

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 171 cont. - HB 183 484 75

HB

171

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/3/90

FURTHER: \_\_\_\_\_

DATE TURNED INTO OFFICE: 5/5/90

The Finance Committee considered CSHB 171 (Finance)  
Requirements and assistance granted under aid to families with dependent children; efd.

and recommended:

replace with \_\_\_\_\_ CS  
 or adopt S CS

CSHB 171 (HESS)

same title  
 new title  
 technical title change (HB only)

attached amendment(s)

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) SFC/DHESS

5/5/90

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1.

John B. ... DO PASS

2.

Rich ... (NO PASS)

Co-Chairs: Signatures and Recommendations

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Act relating to AFDC  
training and education program  
Sponsor: Reps. Boyer, M. Davis et al  
Requestor: Senate Finance

Agency Affected: Health & Social Services  
BRU: Public Assistance Admin.  
Components: Alaska Work Program

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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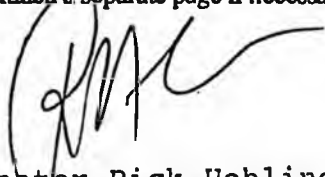
**FUNDING:** (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS :** (Attach a separate page if necessary)



Prepared by: Senator Rick Uehling, Co-chairman  
Division: Senate Finance Committee

Phone: 465-4821  
Date: May 5, 1990

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**Adopted**

Original sponsor(s): REP. ELLIS, Boyer, M.Davis, Brown, Collins,  
Spohnholz, Ulmer, Goll, Menard, Koponen, Navarre, Boucher

1 IN THE HOUSE

BY THE HESS COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 171 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to eligibility requirements for, and  
7 assistance granted under, the program of aid to  
8 families with dependent children; establishing a  
9 training and education program to expand employment  
10 opportunities for persons who receive aid to families  
11 with dependent children; repealing the work incentive  
12 program; establishing a pilot project relating to an  
13 alternative education program designed to meet the  
14 needs of persons of school age who are pregnant or  
15 are parents; and providing for an effective date."

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

17 \* Section 1. FINDINGS. (a) In AS 47.25.400, the legislature has  
18 declared that a purpose of the program of aid to families with dependent  
19 children is to strengthen family life. The legislature finds that this  
20 purpose would be promoted by granting aid on behalf of children who are  
21 deprived of parental support by reason of the unemployment of a parent. If  
22 this aid were authorized, there would be no disincentive to keeping a  
23 family intact because aid would be provided even if both parents were still  
24 in the child's household. Therefore, one purpose of this Act is to expand  
25 the eligibility of children and families to receive aid by including two-  
26 parent families who meet the applicable standards.

27 (b) The legislature also finds that persons who receive aid to fam-  
28 ilies with dependent children (AFDC) could decrease their dependence on the  
29 federal and state welfare systems if they were provided with opportunities

1 for education and training that would facilitate their participation as  
2 paid workers in the nation's economy. Therefore, in order to provide these  
3 opportunities and to comply with federal law, this Act establishes a JOBS  
4 (Job Opportunities and Basic Skills) program for AFDC recipients.

5 \* Sec. 2. AS 47.25.310 is amended to read:

6 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department  
7 shall grant assistance to the family of each dependent child and each  
8 pregnant woman it determines is eligible for assistance under AS 47.-  
9 25.310 - 47.25.420. The department shall apply sanctions authorized  
10 under AS 47.25.421(d) for failure to comply with the requirements of  
11 the JOBS program established under AS 47.25.421 - 47.25.429, or the  
12 requirements of an Indian or Native program approved under 42 U.S.C.  
13 682(i) [, OR TO EMPLOYERS UNDER A WORK INCENTIVE PROGRAM ESTABLISHED  
14 BY AS 23.15.650, AND BY 42 U.S.C. 633(e)(1) (SOCIAL SECURITY ACT, WIN  
15 PROGRAM), AS AMENDED].

16 \* Sec. 3. AS 47.25.310 is amended by adding new subsections to read:

17 (b) When determining whether a person has sufficient work his-  
18 tory for purposes of qualifying for benefits as the unemployed princi-  
19 pal wage earner in a family that includes a dependent child, the  
20 department shall consider as quarters of qualifying work up to four  
21 calendar quarters in the proper time period in which the person (1)  
22 attended on a full-time basis an elementary school, a secondary  
23 school, or a federally approved vocational or technical training  
24 course that is designed to prepare the person for gainful employment;  
25 or (2) participated in an education or training program established  
26 under the Job Training Partnership Act (P.L. 97-300) or a training and  
27 employment program operated or funded by the State Job Training Coor-  
28 dinating Council in the Department of Community and Regional Affairs  
29 through a grant from the Department of Labor. A person may substitute

1       quarters of education or training for quarters of work only once in  
2       the person's lifetime to establish eligibility under AS 47.25.310 -  
3       47.25.420.

4           (c) The department may not require as a condition of eligibility  
5       under AS 47.25.310 - 47.25.420 that a minor parent or a minor who is  
6       pregnant reside in a particular type of household or institutional  
7       setting.

8       \* Sec. 4. AS 47.25.320 is amended by adding new subsections to read:

9           (e) Until changed under (f) of this section, the department  
10       shall determine the amount of assistance payable for a second adult in  
11       a household where a child is dependent because of the unemployment of  
12       the principal wage earner according to the same standards it uses to  
13       determine the amount of assistance that is payable for a second adult  
14       in a household where a child is dependent because of parental mental  
15       or physical incapacity.

16          (f) In compliance with federal requirements, the department  
17       shall periodically study the standards it uses for determining the  
18       amounts of assistance that will be granted under this section. Based  
19       on the studies, the department shall adjust the standards and amounts  
20       within the maximums established by law. If statutory changes are  
21       needed to make the adjustments otherwise required under this section,  
22       the department shall report to the legislature its recommendations for  
23       changes in law necessary to authorize the adjustments.

24       \* Sec. 5. AS 47.25.410(3) is amended to read:

25           (3) "dependent child" means a needy child under 18 years of  
26       age, or under the age of 19 and a full-time student in a secondary  
27       school or an equivalent level of vocational or technical training that  
28       the child is reasonably expected to complete before reaching age 19,  
29       who is deprived of parental support or care by reason of the death,

1 continued absence from the home, unemployment, or physical or mental  
2 incapacity of a parent, and who is living with a father, mother,  
3 grandfather, grandmother, brother, sister, stepfather, stepmother,  
4 stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece  
5 in a place of residence maintained by one or more of these relatives  
6 as the child's home or their own home, and includes a child

7 (A) who would come within the meaning of dependent  
8 child except for removal of the child after April 30, 1961, from  
9 the home of a relative as a result of a judicial determination to  
10 the effect that continuation therein would be contrary to the  
11 welfare of the child,

12 (B) for whose placement the department is responsible,

13 (C) who has been placed in a foster family home as a  
14 result of such determination, and

15 (D) who received aid under this plan in and for the  
16 month in which court proceedings leading to such determination  
17 were initiated;

18 \* Sec. 6. AS 47.25 is amended by adding new sections to read:

19 ARTICLE 3A. JOB OPPORTUNITY AND BASIC SKILLS PROGRAM (JOBS).

20 Sec. 47.25.421. AUTHORIZATION TO IMPLEMENT PROGRAM. (a) In  
21 order to provide persons receiving aid under AS 47.25.310 - 47.25.420  
22 (Aid to Families with Dependent Children) with incentives, opportuni-  
23 ties, and necessary services for employment, training, and participa-  
24 tion in the nation's economy and to relieve their dependence on the  
25 federal and state social services and welfare system, the department  
26 shall administer a program of education, training, and job placement  
27 entitled JOBS, Job Opportunity and Basic Skills.

28 (b) In implementing the program, the department shall

29 (1) execute on behalf of the state the agreements or

1 contracts with appropriate state and federal agencies that are neces-  
2 sary to enable the state to meet the requirements of federal law;

3 (2) receive and expend money made available for the program  
4 by the state or federal government;

5 (3) supervise the expenditure of the money and the conduct  
6 of the program, ensuring that it complies with state and federal law;

7 (4) make reports and supply certifications that are re-  
8 quired in relation to the program; and

9 (5) otherwise cooperate with the federal government and its  
10 departments and agencies in the administration of the program.

11 (c) The department may carry out the program directly or through  
12 arrangements or under contracts with administrative entities involved  
13 with the Job Training Partnership Act (P.L. 97-300), as amended, with  
14 state and local education agencies, and with other public agencies or  
15 private organizations, including community-based organizations accept-  
16 able under federal regulations. The department shall contract for  
17 services under the program when feasible and in the state's interest.  
18 The department may adopt regulations to govern the operation of the  
19 program components that are operated under contract by other entities.  
20 Whether the department operates the program directly or through con-  
21 tract, the department shall coordinate the program with programs  
22 operated in the state under the Job Training Partnership Act and with  
23 other relevant employment, training, and education programs available  
24 in the state, including programs operated by Indian or Native organi-  
25 zations that receive grants from the federal government to operate  
26 their programs under 42 U.S.C. 682(i) and programs operated or funded  
27 by the State Job Training Coordinating Council in the Department of  
28 Community and Regional Affairs through a grant from the Department of  
29 Labor. The department shall consult with the Department of Education,

1 the Department of Labor, and the Department of Community and Regional  
2 Affairs to promote coordination of the planning and delivery of ser-  
3 vices under the program with programs operated by those departments.

4 (d) The department shall adopt regulations setting criteria for  
5 determining whether a person is in noncompliance with participation  
6 requirements of the program for the purpose of imposing sanctions  
7 under the program for nonparticipation and for noncompliance with a  
8 participation agreement. The department shall consult with Native  
9 organizations that are operating similar programs when developing  
10 regulations under this subsection.

11 Sec. 47.25.423. PROGRAM PARTICIPANTS. (a) The department shall  
12 require participation in the program by persons required to partici-  
13 pate under federal law. Except as provided in AS 47.25.425(f), the  
14 department may not require participation in the program by the parent  
15 or other relative of a child under three years of age if the person  
16 personally provides care for the child.

17 (b) The department may allow applicants for and recipients of  
18 aid under AS 47.25.310 - 47.25.420 to volunteer to participate in the  
19 program whether or not they are required to participate under (a) of  
20 this section.

21 (c) The department may give priority in the program to the  
22 following target populations in the order listed, with further priori-  
23 ty in each group being given to persons in families where the depen-  
24 dent child's custodial parent is under the age of 20:

25 (1) custodial parents under the age of 24 who have not  
26 completed high school or its equivalent and are not enrolled in a  
27 course of study;

28 (2) custodial parents under the age of 24 with little or no  
29 paid work experience in the 12 months preceding their application

1 under the program;

2 (3) members of families in which the youngest child who is  
3 receiving assistance under AS 47.25.310 - 47.25.420 is within two  
4 years of becoming ineligible for assistance because of age;

5 (4) members of families who received aid to families with  
6 dependent children in at least 36 of the 60 months preceding applica-  
7 tion under the program established in AS 47.25.421 - 47.25.429.

8 Sec. 47.25.425. PROGRAM COMPONENTS. (a) The department may  
9 offer to a participant in the program the following types of services  
10 and activities to the extent indicated as appropriate by the initial  
11 assessment under AS 47.25.427(a):

12 (1) educational activities, including high school or equiv-  
13 alent education combined with job training as needed, basic and reme-  
14 dial education to achieve a basic literacy level, education for indi-  
15 viduals with limited English proficiency, and career training through  
16 post-secondary education;

17 (2) job skills training;

18 (3) job readiness activities to help prepare participants  
19 for work;

20 (4) job development and job placement;

21 (5) job search requirements;

22 (6) on-the-job training;

23 (7) a work supplementation program;

24 (8) work experience; and

25 (9) other educational, training, or work-related services  
26 and activities, including reasonable activities designed to promote  
27 and develop entrepreneurial ability and success.

28 (b) The program components described under (a) of this section  
29 must conform to the requirements of federal law so as to ensure the

1 maximum federal financial participation in the costs of the program.

2 (c) In consultation with the Department of Community and Region-  
3 al Affairs and the Department of Labor, the department may initiate  
4 development of innovative public work programs designed to meet fed-  
5 eral requirements related to work activity for a person in a family  
6 that receives assistance on behalf of a dependent child who is depen-  
7 dent because of the unemployment of the primary wage earner in a  
8 two-parent family.

9 (d) To further the purposes of the work supplementation program,  
10 the department may use the options allowed under federal law to

11 (1) adjust the levels of the standards of need set by the  
12 department under AS 47.25.320(a) to the extent the department con-  
13 siders it to be appropriate; the need standards in effect in areas of  
14 the state in which the work supplementation program is in operation  
15 may differ from the need standards in effect in other areas; the need  
16 standards for categories of recipients may vary among the categories  
17 to the extent appropriate on the basis of ability to participate in  
18 the work supplementation program;

19 (2) adjust retrospective budgeting requirements and the  
20 amount of earned income to be disregarded to the extent allowed by  
21 federal law so as to encourage participation in the work supplemen-  
22 tation program and to decrease disincentives for retaining employment;  
23 and

24 (3) supplement jobs in the public and private sectors, as  
25 appropriate.

