

**GAO**

United States General Accounting Office

Fact Sheet for Congressional  
Committees

December 1989

# ADOPTION

## Assistance Provided by Selected Employers to Adopting Parents





United States  
General Accounting Office  
Washington, D.C. 20548

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**Human Resources Division**

B-237588

December 19, 1989

The Honorable Sam Nunn  
Chairman, Committee on Armed Services  
United States Senate

The Honorable Les Aspin  
Chairman, Committee on Armed Services  
House of Representatives

This fact sheet responds to the conference report on the National Defense Authorization Act for Fiscal Years 1988 and 1989 (P.L. 100-180), which directed GAO to obtain information on assistance provided by employers to employees who are adopting children. In the conference report, you indicated that you need this information to evaluate the Department of Defense (DOD) test adoption expense reimbursement program. This fact sheet presents information on selected employers' financial assistance for comparison with DOD's test program. In addition, this fact sheet contains information on leave available from the selected employers to adopting parents.

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## Background

Public Law 100-180 authorized DOD to test a financial adoption assistance program for military personnel. DOD will reimburse up to \$2,000 of eligible expenses for the adoption of a child under 18 years old with a maximum of \$5,000 per service member for more than one adoption in a year. Eligible expenses include adoption agency fees, legal costs, medical expenses, temporary foster care charges, and some transportation expenses. The test program originally covered adoptions where legal proceedings were initiated after September 30, 1987, and before October 1, 1989. The National Defense Authorization Act for Fiscal Years 1990 and 1991 extended the program 1 year, covering adoption proceedings begun through September 30, 1990. DOD's adoption assistance demonstration program does not include a special category of adoption leave, but service members can use generally available vacation time for adoption purposes.

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## Scope and Methodology

As agreed with your offices, we limited our adoption assistance survey to employers we identified as adoption assistance providers, with the help of two adoption advocacy groups and through our own literature search. We conducted telephone interviews with 77 employers who provide financial assistance, leave benefits, or both for adopting parents. We collected information on sizes of employers, types and amounts of

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financial assistance, and types and amounts of leave available to adopting parents.

Appendix I contains additional information on our objective, scope, and methodology. We did our work from April to July 1989, in accordance with generally accepted government auditing standards.

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## Types of Organizations Providing Assistance

Forty-seven of the 77 adoption assistance providers in our survey are among the largest U.S. companies, as indicated by a place on the 1988 Fortune 500 lists of the largest industrial and service companies. The remaining adoption assistance providers are non-Fortune 500 companies, nonprofit organizations, and governmental units. The 77 adoption assistance providers have widely varying numbers of employees, ranging from about 25 to over 400,000. Meanwhile, 39 of the 56 financial assistance providers in our survey were among the largest U.S. companies. Additional information on the organizations we surveyed is in appendix II.

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## Financial Assistance Providers

Fifty-six of the 77 employers in our survey provide financial assistance to help employees meet adoption costs. These employers commonly reimburse adoption agency, legal, medical, and other expenses associated with adoptions, up to a dollar limit. Seven employers in our survey provide lump-sum payments for eligible adoptions, regardless of expenses incurred by adopting parents.

The most common dollar limits for one adoption are \$1,000 and \$2,000, although limits range from \$200 to \$4,000 among the employers we surveyed. These employers generally do not limit the number of times an employee can receive adoption assistance. Payments are usually made after an adoption is final.

Employers may restrict the types of adoptions they will assist and which employees can obtain financial assistance. For example, 21 of the 56 financial assistance providers set age limits for children whose adoptions can be assisted, and 26 will not pay for adopting stepchildren. Also, many of the employers we surveyed restrict eligibility for financial assistance to full-time or salaried employees or those with a specified number of months or years with the employer.

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Few of the employers in our survey assisted a large number of adopting employees in 1988. Of the 56 employers who provided financial assistance, 8 assisted 20 or more employees in 1988; these were among the largest employers in our survey. Nine employers assisted from 6 to 19 employees, and the remaining 23 employers assisted 5 or fewer employees. Detailed information on financial assistance appears in appendix III.

