SB 142. ²⁴² We applaud the sponsors of this bill in their efforts to create yet another avenue of support for those individuals whom open their homes and hearts to some of Kansas most vulnerable children. This strategy, in combination with others identified by this body are necessary in strengthening the system of support created by the change in the child welfare delivery system. Truly this sends a clear public policy message that we value the contributions made by families providing foster care as well as understand the needs of children in crisis.

As a general caution, we urge the committee as they review this bill to ensure the bill's intent is clear. The bill as written allows a tax credit for individuals who, "*for at least 12 consecutive months, is a foster parent licensed pursuant to the provisions of K.A.R. 28-4-311...*" Often times families may take a break or may not have a child in their home for a couple of months or as little as two weeks. The committee should discuss whether or not this automatically eliminates a family from qualifying for this credit.

Also in deliberations, the committee should discuss ways of ensuring this tax credit does not become a disincentive for those who otherwise would become adoptive parents. It should be remembered that currently one of our greatest sources of adoptive parents are foster parents. This is a distinctive shift from policy of a few years ago when we were cautious about creating the expectation with a foster parent that they would become adoptive parents.

Finally we again are encouraged by the focus given to how we can encourage and grow an important resource and component in this system of care and ask the committee for their serious consideration.

Submitted by:
Melissa L. Ness



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Attachment 2

Kansas Department of Social and Rehabilitation Service
Rochelle Chronister, Secretary

Senate Assessment & Taxation
SB 242

February 17, 1999

Madam chair and members of the committee. I am Joyce Allegrucci, Commissioner of Children and Family Services. I thank you for the opportunity to appear before you today on behalf of Secretary Chronister and in support of Senate Bill 242.

This legislation recognizes the contributions foster parents make to the state and the fact that the compensation provided to foster parents does not cover all the costs of providing care to the state's most vulnerable children and we support the concept. However, we have some concern about how it now reads. As written any family who holds a family foster home license for at least 12 consecutive months would be eligible whether or not a child was in placement at any time during the twelve month period.

We offer the following recommendations specifying:

- (1) the family claiming the tax credit must document that a child or children were in care a significant proportion of the year;
- (2) that a significant proportion of the year be defined somewhere in the range of 305 to 335 days;
- (3) that the days of care do not need to be consecutive and may involve multiple children; and
- (4) the family is providing care for children in the custody of the Secretary of SRS or the Commissioner of JJA.

The establishment of a minimum number of days would rule out those families who do not "stay in the program". To require that a child be in the home a full 365 days does not recognize turnover and could encourage longer lengths of stay to qualify for the tax credit.

Specifying that the days need not be consecutive and may include multiple children recognizes turn over and does not encourage keeping a specific child in care to qualify for the tax credit.

Specifying that the family is providing care to children in the custody of the state ensures that the tax credit is assisting families who are caring for the state's most needy children.

ANOTHER CHANCE, INC.

NOT-FOR-PROFIT THERAPEUTIC FOSTER CARE PLACEMENT AGENCY

3724 SW Moundview Ct. Topeka, KS 66610 Tel. 785/266-5311 FAX 785/266-5343

SENATE BILL No. 242

Chairperson, Audry Langworthy and member of the Assessment and Taxation Committee.

Thank you for allowing me to present testimony in support of Senate Bill No. 242 today. My name is Marlene Schmar. I am an Advanced Registered Nurse Practitioner, the Executive Director of Another Chance, Inc., a Not for Profit Therapeutic Foster Child Placing Agency, and a foster parent. As the Director of Another Chance, Inc., I am extremely aware of the need for quality foster parents. On the average, Another Chance, Inc. receives at least four to five calls for placement every week.