26 (e) In implementing the program component under which a person  
27 may pursue career training through post-secondary education, the  
28 department shall

29 (1) give priority to participation by persons without a

1 post-secondary degree, persons who were in a post-secondary program of  
2 training or education but whose participation was interrupted because  
3 of family circumstances, persons who have graduated from high school  
4 or hold an equivalent diploma, and persons who need retraining because  
5 of changes in the labor market;

6 (2) establish guidelines under which

7 (A) other sources of educational assistance must be  
8 exhausted before program money is used;

9 (B) the education must be consistent with the person's  
10 employment goal, and the employment goal must be consistent with  
11 the job market of the state;

12 (C) the education must take place in the state unless  
13 a particular type of training is not available in the state; if  
14 out-of-state education is approved, the department shall contract  
15 for supportive services for the participant at the location of  
16 the education, when feasible;

17 (D) the maximum annual or total training cost for  
18 books, tuition, and associated education fees reimbursable under  
19 the program shall be set under regulations of the department;

20 (3) require full-time student status after the initial six  
21 months for each participant and maintenance of a "C" average in graded  
22 programs or "passing" grades in pass/fail programs.

23 (f) In the case of a person who is a custodial parent under the  
24 age of 20, has not successfully completed a high school education or  
25 its equivalent, and is receiving aid under AS 47.25.310 - 47.25.420,  
26 the department may require the person to participate in educational  
27 activities directed toward the attainment of a high school diploma or  
28 its equivalent to the extent required by federal law. This require-  
29 ment is applicable to a person who might otherwise be exempt from

1 full-time participation under regulations of the department because  
2 the person personally provides care for a child under the age of six.  
3 Notwithstanding AS 47.25.423, this requirement is also applicable to a  
4 person who might otherwise be exempt from participation because the  
5 person personally provides care for a child under the age of three.

6 (g) In the case of a person who is a custodial parent at least  
7 20 years old but less than 25 years old, has not successfully complet-  
8 ed a high school education or its equivalent, is receiving aid under  
9 AS 47.25.310 - 47.25.420, had little or no paid work experience in the  
10 12 months preceding the person's application for aid under AS 47.25.-  
11 310 - 47.25.420, and is not otherwise exempt, the department may  
12 require the person to participate in either

13 (1) educational activities directed toward the attainment  
14 of a high school diploma or its equivalent; or

15 (2) another program component described in this section.

16 Sec. 47.25.427. PROGRAM OPERATION. (a) The department may  
17 operate the program under a case management system. Under an agree-  
18 ment described in (d) of this section, the department or the appropri-  
19 ate contractor may assign each participant to the various components  
20 of the program based on an assessment of the participant's

21 (1) family circumstances;

22 (2) needs for education, child care, and other supportive  
23 services;

24 (3) skills, prior work experience, and employability.

25 (b) During the assessment under (a) of this section, the case  
26 manager may recommend to the participant that the participant consider  
27 participating in program components designed to promote and develop  
28 entrepreneurial ability and success. If the assessment required under  
29 (a) of this section indicates that more than one available program

1 component would be appropriate for a participant, the department may  
2 assign the participant to the available appropriate component chosen  
3 by the participant.

4 (c) To the extent allowed by federal law, the components avail-  
5 able to persons who are members of families where two parents are  
6 living in the household may be the same as those available to persons  
7 who are members of families where only one parent is living in the  
8 household.

9 (d) The department shall require the participant, or the adult  
10 caretaker in the family of which the participant is a member, to  
11 negotiate and enter into an agreement with the department that spec-  
12 ifies the participant's obligations under the program, the duration of  
13 participation in the program, and the activities to be conducted and  
14 the services to be provided in the course of the participation. The  
15 agreement must also include a description of what sanctions may be  
16 imposed on the participant for noncompliance with the agreement and  
17 how noncompliance will be determined. The department shall provide  
18 the participant with whatever assistance is needed to review and  
19 understand the agreement. The participant and an authorized represen-  
20 tative of the department shall sign the agreement.

21 (e) Notwithstanding AS 47.25.423(a), the department may not  
22 require a person to participate in the program unless the department  
23 agrees to pay for

24 (1) costs of child care determined by the department to be  
25 necessary for the person's program participation; and

26 (2) other work-related expenses or expenses related to  
27 participation in a training program under AS 47.25.421 - 47.25.429, as  
28 determined by the department; this paragraph does not require the  
29 department to pay for the cost of tuition and books required for an

1 educational activity approved under the program.

2 (f) The department shall operate the program in a way that  
3 complements, where possible, similar programs operated by Indian or  
4 Native organizations under 42 U.S.C. 682(i). The department shall  
5 avoid duplicating Indian or Native program efforts and, where appro-  
6 priate, may negotiate agreements under which a client who is eligible  
7 under either (1) an Indian or Native program or (2) the state program,  
8 may be served by the other program without a change in funding source  
9 for the services provided.

10 Sec. 47.25.429. DEFINITIONS. In AS 47.25.421 - 47.25.429

11 (1) "department" means the Department of Health and Social  
12 Services;

13 (2) "participant" means a person who participates in the  
14 program;

15 (3) "program" means the JOBS program established under  
16 AS 47.25.421 - 47.25.429.

17 \* Sec. 7. AS 23.15.650 is repealed.

18 \* Sec. 8. DEMONSTRATION PROJECT; "UNEMPLOYMENT" DEFINITION. The De-  
19 partment of Health and Social Services shall seek authority and funding  
20 from the federal Secretary of Health and Human Services to conduct a demon-  
21 stration project under sec. 503 of the Family Support Act of 1988 designed  
22 to evaluate the comparative cost and employment effects of an alternative  
23 definition of unemployment that could be used for purposes of granting aid  
24 to families with dependent children who are dependent because of the unem-  
25 ployment of the family's principal wage earner. In the demonstration  
26 program, if approved by the federal government, the department shall ex-  
27 plore the option of eliminating from the definition any requirement relat-  
28 ing to the number of hours worked in a given time period.

29 \* Sec. 9. EXPLORATION OF INNOVATIVE ALTERNATIVES. The Department of

1 Health and Social Services shall explore the possibility of developing an  
2 innovative program of education and training designed for two-parent fami-  
3 lies who receive aid to families with dependent children. The department  
4 shall consider including in the program elements related to participation  
5 by both parents, participation for more than 16 hours a week, combining  
6 work experience and education components to satisfy work history require-  
7 ments, and the use of alternative work experience programs. If the depart-  
8 ment determines that statutory changes are needed to implement this type of  
9 innovative program, the department shall recommend the necessary changes to  
10 the legislature if they involve state law and seek federal approval if they  
11 involve federal law.

12 \* Sec. 10. PILOT PROJECT FOR TEENS. (a) The Department of Education  
13 may award a contract to a school district to establish a pilot project  
14 under which persons of school age who are either pregnant or are parents  
15 could attend an alternative education program designed to meet their needs  
16 for day care, transportation, and education related to parenting, job  
17 skills, health, and fitness.

18 (b) The department may award the project contract described in (a) of  
19 this section to a school district that

20 (1) has access to existing facilities to support the project;

21 (2) will serve persons of school age who are pregnant or are  
22 parents, including eligible school-aged persons from other areas of the  
23 state who are temporarily residing in the district in order to be near its  
24 specialized health facilities;

25 (3) agrees to accept into the project all school-aged persons  
26 receiving assistance under AS 47.25.310 - 47.25.420 (aid to families with  
27 dependent children) who apply for acceptance into the project and meet  
28 project participation criteria; and

29 (4) will work with rural educators to develop methodologies

1 applicable to rural communities.

2 (c) After determining where the project will be located according to  
3 the criteria set out in (b) of this section, the department shall retain  
4 oversight jurisdiction of the project.

5 (d) The department shall require the school district in which the  
6 project is located to submit information that will assist the department in  
7 evaluating the extent to which the project meets the needs of its partici-  
8 pants for day care, transportation, and education. The department shall  
9 also analyze the project's operation to determine the extent to which its  
10 methodologies would be suitable for application in other school districts  
11 that vary in size and demographics. To the extent that the department  
12 determines that the project's methodologies are not suitable for statewide  
13 application, the department shall develop recommendations for other method-  
14 ologies that would be applicable to other school districts.

15 (e) In this section, "school age" has the meaning given in AS 14.03.-  
16 070.

17 (f) This section is repealed June 30, 1992.

18 \* Sec. 11. This Act takes effect October 1, 1990.

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

March 8, 1990

Letter of Intent to  
CSHB 171 (HESS)

The purpose of this letter is to state that the House HESS Committee intends, under this legislation, to allow people who are participating in the Job Opportunities and Basic Skills (JOBS) program to attend a four year degree program if it will assist them in obtaining gainful employment.

CSHB 171 (HESS) will allow JOBS participants to access 4 year college programs as well as 2 year vocational or college programs. A four year program is acceptable if required to meet the client's employment goal, and if this employment goal is supported by the client's assessment results and labor market conditions. However, JOBS participants in the final two years of a four year program will receive child care assistance, case management and other supportive services on an as-available basis. JOBS funds will not be used to pay tuition or other direct costs for these final two years.

Clients will not be sanctioned for failure to complete Job Search or other JOBS program activities during this period of self-initiated education provided that they are attending a Pell Grant approved institution at least half time, and making satisfactory progress as defined by the institution.

A handwritten signature in cursive script, appearing to read "Johnny Ellis".

Rep. Johnny Ellis, Chair

FAMILY SUPPORT ACT OF 1988

HOW DOES IT CHANGE WELFARE IN ALASKA?

WELFARE REFORM

CURRENT

Includes intact, two parent families in AFDC when primary wage earner is unemployed.

Only single parent families are eligible.

On a phased-in schedule, these families must participate in work programs in order to receive benefits.

Alaska currently has no comparable work programs.

Creates "JOBS" - a new employment and training program. JOBS must provide in depth services to the hard to serve, to help families move off assistance.

"WIN" is replaced. WIN has become primarily a job search agency because of reduced funding levels.

Regional Native organizations serve Alaska Native clients in each of 12 ANCSA regions.

State WIN serves Natives in 5 State WIN locations.

Parents exempt until youngest child is 3 years (unless parents are teens).

All parents exempt until youngest child is 6 years.

Other training and education education programs coordinate services for welfare clients.

Existing programs have no mandate to serve welfare clients.

JOBS must obtain public comments and SJTCC review of plan.

No review required.

JOBS must target its resources to the hard to serve welfare clients, especially young parents and long term dependent.

No targeted populations.

Teenage parents must work toward H.S. diploma or G.E.D.

No education mandate.

All participants must aim for basic literacy level of grade 8.

No literacy requirement.

Requires child care guarantee.

No child care required.

Requires public review of supportive services plan.

No review required.

Requires Transition Benefits when families leave welfare for work.

Up to 12 months of Medicaid.  
Up to 12 months of child care on a sliding scale fee basis.

Up to 4 months.  
No child care.



# The impact of welfare dependency on the economic system

World markets are far more competitive today than ever before in our history. If we are to compete in them effectively and

maintain our nation's prosperity, we must have an adequate supply of well-trained, productive people in the labor force.

## Why we need to help people become self-sufficient

### Facts about the economy

#### Changes in the labor market

Without a better system for helping people to overcome barriers to employment, we are almost certain to face an economic crisis. A severe labor shortage is expected

soon as a result of the low birth rates of the 1970s, which will reduce the pool of entrants to the labor force.

□ In 1988, there were only 7.9 million 16-to-19-year-olds in the labor force vs. 9.9 million in 1978. Similarly, 16-to-24-year-olds represented 24% of the labor force in 1978, but will represent only 16% by 1995.

□ In 1988, the unemployment rate fell to 5.5%—the lowest rate in 14 years. Pockets of labor shortages have already appeared, particularly among entry-level workers, and in fields such as food service, nursing, and clerical/secretarial work.

□ An estimated 82% of the entrants to the labor force in the next 12 years will be women and minorities. The growth of the number of blacks in the labor force is double that of whites, and Hispanic growth is expected to be even greater. Although minorities now comprise only 21% of the labor force, they will fill 57% of the new jobs created during the next century. Many women and minorities lack the education and experience to fill the available jobs.

#### Increasing job skills

At the same time as the labor force will be shrinking, the skill level required for most jobs will be increasing. However, this new labor pool may not be qualified to fill the available jobs.

□ By 1990, more than 50% of all jobs will require education or technical training beyond high school. By the year 2000, the average skill level of all American jobs is expected to increase by 28%, requiring increased reading, writing, and math skills.

□ More than one in seven youths drop out of school. In many urban schools, the rates are 50% or more. Over 50% of all Hispanic youth will drop out of school. School dropouts are two-and-a-half times more likely to be unemployed than those who

graduate.

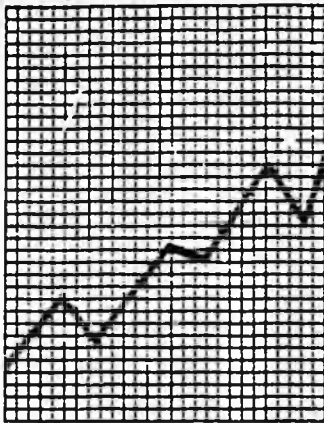
□ One of every eight 17-year-olds is functionally illiterate, as is one in three welfare recipients, and one in three unemployed people.

#### The cost of inaction

Helping individuals become productive not only benefits the economy but also reduces the direct fiscal and social costs of poverty. Allowing a separate underclass to develop is a tragic waste of human potential. Children trapped in a cycle of poverty might otherwise have made significant contributions to the quality of our lives in science, politics, commerce, the arts, or the humanities. What's more, by perpetuating the poverty cycle, we are allowing the costs of dependency and associated problems to increase.