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## Leave Providers

All 77 employers in our survey allow adopting parents to use leave. Of these 77 employers, 75 allow use of some form of paid leave, and 76 allow use of some form of unpaid leave. In most cases, employers do not provide specific adoption or other parental leave, but allow employees to use already available paid vacation time and unpaid personal leave or leaves of absence. Only 7 employers have paid adoption or parental leave, and 17 employers have unpaid adoption or parental leave.

The employers in our survey generally allow up to 90 days of paid leave. Some employers pointed out, however, that only employees with the longest service would have that much paid leave available. In addition, employers allowed widely varying amounts of unpaid leave, with most employers allowing between 60 days and 1 year. Detailed information on leave benefits appears in appendix IV.

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Because DOD's adoption assistance program was not part of our review, we did not obtain comments from DOD. We are sending copies of this fact sheet to the Secretary of Defense, and to other congressional committees with jurisdiction over adoption-related matters. We also are sending copies to the Director, Office of Personnel Management, and to the employers who participated in our survey.

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Should you have any questions concerning this fact sheet, please call me at (202) 275-8848. Appendix V lists the major contributors to this report.

A handwritten signature in black ink that reads "Linda G. Morra". The signature is written in a cursive style with a long, sweeping tail on the letter "a".

Linda G. Morra  
Director, Intergovernmental  
and Management Issues

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**Abbreviations**

DOD	Department of Defense
GAO	General Accounting Office

# Objective, Scope, and Methodology

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Our objective was to determine the nature and extent of financial assistance provided by employers to employees who are adopting children so that the House and Senate Armed Services Committees can compare the Department of Defense's (DOD's) test adoption reimbursement program with private employers' financial adoption assistance. More specifically, we obtained information on the types and sizes of adoption assistance providers and the features and use of employers' financial assistance benefits. In addition, we collected information on employer leave policies related to adoption.

We surveyed employers we were able to identify as adoption assistance providers. Most of the surveyed employers came from lists developed by two adoption advocacy groups—the National Adoption Center in Philadelphia, Pennsylvania, and the National Committee for Adoption in Washington, D.C. According to officials of the two groups, the organizations on their lists came from responses to adoption assistance literature sent to employers and employer associations, word of mouth, and newspaper and newsletter articles. We identified several additional adoption assistance providers through our own literature search.

We developed a survey universe of 90 employers from these sources. We pretested our telephone interview questions on three of these employers. We then attempted to contact and interview personnel and employee benefits officials of the 90 employers in our survey, and were able to conduct telephone interviews with 79 of them. Two of the 79 respondents stated that they provide neither financial assistance nor leave for adoption purposes. Using our structured interview questions, we collected detailed information on financial and leave benefits offered by the remaining 77 respondents.

The surveyed employers with some form of adoption assistance include 67 private companies, 3 nonprofit organizations, and 7 governmental units (federal, state, and local). To analyze the types and sizes of employers in our survey (see app. II), we obtained estimates of numbers of employees from the employers we interviewed. In addition, we compared the private companies in our survey with the lists of the largest U.S. private industrial and service companies in 1988, as compiled by Fortune magazine.

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## Information on Financial and Leave Assistance

We developed our questions to financial assistance providers based on features in the DOD's test adoption reimbursement program.<sup>1</sup> Our questions related to:

- the types of financial assistance provided, and limits on available assistance;
- the types of adoption-related expenses that employers will reimburse; and
- restrictions employers place on eligibility for financial assistance, such as age limits for children and restrictions on which employees can receive financial assistance.

In addition, we collected information on financial assistance payments by employers during calendar year 1988. We did not collect data on payments under DOD's test program, since DOD will report that information to the Armed Services Committees.

We also obtained information on adoption leave policies from each employer. We asked each employer what types of leave and how much leave adopting parents could use.

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<sup>1</sup>National Defense Authorization Act for Fiscal Years 1988 and 1989 (P.L. 100-180, Sec. 638): DOD Instruction 1341.4, "Test Program for Reimbursement for Adoption Expenses," Sept. 27, 1988.