Since the advent of privatization three years ago and the criticism aimed at the system as reported almost weekly in the local newspapers, there has become an increasing demand for foster parents to care for foster children. Another Chance went from 24 foster parents to our current number of 5 foster parent homes. Exit interviews with foster parents who left Another Chance, Inc. stated they were "getting out of foster care" and/or contracting with one of the lead child placing agencies who were granted contracts with SRS. Those parents leaving the system usually gave the following reason for doing so: they were unhappy with SRS and the Court system and no longer believed that what was being proposed was in the best interest of the child.

Simultaneously, there has been less response to advertisements for foster parents. Within the past three months, Another Chance, Inc. has purchased two newspaper advertisements and distributed flyers to local Churches and other businesses with received no response. Potential foster parents, referred to us by other foster parents, also stated that they were not interested because there are "too many problems with foster care."

Privatization and the closing of Topeka State Hospital has resulted in an increase in the level of acuity of foster children. Children with serious psychiatric disorders are now being cared for in therapeutic foster homes. This is a benefit to the child who avoids hospitalization, but requires foster parents to have more training and skills. Foster parents, in turn worry about the effect these children will have on their own children.

Additionally, the reimbursement rate for foster children often does not cover the many expenses incurred by the child which are paid for by foster parents. Too often, children come to us with no clothing except what they are wearing. A \$200 yearly clothing allowance does little to clothe a child at today's prices, so foster parents purchase clothing, school supplies, personal hygiene supplies, toys, minor medical needs (aspirin, Band-Aids, etc.) etc. from the family budget. Foster parents who care for kinship placements receive no reimbursement.

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Attachment 4

Given all of the above negative influences, recruitment for foster parents has been extremely difficult. A \$1000.00 tax credit would recognize and reward the time, attention and effort put forth by all foster parents. It would also provide an incentive that would be useful in the recruitment of additional foster parents. In our experience once a foster parent has had a positive experience with a child, they remain a foster parent.

Please vote in support of Senate Bill No. 242. Thank you.



Marlene Schmar, MN, RN, ARNP
Executive Director, Another Chance, Ins.



**SENATE TAX COMMITTEE
SENATE BILL 242**

Wednesday, February 17, 1999

Thank you for the opportunity to provide written testimony in support of Senate Bill 242 introduced by Senators Anthony Hensley and Janis Lee.

I am David Lang, Director of Admissions of The Saint Francis Academy, Incorporated, with its National Office located in Salina, Kansas. Saint Francis Academy provides various levels of residential treatment, family preservation services, emergency shelter care, day treatment, juvenile intake and assessment, sanctions house services, and sponsors family foster homes in the State of Kansas. St. Francis has been the "Voice of Hope" for over 53 years for children, youth and their families.

As Senators Hensley and Lee have stated, Kansas needs a more proactive solution for the recruitment and retention of foster parents. Becoming a foster parent is not an easy task. Foster parents must complete a 10 week, 30 hour course Model Approach to Partnership (MAPP). They may also be required to make renovations to their home to bring it up to standards set by the State of Kansas. Therefore, foster parents are looking at a substantial time investment, as well as a financial commitment for home renovations. Many foster parents are lost in the training process.

Now turning to the issue of retention of foster parents once they have completed their licensing requirements. All foster children require love, understanding, guidance, consistent discipline, and commitment. However, many of the children and youth have special needs such as medical, educational, or behavioral problems. Many foster parents do "burn out" as the Senators have pointed out. Although Saint Francis provides monthly support groups and 24 hour on-call case manager availability, sometimes this is not enough. A tax credit as suggested by Senators Hensley and Lee may provide the incentive to get parents through these difficult times.

This is not a new problem, but Senate Bill 242 is possibly a new solution. The Saint Francis Academy, Incorporated would like to express its support for this bill. I appreciate the opportunity to provide this written testimony to the Senate Tax Committee and I commend the Senate for their continued dedication to the children and youth of Kansas.

Sincerely,

A handwritten signature in cursive script that reads "David J. Lang".

David J. Lang, MS

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Lives Change Here

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Attachment 5