□ The federal government spent \$120 billion on aid to the poor in 1987, compared with \$7.7 billion in 1964.

□ Despite today's increased spending, one in four children lives in poverty. Poor children are much less likely to be prepared adequately to enter the labor market.



□ More than one million teenage girls become pregnant each year. Over 50% of all teenage mothers end up on welfare. They remain there for an average of seven years, while 50% of all welfare recipients stay for only two years. Teenage pregnancies cost the United States over \$16 billion each year in welfare expenditures alone.

□ The lifetime cost of a single alcohol or drug abuser in terms of lost productivity, as well as direct economic burdens, is \$85,000. It is estimated that one in ten adults in the work force suffers from alcohol or drug abuse problems that may threaten their health, their jobs, or their families' safety or stability.

□ Remedial training and lost productivity cost U.S. businesses \$25 billion a year.

□ Each year, dropouts cost America \$240 billion in lost earnings and foregone taxes over their lifetimes.

□ Every \$1.00 spent on early prevention and intervention can save \$4.75 in costs of welfare, crime, and remedial education further down the road.

# The welfare system

Aid to Families with Dependent Children (AFDC), typically referred to as welfare, was created during the Great Depression of the 1930s to support widows and orphans. The elderly and disabled are supported through Social Security and Supplemental Security Income. The newly unemployed receive unemployment compensation for a limited number of months through the Employment Security Program.

AFDC is run by the states which set their own eligibility rules and benefit levels within guidelines established by the federal government. Federal funds cover approximately 54% of the costs.

When AFDC was established, women were not expected to enter the labor force, thus income maintenance was an appropriate goal. Today, most welfare recipients are separated, divorced, or never married, and most women in our society, even those with small children, are in the labor force. The realities of life in America have changed, but the welfare system has not changed with them. What is needed today is not an income-maintenance program, but an employment program to help people overcome the barriers to employment, develop skills, and chart a career path out of poverty.



## Characteristics of

□ Most welfare recipients rely on welfare for short-term crises—divorce, desertion, unemployment. Approximately half leave the program within two years.

□ However, approximately 17% of welfare recipients remain in the program for more than eight years. At any one time, these long-term recipients make up 50% of the welfare caseload.

□ Long-term welfare recipients are disproportionately black, female, single, teenage mothers, poorly educated, and lacking any work history. Three-fifths of adults on welfare are school dropouts and one-fourth have no work experience.

□ In 1969, only 28% of adults on welfare had never been married. By 1986 this figure had risen to 46%. In 19% of these families the husband has deserted, and in 21% the parents are divorced or legally separated. In only .8% of the families is the father deceased. The remaining families are two-parent families eligible for benefits under the Unemployed Parents Program.

□ In 1984, 37% of welfare recipients worked some portion of the year.

## The bottom line

To preserve America's competitiveness and prosperity, and to fulfill the promise of our national values of equal opportunity for all, we need to invest in our human capital. We cannot allow people to fall into poverty and despair without giving them a helping hand. If we don't strive to achieve this goal, we undermine the very foundation of our social and political institutions. We cannot have a strong nation with-

out strong, productive people. We cannot ignore the plight of the millions of poor children who do not have an adequate start in life. They are our future.

To accomplish our goal, we need to form partnerships among the public, private, and voluntary sectors to turn the welfare program into a program that expects welfare recipients to work and truly helps them achieve that goal through appropriate training,

education, and job placement. We must address the problems that perpetuate dependency—problems such as illiteracy, teen parenthood, dropping out of school, and drug and alcohol abuse. We must reduce fear and ignorance and help people develop a strong belief in themselves and their ability to develop positive productive lives.

## Welfare recipients

□ Inflation has eroded the value of welfare benefits which are set by the states. They have declined 35% since 1970 when adjusted for inflation. Even when combined with other aid programs such as Food Stamps and low-income energy assistance, the decline is 25%.

□ Although welfare and other programs for the poor comprise only 10% of the federal budget, they bore 30% of the budget cuts made in 1981 and 1982.

□ Welfare recipients often don't take low-paying jobs because these do not provide health benefits for their children should they become ill. Families on welfare are covered by Medicaid, but benefits terminate abruptly several months after taking a job with no phaseout.

□ Similarly, child-care subsidies, rental assistance, and low-income energy assistance often terminate either at the time of full-time employment or shortly afterwards. By taking a job, welfare recipients can find themselves worse off financially than if they had stayed on welfare.

### Poverty population

Poverty is widespread among women and children.



# The impact of welfare dependency on the social system

The cornerstone of this nation is a belief in the right to life, liberty, and the pursuit of happiness. We strive to provide everyone with an equal opportunity to achieve his or her hopes and dreams. The openness of our economic and social systems has

enabled many people to achieve great success no matter how humble their beginnings. But that promise is not being fulfilled for many people mired in poverty who need help in turning their dreams into reality.

## Facts about poverty

### PRESENT SCOPE

□ Today, approximately 34 million of all Americans live below the poverty line. In 1988, the federal poverty line was \$11,650 for a family of four.

□ In 1986, children under 18 represented 39% of the poverty population, while adults represented 50% and the elderly 10.5%.

□ The poverty population includes 8 million families, nearly half headed by a single parent. As many as 95% of the single heads of these households are women. Nearly 40% of all single-parent households are poor, four times as many as two-parent families.

□ Today, 25% of all American children are born into poverty but for Hispanics the figure is 40%; for blacks it is 50%.

□ The majority of those in poverty are white (24 million), 34% are black, and 26% are Hispanic.

□ Not all of the poor are unemployed. In 1984, 32% of all the poor worked some portion of the year. Two million parents, although working full time, lived in poverty.

□ Poverty is not confined to the largest urban areas. In 1980, while 31% of the nation's poor lived in the central cities of the 100 largest urban areas, 21% lived in the suburbs of those cities and 48% lived in smaller urban areas or in rural areas.

### GROWTH OF POVERTY

Despite our prosperity, we have seen a stubborn rise in poverty in the past decade. Increasingly, the poverty population is made up of women and children in single-parent households. We need to determine the causes of

these trends, whatever they may be, and begin to take steps to reverse them.

□ In the 1980s, poverty rates have been rising. During the 1970s, the rates hovered between 11% and 12%. In 1982, they rose to a high of 15% and since have declined to 14%.

□ While the greatest decrease in poverty has been among the aged, the greatest increase has been among female-headed households and children. The proportion of blacks in the poverty population has remained relatively stable.

□ Single-parent households with incomes under the poverty level have increased from 2.4 million in 1975 to 3.4 million in 1985. Between 1982 and 1983, increases in the number of these households headed by women accounted for 95% of the increase of poverty among all families.

□ Sixty percent of children born today can expect to live at some time in a single-parent family, 90% of which are headed by women. Divorce accounts for 68% of these families; illegitimacy, 20%; separation, 8%; and death of a spouse only 3%.

□ The number of full-time working poor increased two-thirds between 1978 and 1986.

□ When adjusted for inflation, household income in middle- to low-income ranges has dropped. Between 1973 and 1985, average weekly wages fell 13%. At the same time, family income for those in the middle fifth of the U. S. income distribution dropped 10%, but for the next-to-the-bottom fifth, it fell 20%; for the bottom fifth, it dropped 34%.

□ Inflation has reduced the buying power of the minimum wage, also. When adjusted for inflation in 1986, the minimum wage had 25% less buying power than it did in 1981.

## WELFARE REFORM OVERVIEW

The Family Support Act of 1988 is the most comprehensive overhaul of the Aid to Families with Dependent Children (AFDC) program since it was enacted in 1935. Passage of the new Act was the result of a two year bipartisan effort by the nation's governors. It begins to change the current welfare system from an income maintenance program with minor work components, into a system that actively promotes family self-sufficiency and assists clients in leaving welfare for work.

### KEY FEATURES OF THE FAMILY SUPPORT ACT:

#### A. Cash and Medical Benefits for Unemployed Parents:

For the past several years, states have had the option of covering two-parent households in which the principal wage earner is unemployed. Alaska has not included these families in its AFDC program. The Act mandates AFDC unemployed parent (UP) coverage in all states beginning October 1, 1990.

#### B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces it with JOBS. State programs begin October 1, 1990. The key differences between the old and the new program are:

1. Alaska Native organizations receive the direct federal funding to provide JOBS services to Alaska Native AFDC clients. Native grantees will begin their programs before the State begins its JOBS. Native funding for FY 91 is expected to be 38% of Alaska's total JOBS funding; no State or local match is required.
2. Services must be targeted to the long-term dependent and those most at risk of becoming long term dependent.
3. Because long-term dependent and at risk clients are also the hardest to serve they will require more in-depth services.
4. Supportive services such as child care, transportation, medical assistance, increase.
5. Federal funding levels will increase and match funds are available for new services, as long as federal funds are targeted to long-term dependent and at-risk individuals.
6. Phased-in performance standards increase the number of clients served.

#### C. Transitional Benefits While Working:

1. The Act creates a new entitlement to day care assistance for up to twelve months for anyone who leaves AFDC because of increased earnings, beginning April 1, 1990.
2. The Act also makes the current four-month extended Medicaid benefits available for up to a full year, beginning April 1, 1990.

#### D. Child support Enforcement:

The Act addresses several child support enforcement issues, but the four main features are:

1. Each state establish guidelines by October 1989 which are a rebuttable presumption for judges who set support orders, with periodic review of the guidelines;
2. Support orders must also be reviewed regularly;
3. Employers must immediately withhold child support payments from wages for nearly all support orders on a phased in schedule beginning November 1990;
4. The identities of both parents must be established at the time a birth is recorded,

## GOALS OF ALASKA'S FY 91 FAMILY SUPPORT ACT PACKAGE

### UNEMPLOYED, TWO-PARENT FAMILIES

Cover the 1495 poor children in 623 intact families with AFDC cash benefits, and provide them and their parents with medical coverage, by October 1, 1990.

Why: Congress felt that poor children in intact families were being penalized in the 20 states who did not cover them.

Tools: Unemployed Parents AFDC, Medicaid.

Establish one pilot program each in urban and rural Alaska that allows parents in UP families to "work off" their AFDC grant and medical insurance.

Why: By definition, both parents in UP families are able bodied, and at least one has recent work experience. If no paying jobs are available, one parent may support the family by performing work or community service for their AFDC grant and health insurance. States with strong Work programs experience lower UP cash assistance payments than states without Work requirements.

Tools: State JOBS, Native Grantees.

### JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS)

Provide meaningful job training opportunities to 620 non-natives and 380 Alaska Natives on AFDC. AFDC clients whose youngest child is three years or older are mandatory participants if child care is available.

Why: In our society, work is tied to self-esteem. The work force has changed and more than 60% of women with young children work.

Tools: JTPA training funds, JOBS case management services, child care, medical coverage.

JOBS, cont'd.

Raise the literacy level of JOBS participants who do not perform above an 8th grade level.

Why: Any job which pays enough to support a family requires basic competency in English and math.

Tools: Adult Basic Education (A.B.E.) services, both urban and rural.

Ensure that young parents between ages of 13-24 on AFDC get a high school diploma. The law mandates education for those under 20 without a diploma and targets young parents under 24 for special attention.

Why: The single most predictable profile of a long-term welfare dependent is one of a young parent who lacks a high school education. Investing here will be our biggest pay off.

Tools: DOE pilot for 25 teen parents, other JOBS services, child care, medical, and supportive services.

Ensure clients with barriers to learning or training get help.

Why: One of the most frequent concerns of job training professionals is that clients' underlying problems, such as substance abuse, are not addressed during or before training. The result is another failure for the client and waste of precious training resources.

Tools: Specialized intensive case management and supportive services for 25 JOBS clients who are appropriate for treatment. (Treatment resources come from existing system).

JOBS, cont'd.

In exchange for parents' participation, guarantee cash assistance, child care and medical coverage to 1000 AFDC families participating in training or education.

**Why:** In this contract, if parents agree to try to improve themselves, then the government must give them the tools to do so. As a practical matter, the government is already paying cash and medical for this client. The new expense is for child care.

**Tools:** AFDC cash, JOBS, child care and medical.

Make sure there is enough supply of child care/of the right hours in the right places to meet the needs of FSA clients.

**Why:** Alaska must exempt parents from participation if child care cannot be found. Supply of part-time, weekend, evening care and care for very young children must be generated. Entry level jobs, especially in service sector may not be 8-5 pm.

**Tools:** Information and referral brokering service to recruit providers and match with client needs and to do ground work for licensing.

Ensure that 1400 children placed in child care while parents work or train get quality care, beginning April 1, 1990 and October 1, 1990.

**Why:** It is shortsighted to address the needs of a parent in poverty only to ignore the needs of their children. Quality care must be available to all clients.

**Tools:** JOBS component to educate the parent to choose good quality care, licensing resources.

JOBS, cont'd.

Ensure that parents have the tools to balance work and family.

Why: Being a good parent is the most important job most of us will ever do, yet it is the job for which we receive the least formalized training. Single parents, young parents, families with economic pressures, or low education levels could benefit greatly.

Tools: JOBS will provide parenting training during its orientation sessions. In future years, JOBS may offer scholarships to community-based parenting programs for AFDC clients.

TRANSITION BENEFITS WHILE WORKING

Help with child care expenses and medical coverage for up to one year for the working poor who leave AFDC for a job.