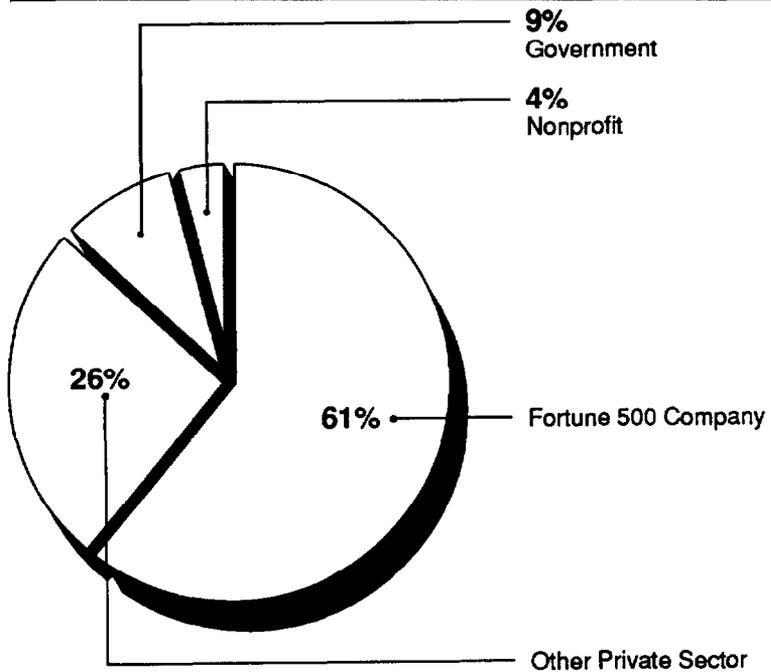
# Information on Adoption Assistance Providers

About 60 percent of the 77 adoption assistance providers we surveyed are among the largest U.S. companies. The remaining employers are smaller companies, nonprofit organizations, and governmental units.

## Types and Sizes of Organizations Providing Adoption Assistance

The 77 respondents providing adoption assistance include 67 private-sector companies; 7 federal, state, and local government units; and 3 nonprofit organizations. Of the 67 private companies, 47 were on Fortune's 1988 lists of the largest U.S. industrial and service companies or were subsidiaries of such companies. (See fig. II.1.)

**Figure II.1: Types of Adoption Assistance Providers in GAO's Survey**



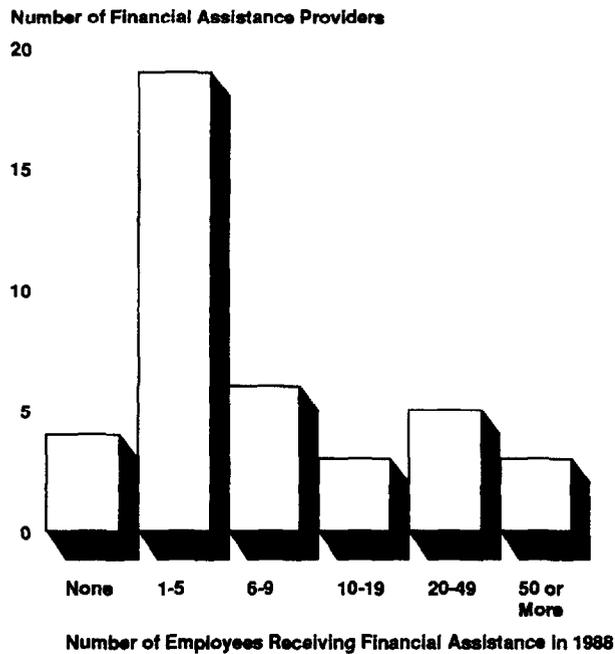
Note: "Fortune 500 Company" includes subsidiaries of companies on the 1988 Fortune 500 Industrial and Service lists.

Based on the 77 employers who responded to GAO's survey and provide financial or leave assistance to adopting parents.