Why: Lack of affordable child care and medical coverage are two major reasons parents do not permanently make the transition from welfare to work. It seems safer to "do nothing."

Tools: Transitional child care and medical benefits beginning April 1, 1990, via Medicaid and DCRA.

CHILD SUPPORT ENFORCEMENT

Ensure that Alaska has ability to review and modify child support guidelines and all support orders periodically.

Why: It is important that child support payments reflect current economic conditions, needs, and family situations.

Tools: Child Support Enforcement Division staff within Department of Revenue; Court System's Child Support Guideline Committee.

CHILD SUPPORT ENFORCEMENT cont'd.

Beginning November 1990, immediately withhold child support payments for new and modified orders from paychecks.

Why: Experience indicates that collections are much higher when they are automatically withheld from wages. Current practice is to immediately withhold payments only for obligors whom the system has marked as being delinquent in their payments. This creates a stigma for those obligors.

Tools: CSED, employers.

Increase paternity establishment for AFDC cases.

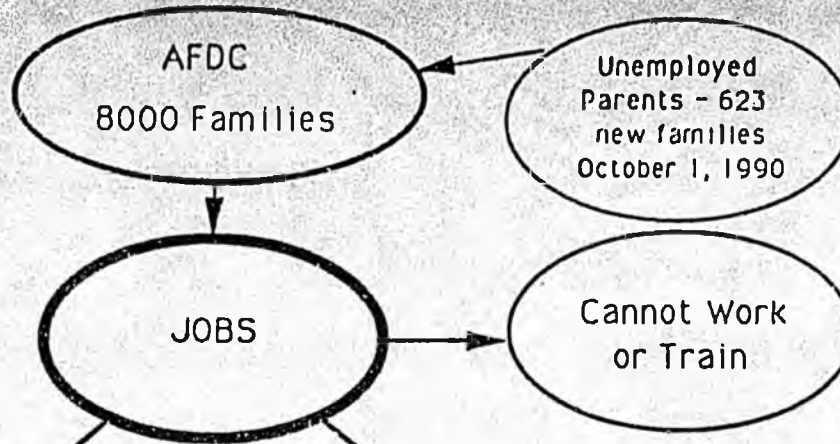
Obtain Social Security Numbers of both parents before Birth Certificate is issued.

Why: Parents should be responsible for their children, whether or not they live in the same home. AFDC cash outlays can be reimbursed by child support payments collected by CSED on behalf of AFDC clients.

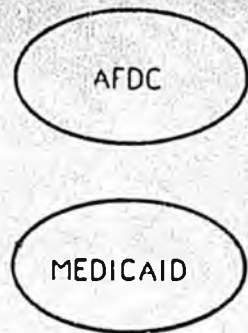
Tools: CSED staff, DPA eligibility workers, Bureau of Vital Statistics, sanctions if clients don't cooperate.

CASH ASSISTANCE

WELFARE REFORM

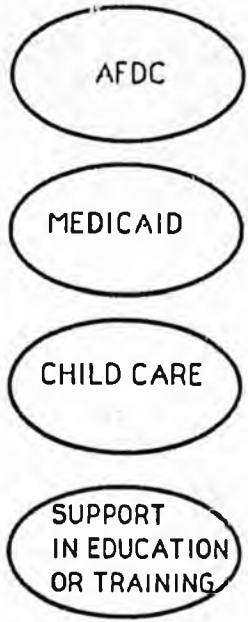
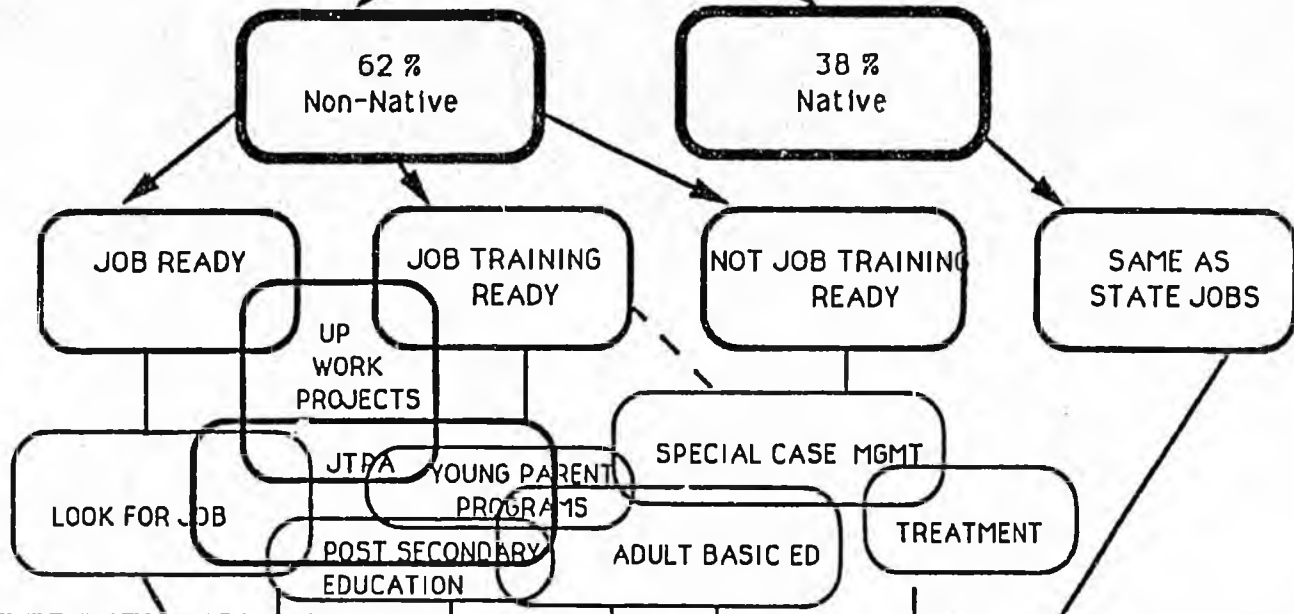


BENEFITS



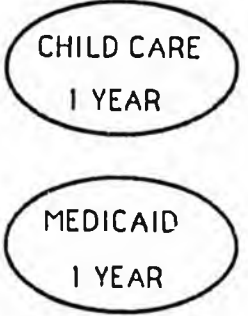
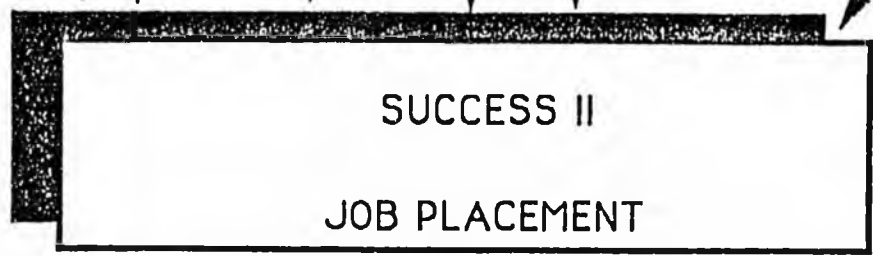
JOBS

October 1, 1990



TRANSITION BENEFITS

April 1, 1990



## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
 Title: An Act relating to AFDC and  
establishing an effective date BRU: Public Assistance Administration  
 Sponsor: Rep. Ellis, Bover, M. Davis et al Components: Alaska Work Program  
 Requestor: House Finance Committee

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	750.0	750.0	750.0	750.0	750.0	750.0
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	750.0	750.0	750.0	750.0	750.0	750.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>	<b>750.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

FY 91 funding includes: Adult Basic Education 500.0  
 Parenting Education 250.0

Prepared by: House Finance Committee Phone: 465-3727  
 Division: Co-Chairman Ron Larson Date: 4/4/90  
 Approved by Commissioner: Co-Chairman Lyman Hoffman Date: 4/4/90  
 Agency: \_\_\_\_\_

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

*Changes in SCS CSHB 171 (HESS)  
 are minor, and should not change  
 the fiscal note.*

HB

177

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/7/90

The FINANCE Committee considered:

HB 177

HOUSE BILL NO. 177 [PRE-EMANCIPATION AID FOR MINORS]  
 "An Act relating to the pre-emancipation services for certain minors."

**RECOMMENDATIONS:**

- [ X ] be replaced with CS HB 177 (HESS) [ X ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [ ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
 (Dept)

APPROVES PREVIOUS:  
 (Date/Dept)

- [ X ] fiscal impact H & S S
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

[Signature] Koppen  
CC Swack Swackhammer  
Lay Brown Brown  
Kay Wallis Wallis

**SIGNING:**

(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Hoffman			X
<u>[Signature]</u> CARSON			X
<u>[Signature]</u> BARNES			X
<u>[Signature]</u> RIEGER		✓	
<u>[Signature]</u> Shultz		✓	

[Signature] CARSON  
 Chairman's Signature  
[Signature] Hoffman

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to pre-emancipation services  
 Sponsor: HESS  
 Requestor: \_\_\_\_\_  
 Agency Affected: Health & Social Services  
 BRU: Purchased services, Family Services  
 Components: Foster Care, Residential Care, Central Office

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL	3.0	3.0	3.0	3.0	3.0	3.0
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	45.0	45.0	45.0	45.0	45.0	45.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>58.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	58.0	48.0	48.0	48.0	48.0	48.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>58.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>	<b>48.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

No fiscal impact is expected in FY 90. The impact in fiscal years FY 91 through FY 96 is attached.

Prepared by: Russ Webb, Director Phone: 465-3170  
 Division: Family and Youth Services Date: 3/6/90  
 Approved by Commissioner: Myra M. Munson Date: 3/6/90  
 Agency: Health and Social Services

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

TRAVEL:

Central Office Component \$ 3.0

Travel and per diem for staff to monitor programs, aid in curriculum development, and provide training. 6 trips x \$600/trip.

CONTRACTUAL:

Central Office Component \$ 10.0

Initial cost to develop and purchase training curriculum for emancipation services/independent living skills, as well as to purchase films, video's, and reference materials for foster parents, residential child care providers and state youth correctional institution staff.

GRANTS:

Foster Care Component \$ 20.0

Provides training for 20 foster parents in independent living concepts and skills. These trained foster parents could then provide independent living skills to 24 youth the first year and 100 per year thereafter.

Residential Care Component \$ 25.0

\$25,000 to train 21 staff from 21 residential child care facilities and 4 youth corrections facilities in the independent living skills curriculum. These care givers would then teach independent living skills to 75 youth the first year and 175 youth each year thereafter. Each of the residential and youth correction facilities would be required to add this component to their treatment programs.

TOTAL: \$ 58.0

TRAVEL:

Central Office Component \$ 3.0

Travel and per diem for staff to monitor programs, aid in curriculum development, and provide training. 6 Trips x \$600 per trip.

GRANTS:

Foster Care Component \$ 8.0

A cost of \$8,000 per year would be required to train additional or new foster parents to accommodate turnover among foster parents, and to update and enhance the curriculum.

Residential Care Component \$37.0

\$10,000 each year to update and enhance the independent living curriculum and to train additional staff from residential child care facilities and to youth corrections facilities due to turnover and the need to update skills.

\$27,000 to provide supervised or subsidized independent living for three (3) youth each year on a demonstration basis to evaluate the effectiveness of these approaches in helping youth make the transition to full independence. Costs are estimated at \$9,000 per youth with the actual costs varying based on the needs and circumstances for each youth.

TOTAL: \$48.0

Original sponsor: Health, Education and  
Social Services Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 177 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the pre-emancipation services for  
7 certain minors."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47.10.080(b) is amended to read:

10 (b) If the court finds that the minor is delinquent, it shall

11 (1) order the minor committed to the Department of Health  
12 and Social Services for a period of time that does not [TO] exceed two  
13 years and that does not [OR IN ANY EVENT] extend past the minor's 19th  
14 birthday [DAY THE MINOR BECOMES 19], except that the department may  
15 petition for and the court may grant in a hearing (A) two-year ex-  
16 tensions of commitment that [WHICH] do not extend beyond the minor's  
17 [CHILD'S] 19th birthday if the extension is in the best interests of  
18 the minor and the public; and (B) an additional one-year period of  
19 supervision past the minor's 19th birthday [AGE 19] if continued  
20 supervision is in the best interests of the minor or the minor is  
21 receiving pre-emancipation services, [PERSON] and the minor [PERSON]  
22 consents to the additional period of supervision [IT]; the department  
23 shall place the minor in the juvenile facility [WHICH] the department  
24 considers appropriate, [AND] which may include a juvenile correctional  
25 school, detention home, or detention facility; the minor may be re-  
26 leased from placement or detention and placed on probation on order of  
27 the court and may also be released by the department, in its dis-  
28 cretion, under AS 47.10.200;

29 (2) order the minor placed on probation, to be supervised

1 by the department, and released to the minor's parents, guardian, or a  
2 suitable person; if the court orders the minor placed on probation, it  
3 may specify the terms and conditions of probation; the probation may  
4 be for a period of time that does [,] not [TO] exceed two years and  
5 that does not [IN NO EVENT] extend past the minor's 19th birthday [DAY  
6 THE MINOR BECOMES 19], except that the department may petition for and  
7 the court may grant in a hearing

8 (A) two-year extensions of supervision that [WHICH] do  
9 not extend beyond the minor's [CHILD'S] 19th birthday, if the  
10 extension is in the best interests of the minor and the public;  
11 and

12 (B) an additional one-year period of supervision past  
13 the minor's 19th birthday, [AGE 19] if the continued supervision  
14 is in the best interests of the minor [PERSON] and the minor  
15 [PERSON] consents to it;

16 (3) order the minor committed to the department and placed  
17 on probation, to be supervised by the department, and released to the  
18 minor's parents, guardian, other suitable person, or suitable non-  
19 detention setting such as a family home, group care facility, [OR]  
20 child care facility, or supervised independent residence, whichever  
21 the department considers appropriate to implement the treatment plan  
22 of the predisposition report; if the court orders the minor placed on  
23 probation, it may specify the terms and conditions of probation; the  
24 department may transfer the minor, in the minor's best interests, from  
25 one of the probationary placement settings listed in this paragraph to  
26 another, and the minor, the minor's parents or guardian, and the  
27 minor's attorney are entitled to reasonable notice of the transfer;  
28 the probation may be for a period of time that does not [, NOT TO]  
29 exceed two years and that does not [IN NO EVENT] extend past the

1 minor's 19th birthday [DAY THE MINOR BECOMES 19], except that the  
2 department may petition for and the court may grant in a hearing

3 (A) two-year extensions of commitment that [WHICH] do  
4 not extend beyond the minor's [CHILD'S] 19th birthday, if the  
5 extension is in the best interests of the minor and the public;  
6 and

7 (B) an additional one-year period of supervision past  
8 the minor's 19th birthday, [AGE 19] if the continued supervision  
9 is in the best interests of the minor or the minor is receiving  
10 pre-emancipation services, [PERSON] and the minor [PERSON] con-  
11 sents to the additional period of supervision; [IT; OR]

12 (4) order the minor to make suitable restitution in lieu of  
13 or in addition to the court's order under (1), (2) or (3) of this  
14 subsection; or [.]