## Numbers of Employees Receiving Financial Assistance in 1988

Few of the financial assistance providers in our survey aided a large number of employees in 1988. Only eight employers assisted more than 20 employees. (See fig. III.3.) These employers were among the largest employers in our survey. Twenty-three of the 40 financial assistance providers with 1988 assistance data assisted 5 or fewer employees.

Figure III.3: Numbers of Employees Receiving Financial Assistance for Adoptions (1988)

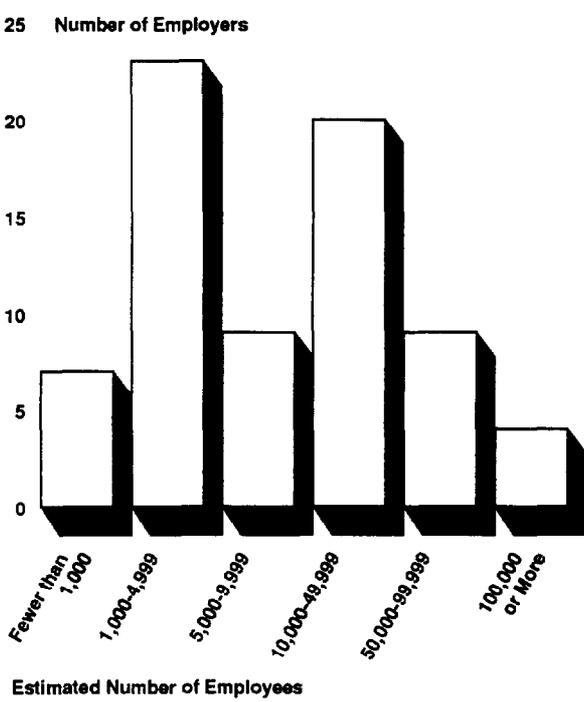


Note: Based on responses from 40 of the 56 financial assistance providers in GAO's survey. The remaining 16 providers did not have available data on financial assistance to employees in 1988.

Appendix II  
Information on Adoption  
Assistance Providers

The sizes of employers in our survey varied widely, from about 25 to over 400,000 employees. Of the 72 employers providing employee estimates, 42 percent estimated that they had fewer than 5,000 employees, while 18 percent estimated their employment at 50,000 or more. (See fig. II.2.)

Figure II.2: Estimated Employment of Adoption Assistance Providers in GAO's Survey

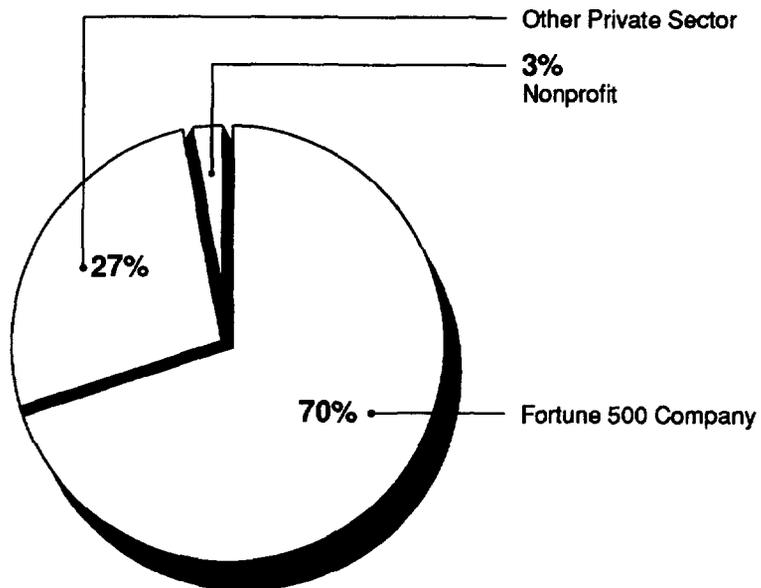


Based on estimates from 72 of the 77 adoption assistance providers in GAO's survey

## Types of Financial Assistance Providers

The 56 financial assistance providers in our survey included 54 private-sector companies and 2 nonprofit organizations. No government agency we contacted provided financial assistance. Thirty-nine of the 56 financial assistance providers are on one of the 1988 Fortune 500 lists of the largest U.S. companies—either the Industrial or Service list—or are subsidiaries of Fortune 500 companies. (See fig. II.3.)