15 (5) order the minor committed to the Department of Health  
16 and Social Services for placement in an adventure-based education  
17 program established under AS 47.21.020 with conditions the court  
18 considers appropriate; concerning release upon satisfactory completion  
19 of the program or commitment under (1) of this subsection if the  
20 program is not satisfactorily completed.

21 \* Sec. 2. AS 47.10.080(c) is amended to read:

22 (c) If the court finds that the minor is a child in need of aid,  
23 it shall

24 (1) order the minor committed to the department for place-  
25 ment in an appropriate setting, which may include a supervised in-  
26 dependent residence, for a period of time that does not [TO] exceed  
27 two years and that does not extend [OR IN ANY EVENT] past the minor's  
28 19th birthday [DATE THE MINOR BECOMES 19 YEARS OF AGE], except that  
29 the department may petition for and the court may grant in a hearing

1 (A) two-year extensions of commitment that [WHICH] do not extend  
2 beyond the minor's 19th birthday, if the extension is in the best  
3 interests of the minor and the public; and (B) an additional one-year  
4 period of supervision past the minor's 19th birthday, [AGE 19] if the  
5 continued supervision is in the best interests of the minor or the  
6 minor is receiving pre-emancipation services, [PERSON] and the minor  
7 [PERSON] consents to the additional period of supervision [IT]; the  
8 department may transfer the minor, in the minor's best interests, from  
9 one placement setting to another, and the minor, the minor's parents  
10 or guardian, and the minor's attorney are entitled to reasonable  
11 notice of the transfer;

12 (2) order the minor released to the minor's parents, guard-  
13 ian, or some other suitable person, and, in appropriate cases, order  
14 the parents, guardian, or other person to provide medical or other  
15 care and treatment; if the court releases the minor, it shall direct  
16 the department to supervise the care and treatment given to the minor,  
17 but the court may dispense with the department's supervision if the  
18 court finds that the adult to whom the minor is released will ade-  
19 quately care for the minor without supervision; the department's  
20 supervision may not exceed two years and may not [OR IN ANY EVENT]  
21 extend past the minor's 19th birthday [DATE THE MINOR REACHES AGE 19],  
22 except that the department may petition for and the court may grant in  
23 a hearing

24 (A) two-year extensions of supervision that [WHICH] do  
25 not extend beyond the minor's 19th birthday, if the extension is  
26 in the best interests of the minor and the public; and

27 (B) an additional one-year period of supervision past  
28 the minor's 19th birthday, [AGE 19] if the continued supervision  
29 is in the best interests of the minor [PERSON] and the minor

1 [PERSON] consents to it; or

2 (3) by order, upon a showing in the adjudication by clear  
3 and convincing evidence that there is a child in need of aid under  
4 AS 47.10.010(a)(2) as a result of parental conduct and upon a showing  
5 in the disposition by clear and convincing evidence that the parental  
6 conduct is likely to continue to exist if there is no termination of  
7 parental rights, terminate parental rights and responsibilities of one  
8 or both parents and commit the child to the department or to a legally  
9 appointed guardian of the person of the child, and the department or  
10 guardian shall report annually to the court on efforts being made to  
11 find a permanent placement for the child.

12 \* Sec. 3. AS 47.10.230 is amended by adding new subsections to read:

13 (h) The department shall provide appropriate pre-emancipation  
14 services to a child 16 years of age or older who has been committed to  
15 the custody of the department and for whom the department finds that  
16 pre-emancipation services are appropriate or needed. The services may  
17 include

18 (1) assistance in completing academic or vocational train-  
19 ing designed to make the child employable;

20 (2) assistance in acquiring and managing suitable housing;  
21 assistance under this paragraph may include financial assistance to  
22 the child;

23 (3) training and supervision in skills needed for indepen-  
24 dent living;

25 (4) assistance in petitioning for removal of the disabili-  
26 ties of minority; and

27 (5) social support and services coordination.

28 (i) The department may award a grant to or contract with a  
29 municipality or with an entity incorporated under AS 10.20 to provide

1 pre-emancipation services under (h) of this section. The commissioner  
2 shall adopt regulations establishing criteria for the award of grants  
3 under this subsection.

4 (j) The department may recruit and train foster parents to  
5 provide pre-emancipation services under (h) of this section.

Angela Salerno, MSW  
2440 E. Tudor Rd. #174  
Anchorage, AK 99507  
(H) 274-9390 (W) 562-3424

Testimony to the House Finance Committee on HB 177  
March 7, 1990

HB 177 addresses a gap in social services for kids who have been dependent on the state child welfare system long-term: kids in foster care, in detention, kids who are at risk of remaining dependent on some state service system in their adult years.

Specialized pre-emancipation services provide children who are discharged to their own supervision, and who are expected to assume adult responsibilities fully at the age of majority, with assistance in making the transition to independent living. These services aid adolescents during a pivotal time in their development, especially when they have no guarantee of employment, higher education, housing or guidance, none of the critical resources needed to learn adult living skills. (And the body of foster care studies suggest that these educational and employment deficits are the most troublesome problems for foster children to deal with as adults). Without such help, many of them will probably pass from one form of moderately inexpensive dependency—foster care—to another, far more expensive form—on welfare, as adult criminals or in the mental health system.

Up to now the child welfare system has focused on child protection. Services are for the most part designed to meet the dependency and security needs of abused and neglected children. With this bill, the state shifts that focus to the development of programs that promote self-sufficiency. With this bill, the state recognizes the independence needs of adolescents, and in fact promotes independence from welfare systems. In fact, pre-emancipation services can be the last state-funded social service provided to this troubled population.

Formal state policy authorizing pre-emancipation services exists in seven states, and functioning models for transitional living services for youth operate in Texas, Maryland, Oregon, New York, Massachusetts and Idaho, and Alaska. Covenant House International right here in Anchorage and the Casey Family Project operate successful pre-emancipation services.

Available outcome studies on this type of service are rare but hopeful. One study suggests that 70% of the participants in an independent living program moved successfully into living on their own.


The current fiscal note is fully adequate to fund a small demonstration project. NASW fully supports this bill and urges its passage into law. We need to assist kids to help themselves out of lifelong dependency on the state.

Angela Salerno, MSW  
Alaska Chapter NASW  
Social Action Committee

# Alaska Youth & Parent Foundation

## MEMORANDUM

TO: Jim Nordlund

FROM: Sheila A. Gaddis 

SUBJECT: Pre-emancipation services - HB 177

DATE: April 1, 1989

Alaska Youth and Parent Foundation supports the concept of pre emancipation services for youth and supports HB 177.

We are presently preparing commentary on the sections of HB 177 and will submit them, in writing, next week to Rep. Ellis.

Some thoughts:

Please find enclosed a copy of the Oregon Runaway and Homeless Youth Project, prepared by the Northwest Network of Runaway and Youth Services of which I am a board member.

It is an excellent report. I call your attention to the section on Independent Living Skills Programs, page 19. Structured programs teaching homeless youth skills are also competencies which will also be required in programs focusing on youths preparing for emancipation.

"These competencies may include: job skills, money/budget management, basic health and hygiene, nutrition and food preparation, housing search and procurement and social skill development." HB 177, Section 3 (h) is a critical piece of this legislation in that services for this population are clearly stated.

Transitional housing, independent living skill programs, youth jobs skills programs and case management procedures for homeless and pre-emancipated youth are currently not in place in our state.

This bill is an important start. We have a lot to do.

(Formerly Alaska Youth Advocates)

Family Resource Center, 3745 Community Park Loop, Suite 202  
Anchorage, AK 99508 Phone 274-6541

We have started by revising our Emancipation booklet. It is currently at the printers. Copies will be distributed through the Bar Association and complimentary copies given to legislators for their use.

Also, Alaska Youth and Parent Foundation has an agreement with the Municipality Job Partnership Training Act to provide job training with youth both in and out of our shelter. This service is funded by the Federal Department of Health and Human Services.

AYPF and the Office of Public Advocacy are discussing the possibility of targeting a few young people who are ready for emancipation and moving them through a step by step process culminating in independent living.

On a federal level, AYPF asked for Congressional support of the Minimum Wage Restoration Act. It has passed the House as the Fair Labor Standards Amendments of 1989 (H.R. 2). If we are to effectively aid youth in becoming contributing and self-sufficient members of our communities, I believe we must recognize the importance of adequate compensation for work performed and its resulting impact on self-worth and sense of identity.

Thanks for listening. I will mail the commentary to you.

TESTIMONY BY FRED ALI  
EXECUTIVE DIRECTOR, COVENANT HOUSE ALASKA

TO

ALASKA STATE LEGISLATURE  
HOUSE HE&SS COMMITTEE

APRIL 6, 1989

Thank you for the opportunity to meet with you this morning. My name is Fred Ali, and I am the Executive Director of Covenant House Alaska. I am here to testify in support of House Bill No. 177, "An Act relating to the pre-emancipation services for certain minors."

Let me begin by briefly explaining our program at Covenant House. Covenant House Alaska is a private non-profit corporation serving runaway and homeless youth between the ages of 13 and 20. Located in downtown Anchorage, Covenant House is open 24 hours a day, every day of the year, responding to the needs of kids in crisis.

Our goals are to:

- Provide immediate sanctuary and services to homeless and runaway youth;
- Reunite families as quickly as possible, whenever possible;
- Enable youth to choose positive and stable lifestyles;
- Educate the community about problems of homeless, runaway, and throwaway youth, and assist and promote productive community solutions.

Covenant House Alaska is an affiliate of Covenant House, Inc., an international child care agency with centers throughout North and Central America.

I would now like to specifically address H.B. 177.

H.B. 177 would give the Department of Health and Social Services the authority to provide pre-emancipation services to appropriate children, 16 years of age or older. We believe pre-emancipation service programs are needed in this state to address the following groups of kids at risk:

- Youth ageing out of the Foster Home system;
- Youth leaving juvenile justice facilities, i.e., in Anchorage, Fairbanks, Nome, and Bethel;
- Throwaways (not necessarily in state custody);
- Chronic runaways (not necessarily in state custody) who have voluntarily exiled themselves from their families.

Many of these kids share problems in common. They have not developed skills that will allow them to succeed on their own. They find it difficult, if not impossible, to hold a job, manage financial resources, and form positive relationships with other people. They cannot or will not return home or to another stable living situation. They are essentially on their own, but without the skills to live independently. They survive on the streets by participating in illicit activities or by being exploited by others. Most importantly, they are kids who will eventually end up in our adult correctional facilities unless there is some form of intervention.

Let me share the stories of two of our residents at Covenant House.

Patty is 17 years old. She is no longer in state custody, lacks a stable home, is addicted. She's dropped out of school and lacks the job skills necessary to hold down a job. Her father is dead and she hasn't seen her mother for over a year.

John is 17 years old. His mom is dead and he hasn't seen his father for over two years. He dropped out of school, and has been living from "crash pad to crash pad." John has decided he wants to make some positive changes in his life. That's why he came to Covenant House.

Patty and John are not unique. We see many kids just like them at Covenant House every day.

Since opening our doors on last Hallowe'en, we have provided shelter and assistance to over 250 youth.

Characteristics typical of runaway and homeless youth across the nation are common in the Anchorage Crisis Center.

- Lack of basic literacy skills
- Lack of skills necessary for independent living
- Lack of self esteem and poor self image

- Past involvement in street survival activities, such as prostitution, survival sex, drug dealing, theft
- Histories of personal or family substance abuse
- Escaping abusive or dysfunctional homes
- Victims of physical or sexual assault

We recognize that many of our kids, like Patty and John, need more than just a crisis center. They need sufficient time, support and resources to achieve true independent living.