Figure II.3: Types of Employers Providing Financial Assistance to Adopting Parents



Note: "Fortune 500 Company" includes subsidiaries of companies on the 1988 Fortune 500 Industrial and Service lists.

Based on the 56 employers in GAO's survey who provide financial assistance to adopting parents.

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# Information on Financial Assistance for Adopting Parents

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Of the 77 employers in our survey, 56 help employees meet the direct costs of adopting children. Financial assistance providers either reimburse adopting parents for specific adoption expenses, such as adoption agency and legal fees and medical expenses, or give lump-sum payments. These employers typically limit how much they pay to adopting parents and the types of adoptions they assist. Many employers also limit eligibility for financial assistance to certain classes of employees, such as full-time or salaried employees.

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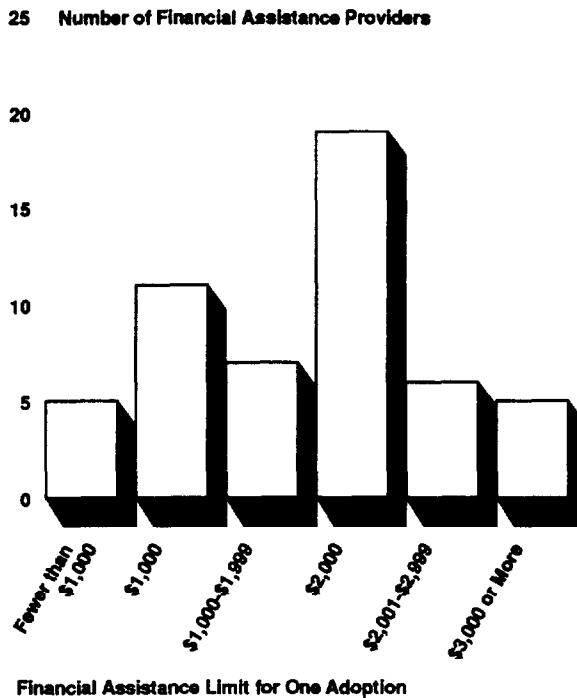
## Types of Financial Assistance

Financial assistance benefits consist of either reimbursement of specific adoption-related expenses, usually up to a specific dollar limit, or a lump-sum payment to the adopting parents. Of the 56 financial assistance providers, 49 offer reimbursement benefits and 7 offer lump-sum payments. A few employers indicated that, while they reimburse specific expenses, they consider their assistance a lump-sum benefit because employee adoption expenses normally exceed their dollar limits. These employers usually pay the maximum reimbursement for each adoption.

## Limits on Financial Assistance

All but 3 of the 56 financial assistance providers set specific limits on what they will pay for one adoption. The most common maximums are \$1,000 (11 employers) and \$2,000 (19 employers), although they range from \$200 to \$4,000. (See fig. III.1.)

Figure III.1: Limits on Financial Assistance for One Adoption



Note: Three employers do not have specific dollar limits.

Based on responses from the 56 employers in GAO's survey who provide financial assistance to adopting parents.

Three employers do not have specific payment limits for one adoption. One of these employers reimburses expenses up to an amount that yields a maximum of \$2,500 after taxes are withheld.<sup>2</sup> The other two employers' reimbursements are designed to equal local maternity costs.

Only 10 of the 56 financial assistance providers limit how much money one employee can receive in one year, or during the employee's service with the employer. These 10 employers' limits ranged from \$1,000 during an employee's entire service with the employer, to \$6,000 per year for each employee.

<sup>2</sup>Adoption expenses are generally not tax-deductible under the Internal Revenue Code.

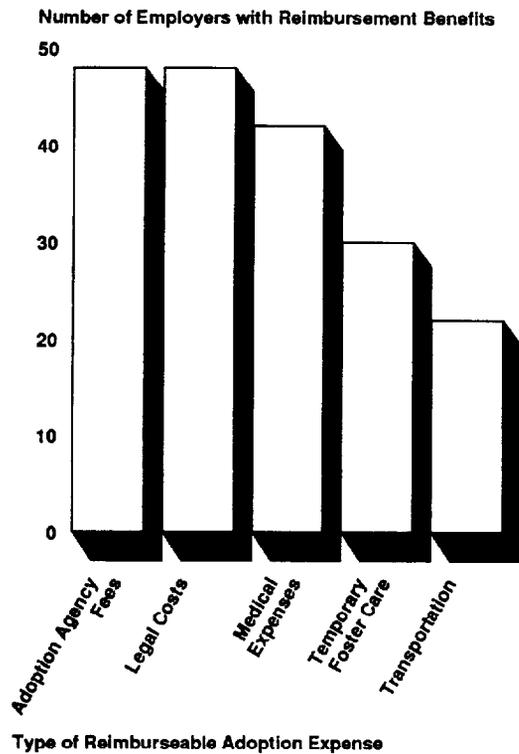
## When Assistance Payments Are Made

The majority of employers (34 of 56) pay financial assistance only after adoptions are final, while the remainder pay for expenses before that point. Payments made before final adoption are usually when the child is placed in the parents' home (11 employers) or when parents first incur adoption expenses and request reimbursement (10 employers).

## Types of Reimbursable Expenses

Of the 49 employers in our survey who reimburse specific adoption expenses, all but one reimburse employees for adoption agency fees and legal costs. Many of these employers also reimburse medical care, temporary foster care, and transportation expenses. (See fig. III.2.)

**Figure III.2: Types of Adoption Expenses Eligible for Reimbursement**



Note: Based on responses from the 49 employers in GAO's survey who reimburse specific adoption-related expenses. Most employers reimburse more than one type of expense.

Adoption agency fees can include fees for placing children with parents, parental counseling, and "home studies" often required by states before adoptions can be finalized. Legal costs include attorneys' fees and costs of legal proceedings required to finalize adoptions. Medical expenses can

include (1) maternity expenses for an adoptive newborn child and his or her biological mother, (2) physical examinations and other medical care for adoptive children, and (3) physical examinations for adopting parents.

Many employers in our survey also reimburse charges for temporary foster care when a child must spend time in a foster home before placement in the adopting parents' home. Finally, some employers will reimburse transportation costs; for example, costs of bringing in a child from another country.

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### **Age Limits for Adopted Children**

Only 21 of the 56 financial assistance providers in our survey have specific age limits for children whose adoptions are eligible for financial assistance. Of these, 17 have age limits from 16 to 18 years old. One employer provides reimbursement for adoption of newborn children only.

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### **Eligibility of Stepchild Adoptions**

Some employers will not assist adoptions of stepchildren or other relatives of adopting parents. Twenty-six of the 56 financial assistance providers will not provide financial assistance under such circumstances, while 19 will. The remaining 11 employers did not know whether a stepchild adoption would be eligible; a few said that they had not been asked to assist a stepchild adoption.

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### **Employee Eligibility Restrictions**

Thirty-five of the 56 financial assistance providers reported restrictions on which employees were eligible for financial assistance. The most common restrictions were to limit eligibility to full-time employees only (20 employers), employees with a specified number of months or years with the employer (8 employers), and salaried employees only (8 employers).

# Leave Benefits Available to Adopting Parents

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All of the 77 adoption assistance providers in our survey allow adopting parents to use paid or unpaid leave for adoption purposes. Many of these employers, however, have only generally available leave (such as paid vacation time or unpaid personal leaves and leaves of absence) available. Only a minority of employers have specific adoption or parental leave benefits.