For this reason, Covenant House has developed a program called Rights of Passage (ROP). ROP programs are operating in tandem with our crisis centers in New York, Houston, New Orleans, and Ft. Lauderdale. In Anchorage, we are currently assessing the feasibility of an ROP program.

The ROP program provides long-term residential care for a period of 9-15 months. In addition to stable housing, ROP residents are provided:

- Counseling
- Health Care
- Money Management training
- Life Skills instruction
- Educational/vocational training
- Employment counseling
- Mentoring
- Aftercare

It is my sincere hope that this legislature will authorize and fund (on a pilot basis) programs offering pre-emancipation services. There is ample need to justify the funding of pilot projects throughout our state.

1. In five short months, Covenant House Alaska has worked with hundreds of disconnected kids in need of specialized services.
2. Annually, many kids are released from McLaughlin and other youth correction facilities who lack the skills to live successful independent lives.
3. On the Kenai Peninsula, the Kenai Community Care Center has begun a small independent living program for youth ageing out of the foster care system.

Chronic youth at risk start from a position of such disadvantage that it is hard for most of us to imagine. Their interior equipment for functioning in mainstream society is almost nonexistent. Lacking the most basic

skills -- rational thinking, decision-making, planning ahead -- they are in many ways no better equipped for life in the world than young children. An apartment of their own; security in a job; stable and constructive relationships with landlord, supervisor, family, friends; competence at fundamental independent living skills: they have difficulty even conceptualizing themselves in this role.

But these young men and women have the drive and talent to succeed. Some of them believe in themselves just enough to strive for a better life. For those young people, a pre-emancipation program like Rights of Passage presents a very real ray of hope. From the moment they are accepted their chance of realizing their vaguely articulated dreams increases thousandfold.

Succeeding will push them to the limits. Major life changes that most of us encounter singly and sporadically will be required of them, and in a limited period of time. Particularly to young people accustomed to running away from the smallest challenge, what we ask is a tall order. But they are accomplished strugglers and they work hard. We develop trusting relationships with them -- the first they may ever have had with an adult. And we use our bond as leverage to help them reach the goals they set out for themselves when they come to us. We praise them, "I can't tell you how proud I am of what you did." The praise means something, and one success breeds another. We address our efforts to every part of their lives.

Undertaking such work is no small challenge. Resolving the complex issues of development and readying a staff to do the demanding work of pushing and prodding, cajoling and encouraging the youth in their struggles with job, school, and personal lives takes time, intellectual and emotional energy, and commitment.

But the rewards are commensurate with the effort -- because programs like this work.



# Alaska Foster Parents Association

P. O. BOX 140651 • ANCHORAGE, ALASKA 99508



## POSITION PAPER HB 177 PRE-EMANCIPATION SERVICES FOR MINORS

The Alaska Foster Parent Association supports the concept and intent of this legislation, which is to provide pre-emption services to youth in the custody of the state in order to prepare them for independent living.

One concern is that, although some youth age 16 and above coming into care may need a specific pre-emption setting or supervised independent residence, all youth need to have access to pre-emption skill building. Youth also need a home setting in which to be nurtured. Federal laws require the least restrictive setting possible, which is usually defined as foster care. Therefore, we need to insure that this bill also provides for pre-emption skills to be provided in each foster home and in residential facilities providing care for youth.

During the past year several foster parents have applied for grants from the Division of Family & Youth Services to help foster parents prepare youth for independent living based on materials from Eastern Michigan University, Institute for the Study of Families and Children called "PREPARING YOUTH FOR EMANCIPATION FROM FOSTER CARE". Foster parents are the logical choice to teach youth these skills, both in specific programs and in every day living that incorporates good role modeling, gradual independence, and an opportunity to test new skills in the community in which they live.

The Alaska Foster Parent Association would support independent living residences for those youth for whom this is the only option, but would also ask for the same support and grants to enhance foster parents' ability to prepare youth for independence that would, hopefully, produce productive and healthy young adults that would not continue to be a burden on society. Grants should be awarded to foster parent groups that are willing to incorporate independent living skills as a program of foster care in their area. Specific supports and provisions within policy would also be needed to support this concept.

We must remember that each and every youth will be an independent young adult soon. We must work to prepare all of them for emancipation or we will perpetuate the cycle of welfare and dependent families.

*Miriam Sumner*  
Miriam Sumner  
President

*Frank H. Wasmer*  
Frank H. Wasmer  
Vice President

**POSITION PAPER**

**HOUSE BILL NO. 177**

For an Act entitled: "An Act relating to the pre-emancipation services for certain minors."

House Bill No. 177 would establish statutory authority necessary to allow the Department to provide a full range of pre-emancipation services to youth 16 to 19 years of age. This would facilitate the successful transition to full adult independence of youth who have been in state custody, particularly those who cannot return to the home of a parent or parent substitute. Specifically the bill would:

1. require the Department to provide pre-emancipation services to those youth in the custody of the Department who are 16 to 19 years of age and who request the service, unless the Department finds that such services are inappropriate;
2. require the Department to adopt regulations establishing criteria for determining whether pre-emancipation services are appropriate for youth;
3. authorize extension of Departmental custody beyond a youth's 19th birthday in order for the youth to continue receiving pre-emancipation services;
4. authorize the Department to utilize supervised independent residences as placements for youth committed to Departmental custody;
5. authorize the Department to grant or to contract with municipalities or private nonprofit organizations for the provision of pre-emancipation services.

Needs Addressed by HB 177

Most youth in our society have the opportunity to acquire the knowledge and skills necessary for successful independence gradually throughout childhood and adolescence. For these youths, transition to full independence is also accomplished gradually and with the support and assistance of parents or parent substitutes.

For many youth in state custody, particularly those who have been in long-term custody and have no parent or parent substitute upon whom to rely when they leave state custody, this type of gradual training and transition cannot occur. This is

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House Bill No. 177  
Page 2

prevented by a lack of statutory authority for providing transition services, funding limitations, and a lack of appropriate services.

Preparation for independence does occur as a formal part of foster care and residential care placements for older youths in state custody. However, this has not been an area of primary focus, nor has it followed a special curriculum to ensure its completeness or effectiveness. Foster parents and residential care staff are not generally trained specifically to prepare youths for independence and there are no mechanisms available to provide for support during the final phases of the transition to independent adulthood.

This bill addresses the need to provide services to prepare youth who are in state custody for independent living. It does not address the need for additional transition support provided routinely by parents on ongoing basis. This is the situational support, often short-term financial support, to help young persons who are residing independently to overcome unforeseen contingencies. For most youth who have made the transition to independent living, parental support is available when required. However, youth who have been in long-term state custody usually have no such support system once state custody is terminated. For example, there is no mechanism for the state to aid a youth who chooses to leave state custody at age 19 to attend college, in case of an illness or other setback which could cause need for financial or emotional support.

#### DEPARTMENT POSITION

The Department recognizes the need to provide better transition services for children leaving state custody and for other youth who do not have the transition support traditionally provided by parents. The Department believes that House Bill 177 provides the authority and mechanisms to successfully address this need in most cases.

The provisions of HB 177 establish specific statutory authority enabling the Department to extend custody of youth for the purpose of providing transition services. It also establishes the Department's authority to utilize supervised independent living situations to facilitate the transition of youth to independence.

Importantly, the bill also provides the Department with the flexibility needed to target services appropriately and manage resources most effectively. By allowing the Department to establish criteria for determining the appropriate population of

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Page 3

youth to receive independent living services, the bill ensures that the services will be utilized most effectively and that costs will be held to a minimum. Because of this the cost of implementing the programs under HB 177 is significantly less than the cost under similar legislation introduced previously.

The Department supports HB 177.

Recommended by:

Yvonne M. Chase  
Yvonne M. Chase, ACSW  
Director  
Division of Family  
and Youth Services

Date:

3/8/89

Approved by:

Myra M. Munson  
Myra M. Munson  
Commissioner  
Department of Health  
and Social Services

Date:

3/9/89

# Emancipation Services for Adolescents in Foster Care

Richard P. Barth

**B**Y THE early 1900s foster care was considered a temporary solution to the problem of children without safe refuge. Concerned professionals and researchers later recognized that many who entered foster care as young children were still in foster care as adolescents, and indeed, adolescents now represent an increasingly large proportion of all children in care (Maas and Engler, 1959; Hornby and Collins, 1981; Fanshel and Shinn, 1978; Knitzer, Allen, and McGowan, 1978). Contrary to early expectations, foster care is not short term and is not treatment directed—instead, such care has become “foster care with tenure” (Goldstein, 1975).

Beginning in the late 1970s and continuing through the current time, the permanency planning movement has endeavored to redress practices that lead to prolonged foster care careers and to adolescents having no family support. Despite such endeavors, the benefits of federal and state permanency planning statutes may, in fact, contribute to the welfare of older adolescents least of all. The principle goal of permanency planning is to reduce the number of children in state custody by (1) curtailing the entry of children into the foster care system by providing preventive services; (2) providing reunification services for the children and their birth parents; and (3) closing cases rapidly via relinquishment for adoption and via placement with permanent adoptive parents. Despite the efforts made to prevent foster care placement, almost one-fourth of the children in foster care in New York and Maine first enter care as adolescents (Hornby and Collins, 1981). Placement prevention is particularly difficult among adolescents, who more than younger children, enter foster care because of their behavioral problems rather than because of inadequacies in the home (Bernstein, Snider, and Meezan, 1975; Fanshel and Grundy, 1980; Hornby and Collins, 1981). Placement prevention is, of course, water under the bridge for those adolescents who entered the foster care system before permanency planning

*Many adolescents in foster care who are not adopted are discharged from care when they reach the age of majority. This article reviews studies on the likely social and educational futures for such adolescents and on the range of services that may promote adolescents' successful transition to independent living. Changes in practices, programs, and policies are suggested.*

came into effect and who are now growing up in foster care. A significant number of children are not beneficiaries of permanency planning, as, for example, in New York City, where the percentage of adolescent children in foster care nearly doubled in the last decade (Lash, Sigel, and Dudzinski, 1980).

Reuniting adolescents with their birth families is difficult to achieve. For adolescents who have grown up in foster care, relationships with birth parents are often nonexistent. Even when those relationships endure, the parents or adolescents often are unwilling to undergo the readjustments required by reunification. Although some programs, such as Spaulding for Children in Chelsea, Michigan, successfully identify single- and multiple-kin placements (for example, the foster children are placed with their grandmother or older siblings, or with their older siblings and their grandmother), often adolescents with long stays in foster care do not experience

lasting reunifications. (For adolescents new to the foster care system, reunification rates may be somewhat higher.) Overall, less than 20 percent of the adolescents in foster care return to their birth homes (Hornby and Collins, 1981). More than one-fourth of the children in foster care in New York State are expected to “age out” of foster care—that is, reach the age of majority and, therefore, be discharged from foster care (Dempsey, 1983).

Pilot permanency planning projects show that the adoption of older children is the major contributor to reductions in long-term foster care (Fein et al., 1983; Lahti et al., 1978; Rooney, 1981). Still, only about one adolescent in 20 currently in foster care is likely to be adopted (Hornby and Collins, 1981). Many adolescents cannot find or choose not to accept or not to remain in an adoptive placement (Borgman, 1981). Guardianship is the mandated first alternative for such adolescents, although guardianship may also be vulnerable to disruption (Ten Broeck, 1983). Long-term foster care is the least stable form of placement—half of the “permanent” foster care placements were disrupted in a longitudinal study, conducted in Connecticut, of the outcomes for children in foster care (Fein et al., 1983). Although permanency planning has a bright future and promises constructive changes in the care of dependent children, its current influence on the lives of adolescents in foster care is not great. Much to its credit, permanency planning will clarify adolescents' legal status. Some, who would have drifted through foster care and lived their entire years in limbo, will be freed for adoption, guardianship, or long-term placements. Nonetheless, many will live as foster children until they reach the age of majority.

This article briefly reviews studies of children leaving foster care without special emancipation services, reviews the range of emancipation services currently in use throughout the United States, and suggests changes in policy and practice to improve outcomes for the significant number of fos-

ter children who will age out of foster care in the coming years.

### EMANCIPATION WITHOUT SPECIAL SERVICES

The argument for emancipation services follows on the assumption that children who are discharged to their own supervision and who are expected to assume full adult responsibilities at the age of majority (typically 18 years) need assistance in making the transition to independent living. This assumption is not implausible; these youths, at the very minimum, have no guarantees of support from adults in getting settled in the worlds of employment, higher education, housing, and child care. Despite the logic of this assumption, the futures of children who move from foster care to independent living are not well understood. Studies of children who have grown up in foster care are scarce and lack sufficient experimental rigor to explain sometimes diverse findings. Nonetheless, the findings provide guidance for policymakers, program planners, and practitioners.

### Studies of Outcomes

An early investigation (Theis, 1924), found that three-fourths of the more than 500 adult interviewees who were former foster children lived competently in their communities; the remaining one-fourth, according to the standards of that time, were judged as unable to support themselves, "immoral," or "shiftless." According to the study, children who were placed after the age of 5 were least likely to succeed as adults. Almost 40 years later, a Dutch social worker's study of 160 adults with lengthy foster care experience (Van der Waals, 1960) showed that the former foster children were successful by conventional social standards, but that they reported feeling unsuccessful, dissatisfied, and distressed. The study also showed that the interviewees' low self-esteem was mitigated only by continued contact with their birth parents. McCord, McCord, and Thurber (1960) found that providing foster care to delinquent youths did not prevent them from engaging in criminal behavior as adults. Gil (1964) investigated whether foster children had realized their preadmission developmental potential and found that as adults only half his sample of 25 achieved their potential.

Meier's (1965) study of adults with five years of experience as foster children presented puzzling findings. Although two-thirds of the adults in the sample had positive social functioning, they had higher than average rates of marital dissolution

and, among the women, higher rates of problem pregnancies and births. A follow-up study of 140 former foster children in Scotland, found that one-sixth were convicted of a crime during late adolescence, but that almost all were self-supporting by age 20 (Ferguson, 1966). Interviews with 40 members of this cohort as young adults found that they were "coping fairly well" but that they had limited education and limited job skills. Youths who had been integrated into their foster family showed the most positive outcomes.

Harran's (1980) study of 34 adolescents who had left foster care within five years and had not returned to their foster homes found that their self-reports on a personality inventory were indistinguishable from such reports by the general population. In descending order of importance, the adolescents' adjustment to independent living was associated with the availability and use of services to help with the following: financial problems, family planning, substance abuse problems, emotional problems, and locating or reuniting with birth parents. Bohman and Sigvardsson (1980) compared 329 male children who were adopted, raised by their birth parents, or raised in foster care. By age 18, the children in foster care fell behind the adopted children with regard to intellectual ability and had higher rates of alcohol abuse and criminality than the other two groups of children. In an informal assessment of emancipated adolescents, Anderson and Simonitch (1981) reported that the adolescents experienced high rates of reactive depression. Kraus's (1981) investigation of almost 500 former foster children found that the length of time the children spent in placement and the degree of placement continuity were unrelated to their later involvement in law violations. The investigation drew no comparisons to children raised in their own homes.

Zimmerman's (1982) study of 61 former foster children who were from 19 years to 29 years old at the time of the interview found that those with the poorest educational preparation had the most problems as adults. The educational attainment of the interviewees was lower than that of the general population in New Orleans and lower than that of a group with which they were matched according to ethnic minority status. More than half of the sample dropped out of school and, on the average, those surveyed finished less than 11 years of school. Three out of four members of the sample were self-supporting, although slightly more than one in three lived at or below the poverty line. More than 10 percent were incarcerated at the

time of the study. Nearly half reported needing or seeking mental health services and about 5 percent of the sample was hospitalized for a mental illness at some time after foster care. A preponderance of these young adults appraised their lives as currently satisfactory or hopeful. Those discharged from foster care after a long stay were more likely to be among the better functioning group.

Festinger's (1983) recent findings are almost sanguine of the outcome studies. Lacking an optimum control group, Festinger could only draw comparisons between the outcomes for the ex-foster children's study (now adult respondents) and the norms of the population at large. She found no differences between her sample and the population at large on most characteristics, including number of arrests, self-esteem, happiness, and satisfaction with life. However, she did find dramatic differences between the sample and the general population in educational achievement (especially for males, who complete college at a rate of 2.3 percent of the former foster children compared to 22 percent of the general New York City population) and in employment (especially for black youths formerly in foster care, of whom 53.1 percent were employed as compared to 74 percent of the general New York City population of black males). The respondents' continued contact with their foster parents or their ongoing contact with birth parents during their tenure in foster care was again shown to be associated with better outcomes.

A study of 607 former foster children in West Virginia (Jones and Moses, 1984) found that adolescents who aged out of foster care after an average of five years in the system had rates of marriage, broken marriages (separation and divorce), incarceration, parenthood, and marital satisfaction that were comparable to the general population. The former foster children surveyed lagged behind their peers in education by one year, were largely (95 percent) free from incarceration, and experienced, in a significant number (20 percent), problems with alcohol. The West Virginia study also found that 19 percent of the sample's children were or had been in foster care, which is an exceptionally high rate of foster care and is not found in other studies of the foster care rates of the children of former foster children. Nearly 85 percent of those surveyed said that overall they were happy and optimistic about the future, and 62 percent said that they were "mostly satisfied" with their lives. Most (75 percent) of the former foster children were living with family

members, including a spouse or partner (27 percent), foster or adoptive parents (22 percent), birth parents (15 percent), and other relatives such as grandparents or siblings (7 percent) or their own children (4 percent).

Although studies on outcomes for former foster children fall far short of definitiveness, such studies indicate that foster children are not a favored group. Many foster children entered care because of behavioral or personal handicaps. With abridged educations, no borrowing power, and scanty guidance or encouragement, these youths are expected to negotiate successfully the vagaries of a society that requires increasing levels of preparation for entry-level jobs and capital for making purchases, such as a car or house. Certainly, such conditions do not work to the advantage of these youths.

The body of studies on foster care outcomes offers several implications. First, continued contact with foster parents and birth parents improves outcomes for foster youths. Second, educational and employment deficits are apparently the most troublesome problems for foster children to deal with as adults. Third, problems with criminal behavior and substance abuse are less common in adults who were foster children, but are possibly overrepresented in this population. Although exposure to foster care does not doom children to a distressed adulthood—and, indeed, may provide the children with beneficial developmental experiences not found in their birth homes (Fanshel and Shirm, 1978; Lemenberg et al., 1981; Zimmerman, 1982)—foster children are at risk of abridged futures and, therefore, are deserving of assistance during their struggle into adulthood.

## CURRENT EMANCIPATION SERVICES

Special services for adolescents moving from long-term placements to independent living are relatively new to child welfare. Informal efforts to assist adolescents in accomplishing a successful transition to independent living preceded specialized independent living arrangements. Many caseworkers and foster parents have informal procedures by which they commemorate discharge, including life-history review scrapbooks, "graduation" parties, and special trips and awards. Unlike the services provided in mental health and developmental disabilities programs, however, few formal child welfare programs promoted independent living prior to the 1970s. (More than half of Festinger's sample of ex-foster children reported that they received little or very little preparation for discharge

(Festinger, 1983)). The development of services with the greatest utility for foster children calls for an examination of current efforts. Programs that supplement the emancipation efforts of traditional foster family care include (1) foster parent training; (2) supervised residences; (3) independent living subsidy programs; (4) scholarship programs; and (5) postemancipation groups.

### Foster Parent Training

Foster parent training is a staple of child welfare services. Studies show that the best training programs are effective in helping individuals to continue to serve as foster parents and in reducing replacement (Boyd and Remy, 1978; Simon and Simon, 1982). Training also helps parents manage more effectively the behavior of their foster children (Guernsey, 1976a; Guernsey 1976b; Guernsey and Wolfgang, 1981). Euster and Noble (1981) developed and successfully implemented a program to prepare caseworkers to train foster parents. Moreover, foster parents who are trained to train other foster parents have outcomes equal to those of child welfare workers who train foster parents (Cobb, Leitenberg, and Burchard, 1982). Almost one of every three licensed foster parents in Vermont took a course from another foster parent. Foster parent training to improve outcomes specifically for adolescents discharged from foster care is not as well documented or studied. Few states or counties include more than a modicum of training to prepare foster parents to promote independent living among adolescents.

### Supervised Group Homes

A few agencies have developed projects for emancipation apartments or group homes or have transformed already-established and all-purpose group homes into specialized homes to prepare youths for independent living. Such projects include the Casey Family Program's Independent Living Project (Mauzerall, 1983), the Oregon Children's Services Division's Self-Support Program, and the Hope Center for Youth's Supervised Apartment Living Program for soon-to-be-discharged minors (Furrh, Jr., 1983). Each of these projects serves emancipating minors between the ages of 16 and 18. Contracts between youths and group home parents are an essential element of services and stipulate the youths' educational, social, and employment plans and responsibilities. Other than the contracts, residents are unbridled by typical features of foster care, such as curfew. In all homes, the youths assume full responsibility for fulfilling their commitments to

school, work, and the agency. Their support checks are distributed directly to them, and they pay rent to their foster parents or to their landlords. Youths stay about six months in each program, with aftercare plans a prerequisite to discharge. Along the path to independent living, these programs help youths to address problems with depression, frustration and failure in finding housing, alcohol and drug abuse, friends who "crash" at the youths' apartments, landlord conflict, loneliness, difficulty with self-care activities such as laundry and cleaning, unemployment, and relationships with former foster parents and with birth parents (Anderson and Simonitch, 1981; Furrh, Jr., 1983; Simonitch and Anderson, 1979).

The programs have differences. In addition to individual counseling, youths in the private nonprofit Casey Family Program's Independent Living Project receive extensive life-skills training to supplement the lessons of semi-independent living. Life-skills groups—complete with workbooks and videotapes—help youths obtain working papers, find and keep employment, improve their self-presentation to others, and locate and rent a home.

The Oregon Children's Services Division's Self-Support Program (SSP) is financed from cuts in the regular foster care system and by special reduced rates and the state's Independent Living Subsidy Program (Oregon Children's Services Division, 1983). SSP payments (which were \$450 per month in late 1983) may be used to support living arrangements in settings other than foster homes or licensed child care agencies, as for example, in boardinghouses, fraternities or sororities, and apartments with older friends. Service providers must

- be located so as to provide reasonably convenient access to schools and places of employment or services
- comply with state and local zoning, fire, sanitation, and safety regulations
- provide a setting conducive to good mental health and progress toward independence for the youths
- provide appropriate supervision and room and board
- ensure that the self-support program established for each youth is carried out
- monitor the availability of services necessary to reach the agreed-on goal for each youth.

Portions of the youths' earnings are saved for aftercare costs and for the costs of SSP. SSP can prepare youths for entrance into the Independent Living Subsidy Program (described later in this article) or can directly precede emancipation.

The Hope Center for Youth's Supervised Apartment Living Program draws on a model of supervised living arrangements common to services provided for people with mental or physical disabilities. Adolescents live in one of the two apartment complexes, which are segregated by gender. These complexes are licensed as halfway houses, and each has 20 residents and a ratio of one staff member to five youths. Skills training for independent living is comprehensive and includes such topics as financial responsibility, vocational skills, job finding, consumer skills, use of community resources, and interpersonal skills. Although not strictly a child welfare program (youths from juvenile justice, mental health, and mental retardation programs are also served), this independent living arrangement is a prototype for other child welfare programs.

### Independent Living Subsidy Program

Another innovation in independent living arrangements is the Oregon Children's Services Division's Independent Living Subsidy Program (ILSP). Complete with sponsoring legislation, this program provides adolescents 16 years of age or older with subsidies for start-up apartment costs and stipends for continued independent living in residences of their choice. To qualify for ILSP, youths must have lived previously in two or more public settings and must be judged unsuitable for such settings (the median number of placements prior to entering ILSP is four), and they must be in school full time or work full time or be engaged in a combination of the two. Youths negotiate their living arrangements in the private housing sector and may live with non-ILSP roommates. Payment grants for living expenses typically go directly to the youths. In negotiating for housing, the youths consult with social workers, who are mandated by law to meet with the youths on an ongoing basis, twice monthly. (An evaluation by Altorfer and O'Donnell (1978) shows that some social workers see this mandate as a strength of the program, whereas others view it as an expensive and burdensome requirement.)

A recent evaluation of ILSP found that average start-up costs were \$227 in 1979-1980, average monthly payments per participant were \$209, and the average length of stay was just short of 1½ years (Halm, 1980). Social workers indicated that more than three-quarters of youths' case plans were achieved. This figure is markedly above the 54 percent rate of reopened cases for youths 13 years to 16 years old in alternative programs of foster family

care or foster group homes in Oregon. Because the costs were not significantly greater than those incurred by these alternative programs, ILSP was judged as an effective program for promoting independent living. Neither the author nor the director of ILSP know of the existence of programs comparable to ILSP.

### Scholarship Programs

Several studies identify the exceptional educational needs of foster children (Festinger, 1983; Zimmerman, 1982; Dolan and O'Neill, 1983). Limited finances and educational preparation make the likelihood of the youths attending college after foster care slim. The failure to attend college not only limits foster youths' future income, but often ends their immediate post-high school support. A few states, for example, Michigan and Arizona, continue to subsidize foster care until age 21 for youths in extended educational programs. In such states, the opportunity to gain secondary education provides the dual advantage of continuity of care during the youths' struggles to remediate their educational disadvantages. States with approved Title IV-E plans (of the Social Security Act) are eligible for optional federal funding to aid foster children, up to 19 years old, completing high school degrees.

The Foster Care League attempts to help foster children achieve adequate educational preparation for college (Dolan and O'Neill, 1983). The private nonprofit agency serves as liaison between social service agencies and private boarding schools in New England to arrange placements and scholarships for foster children. Some 65 private schools have granted scholarships of 50 percent or more of the costs for social services to their students in foster care. States pay the standard or special foster care rates to the private schools. Foster children maintain contact with their foster families and return home during vacations (foster parents are then reimbursed at a daily rate). Five states now use the no-fee placement service. The program has not been evaluated.

Other programs provide consultation and encouragement to foster youths who are considering going to college. The Casey Family Program in Boise, Idaho, Spence-Chapin Services to Families and Children in New York, the Jewish Children's Bureau in Chicago, and the Methodist Home in Waco, Texas, are among the programs that help adolescents in foster care to identify colleges and to complete the applications and financial forms necessary for admission. For matriculating students, the programs supplement school-based aid. Most

programs also offer continued contact and guidance during the students' transition from their high school years to the sem-independent college years. The Foster Children's Scholarship Foundation of San Mateo County, California, provides financial assistance for foster children seeking to enroll in technical training, community college or university programs (Reiden, 1983). Students with at least a C average in high school are eligible for scholarships underwritten by contributions from foundation and individual donors.