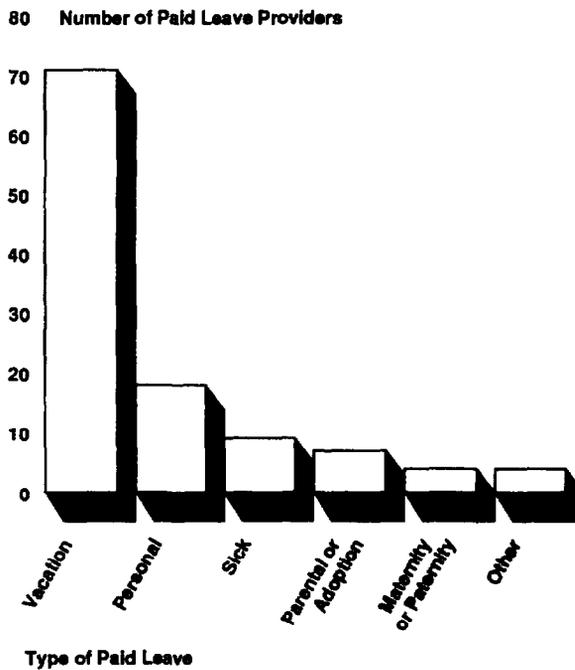
Seventy-five of the 77 adoption assistance providers allow adopting parents to use paid leave, such as vacation time, while 76 of the 77 allow use of unpaid leave, such as personal leave, a leave of absence, or parental leave.

Some states require employers to provide adoption or parental leave for adopting parents under certain circumstances. For example, Kentucky requires employers to allow up to 6 weeks of leave for employees adopting children under 7 years old. Minnesota and New York require that employers who provide maternity or paternity leave give at least equivalent leave benefits to parents of newly adopted children.

## Paid Leave

Of the 75 employers in our survey who allow employees to use paid leave for adoptions, all but 1 allow employees to use vacation time for adoptions. Only 7 employers have paid adoption or parental leave, and only 4 employers allow adopting parents to use maternity or paternity leave for adoptions. (See fig. IV.1.)

Figure IV.1: Types of Paid Leave Available to Adopting Parents

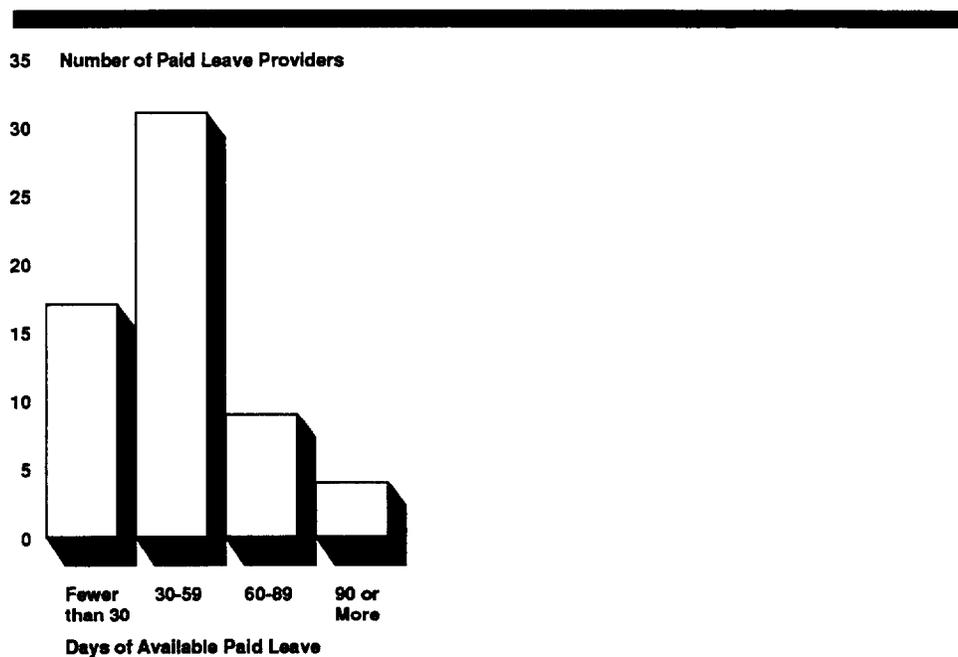


Note: Based on responses from the 75 employers in GAO's survey who allow adopting parents to use paid leave. Some employers allow use of more than one type of paid leave.

**Appendix IV  
Leave Benefits Available to Adopting Parents**

Counting all available types of paid leave, most paid leave providers in our survey allow maximums of 30 to 90 days. (See fig. IV.2.) Many respondents allow up to 4 to 6 weeks of paid vacation time, but only to employees with a specified amount of service with their employer. Several employers pointed out that adopting parents commonly have less vacation time available because adopting parents generally have not been with the employers long enough to qualify for maximum vacation time.

**Figure IV.2: Amounts of Paid Leave Available to Adopting Parents**

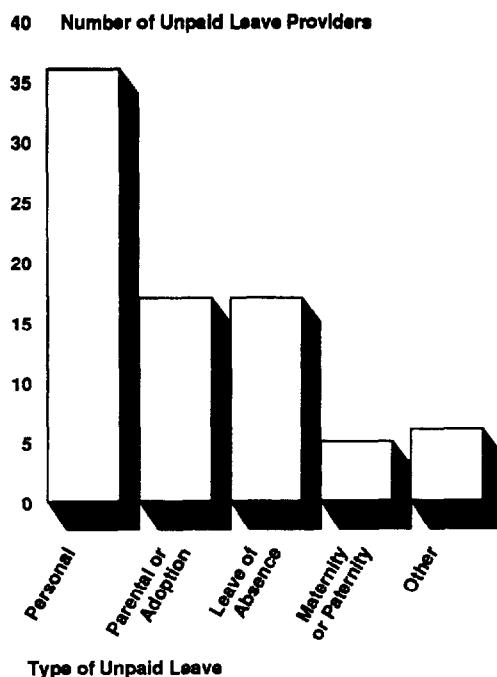


Note: Amounts of available leave, where required, were converted into calendar days  
Based on responses from 62 of the 75 paid leave providers in GAO's survey.

## Unpaid Leave

As with paid leave, most employers allow adopting parents to use generally available unpaid leave, but do not have specific unpaid adoption or parental leave benefits. Fifty-three of the 76 unpaid leave providers in our survey allow adopting parents to use personal leave or take an unpaid leave of absence. Only 17 unpaid leave providers have adoption or parental leave benefits, and 5 allow use of unpaid maternity or paternity leave for adoptions. (See fig. IV.3.)

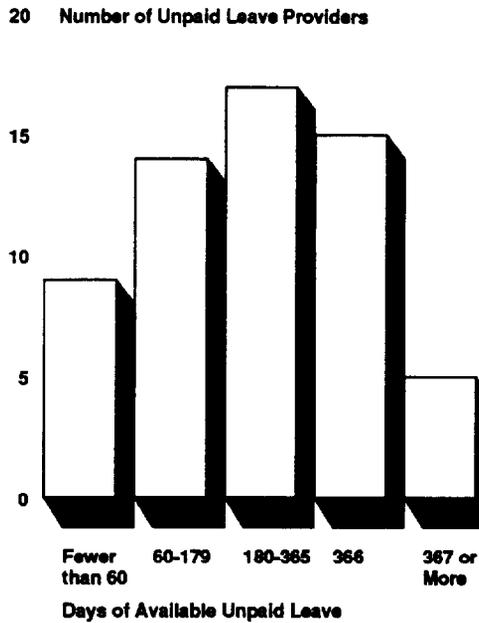
Figure IV.3: Types of Unpaid Leave Available to Adopting Parents



Note: Based on responses from the 76 employers in GAO's survey who allow adopting parents to use unpaid leave. A few employers allow use of more than one type of unpaid leave.

Of the 60 unpaid leave providers who had specific maximum amounts of leave available, 37 allowed adopting parents to use 180 days or more. (See fig. IV.4.)

**Figure IV.4: Amounts of Unpaid Leave Available to Adopting Parents**



Note: Amounts of available leave, where required, were converted into calendar days.  
Based on responses from 60 of the 76 unpaid leave providers in GAO's survey.

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# Major Contributors to This Fact Sheet

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