### Pre- and Postemancipation Services

Services to prepare adolescents for independent living are largely restricted to specialized independent living programs. Adolescents who do not participate in such programs—the majority of emancipating adolescents—are unlikely to find help with planning their impending emancipation and to find assistance during their emancipation. Life Planning Services for Older Children in Hennepin County, Minnesota, is designed to help youths aged 10 to 16 who are free for adoption but whose family status and emancipation plans remain unclear (McDermott, 1983). The combined effort of private and public child welfare agencies and the juvenile court supports outreach efforts to identify such youths, offers group and individual counseling to review emancipation options, and helps youths to develop emancipation plans. Prior to emancipation, social workers help the youths identify relationships that approximate continuous family relationships or that show promise of developing into familylike relationships. The commitment of adults to maintaining a relationship with the youths before and during emancipation is ascertained and encouraged by the youths and staff. Supportive services are provided to the adults and to the adolescents for exploring the implications of their mutual commitment and for planning for the future.

Emancipating youths may also receive assistance in their transition to independent living from child welfare workers who informally provide some postdischarge counseling and from caseworkers and foster parents and birth parents who continue to have contact with the children after they have reached the age of majority. Although Zimmerman (1982) concluded that foster children rarely saw their social workers after leaving the agency's custody, social workers from ILSP, among others, report periodic contact with youths after emancipation.

Another source of assistance for eman-

emancipating youths is self-help groups. In an era in which self-help groups are increasing in number and in acceptance by professionals and by lay persons, it is unfortunate that self-help groups for foster children receive little attention. Self-help groups for adolescents traditionally have difficulty maintaining membership and momentum (Barth, 1983), although some notable exceptions, such as Ala-Teen and Daughters and Sons United, suggest the potential for such efforts. Like these groups, self-help groups for foster children require considerable resources and supervision from adults if the groups are to succeed.

### CHANGES IN POLICY

The existing models of formal emancipation programs deserve more use. Oregon's statute supporting independent living subsidies is now a decade old and deserves emulation in other states (State of Oregon, 1976). Developers of formal independent living arrangements might follow the example of the Hope Center for Youth's Supervised Apartment Living Program and look to program models from service sectors more experienced in promoting independent living. Evaluations of pilot emancipation services are overdue and, when completed, should provide impetus for further development, adjustment, and innovation.

### Volunteer Mentors

Informal helping arrangements also need development. Much research on teenage mothers—a group facing equally challenging transitions—shows that strong social support networks are all but essential to their well-being (Grow, 1979). Project Redirection enlists as volunteers community women who may have been teenage parents themselves to help young mothers struggle for self-sufficiency and for self-development. Recent evaluations underscore the importance of these volunteer mentors to the success of the youths in the project (Blum 1984; Polit and Kahn, 1985). Former foster children who have negotiated the risks of emancipation successfully might similarly serve as a resource to recently discharged foster children. Festinger's (1983) interviewees identified the need for foster care graduates to visit with and counsel soon-to-be emancipated foster children. With encouragement and consultation from child welfare departments, civic and religious organizations can serve as a source of mentors or, as a group, can help youths to acquire household furnishings, find work, and establish a supportive social network.

### Incentives for Foster Parents

Foster parents and child welfare workers trained to promote independent living enable adolescents to be self-sufficient upon emancipation. Research on the generally salutary effects of foster parent training argues for enriching opportunities and incentives for such training. (Although the present discussion centers on foster parents, other group care providers will undoubtedly also benefit from better preparation for promoting independent living.) Child advocates who find state legislators or county administrators reluctant to develop programs to support independent living may argue more successfully for the provision of special room-and-board rates for foster parents trained to work with emancipating adolescents. Child welfare departments can arrange for foster parents to receive licensing waivers for temporary crowding and to receive short-term payments for boarding former foster children during respites from college or from the armed services. The costs of foster parent training and the higher room-and-board rates for foster homes with trained parents should be offset by reduced costs to the agency and community owing to failed placements or emancipation.

Materials for training foster parents to promote independent living include a videotape on the task-centered approach to promoting independent living with adolescents (University of Wisconsin, 1980), a supplement (Guernsey, 1978) to a standard foster parent training program that focuses on adolescents (Guernsey, 1976a), and *The Guidebook to Making It on Your Own* for adolescents (Ansell, 1983). Materials to assist social workers and foster parents in working with soon-to-be emancipated adolescents include *On Your Way to on Your Own* (described in Mauzerall, 1983), *Life Skills Model for Foster Adolescents* (Euster, Ward, and Varner, 1982), and other books on life-skills training (for example, Schünke and Gilchrist, 1983).

### Educational Enrichment

Our knowledge about the social educational experiences of foster youths argues for several changes in current practice and policy. Of the greatest importance is advocacy for laws that provide foster care for youths until the age of 21 as long as they are enrolled in high school or post-secondary education or in certified business or technical training programs. Many children in foster care are deprived of the opportunity for adequate educational achievement by a childhood that is interrupted by trauma and transition. When warranted by a foster child's ambitions and achieve-

ments, the state should provide the child with an extra year or more of dependency. Precedent for such action is found in legislation that extends entitlement to special education services to individuals up to the age of 21 in all states (and to the age of 25 in several states, such as Michigan).

Changes in practice can also provide foster children with greater educational enrichment and opportunity. Better contact with the schools is essential to monitoring and promoting foster children's educational achievement. Child welfare placement review boards should call on educators' knowledge of appropriate special and mainstream educational services. At the minimum, schools should employ an individual to act as a liaison to child welfare agencies in behalf of foster children. Too few schools are aware of the status of foster children and that these children have allies in child welfare workers and their agencies. More formal in-school services for foster youths—including counseling, tutoring, and employment preparation—can help keep them from falling behind other children. Such services are offered in several California school districts (Wirth, 1985) and provide opportunities for informal cross-age helping among foster children at various points along the path to emancipation.

Because many foster children are in special education, stronger linkages to special education are also needed. For example, the number of lost and out-of-date Individualized Educational Programs can be reduced by school officials' agreement to send child welfare departments copies of the children's initial and yearly educational plans. This agreement also should encourage the children's speedy admittance into the appropriate school and classroom—even if they may move to another school shortly after admittance because of a new placement.

### Promoting Contact with the Birth Family

The research on outcomes after foster care shows consistently that contact with birth siblings and parents during foster care is associated with improved outcomes for emancipated youths. This research also argues for programmatic responses. Many youths report close contact with their birth parents after foster care (Jones and Moses, 1984; Zimmerman, 1982). The contemporary approach to foster care embodied by permanency planning and by more intensive service provision to birth families should result in the greater involvement of these families in their children's life. Despite models for involving birth parents in their children's life in

foster care (Sinanoglu and Maluccio, 1981), however, the potential resources of relationships between foster children and their birth parents are too often unrealized.

Permanency planning presents the dual-edged possibility of damaging or facilitating efforts to keep children in contact with their birth families. If preventive or reunification services are successful, fewer children will grow up in foster care. Alternately, when birth parents are embittered by losing efforts to prevent agencies from terminating their parental rights, foster children may lose a valuable resource in the event that adoption or guardianship does not occur or is disrupted. In such cases, the children are forced into long-term foster care.

### EXPANDING CURRENT KNOWLEDGE

Almost ten years ago, Wiltse (1978) called for service providers to devote more attention to emancipation services and research, but this was only recently heeded. Decisions about the most apt and successful models of programs to promote independent living require additional information about program effectiveness. Little is known about the ability of emancipation programs to prepare youths for independent living.

Available outcome data are skimpy but hopeful. An evaluation of a previous study concluded that more than 70 percent of the participants in an independent living program moved successfully into living on their own, with 20 percent returning home and the remaining 10 percent either returning to the care of another agency or failing to be traced by the researchers (Halm, 1980). Such an evaluation unfortunately stands alone.

More information on the implementation of such programs is also warranted. For example, the evaluation of Oregon's ILSP suggested that caseworkers use different standards of eligibility in referring youths to the program—some workers refer only those youths who have shown that they are incapable of managing in foster family care, whereas other workers refer only those youths who show promise of making a rapid and sure adjustment to independent living (Altorfer and O'Donnell, 1978). Similarly, agencies use different standards in contracting—in some agencies the use of contracts between youths and the agency is mandated; in other agencies, contracts are not required. In some agencies contracts specify employment goals only; in others, the contract specifies educational and personal living goals as well. Pinpointing the barriers to adolescents' use

of programs offering emancipation services is vital. Harrari (1980) found that adolescents discharged from foster care perceive a need for services that were not offered by social workers. In contrast, judged the adolescents used the services less often than offered and were unable to recognize how much they needed the services.

Descriptions of independent living programs will provide substantial addition to our knowledge. Although this article the author hopes, provides some guidance the designer of such programs will find little counsel in the published literature. Adolescents are often driven by law or circumstance to rush helter-skelter into independent living. For this reason, child welfare practitioners and policymakers should marshal their resources to reduce the legal pressures on foster children to emancipate before they are prepared and to prepare the adolescents at a young age—by life-skills training—for a successful transition to adulthood and self-sufficiency.

*Richard P. Barth, DSW, is Assistant Professor, School of Social Welfare, University of California, Berkeley, The University of California, Berkeley, Committee on Research provided support for this article.*

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Readers will note that bibliographic style has been used for references in this article. This style is used only for reviews of the literature.

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HB

183

# HOUSE COMMITTEE REPORT file

(11)

Date Referred: February 7, 1990

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

HB 183

HOUSE BILL NO. 183

MOTOR FUEL TAX EXEMPTIONS

"An Act relating to the exemptions from the motor fuel tax, and extending the exemption from the requirement of obtaining a certificate of use to fuel used to heat commercial premises; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with (S HB 183 (FIN))  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact Department Revenue  fiscal note(s) \_\_\_\_\_
- zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Do Not Pass    No Rec    Amend

Hoffman	Jay Brown	BROWN	X	
Larson	Jay Wallis	WALLIS	✓	
Koponen				
Ulmer				
Rieger				
Phillips				

Larson  
Co-Chairman's Signature  
 Hoffman

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CS HB 183 (Finance)

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Motor Fuel Tax and its  
exemptions

Agency Affected: Revenue  
BRU: Income & Excise Audit

Sponsor: Sharp  
Requestor: Finance

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320

Date: March 29, 1990

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: March 29, 1990

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

CS HB 183(Finance)  
Analysis  
March 29, 1990

### Introduction

The Department supports this compromise legislation provided additional resources are granted to ensure that compliance with the motor fuel tax law is not diminished. The \$25,000 fiscal note is for increased field audit efforts on a regional basis to ensure strong compliance with the new law.

### Problem

The problem this legislation addresses is the alleged burdensome requirements placed upon heating fuel dealers to obtain a signed statement from their heating fuel customers each year that the fuel is to be used for heating purposes only and not converted to a taxable use. This statement, a certificate of use form developed by the Department has been required by law and regulation since the early 80's.

### Present Law

Under present law, if a dealer sells fuel "tax off" to a customer, the dealer must receive a signed certificate of use from the customers stating the intended tax exempt use. The certificates are to be obtained annually from the customer and kept on file by the dealer. The dealer cannot be held liable for the tax if the customer converts the untaxed fuel to a taxable use.

### Amendments

Section 1, paragraph (a), states that if a dealer fails to obtain a certificate of use for fuel that is subsequently used in a taxable manner, the dealer must pay the tax and a failure to timely pay penalty, regardless of whether the dealer made a good faith effort (reasonable belief) to determine whether the fuel sold was to be used in a tax exempt manner.

Paragraphs (b) and (c) restates current law, except for referencing the new provisions in (d)

Paragraph (d) provides

- 1) a certificate of use is not required to be obtained by a dealer for sales of fuel to stationary power plants (new law), fuel that is 10% alcohol by volume (existing law) or other fuel determined by the department by regulation to be exempt (existing law);

- 2) that a certificate of use is not required for the sale of heating fuel to heat private or commercial buildings, but requires a certificate of use to be on file for heating fuel sold to businesses engaged in construction and mining activity (new law).

Original sponsor(s): REP. SHARP, Miller, Foster

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 183 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the motor fuel tax and its ex-  
7 emptions; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 43.40 is amended by adding a new section to read:

10 Sec. 43.40.015. EXEMPTION FROM COLLECTION OF TAX. (a) A dealer  
11 who has a reasonable belief at the time of sale or transfer that fuel  
12 that is sold or transferred is not to be used as motor fuel need not  
13 collect the motor fuel tax. However, as to fuel for which the tax was  
14 not collected and for which a certificate of use was not obtained, if  
15 the department determines that the fuel was put to a use that is  
16 taxable under this chapter, the dealer is liable for the tax and  
17 subject to a civil penalty under AS 43.05.220(a) whether or not the  
18 dealer's belief that the fuel sold or transferred would not be used as  
19 motor fuel was reasonable.

20 (b) Except for sale or transfer of fuel under (d) of this sec-  
21 tion, if the motor fuel tax is not collected, the dealer shall obtain  
22 a certificate of use from the buyer or transferee at the time of the  
23 first sale or transfer of the fuel stating that the fuel that has been  
24 or will be purchased or received is not intended for use as motor  
25 fuel. The form of the certificate of use shall be prescribed by the  
26 department by regulation. The department may not collect the motor  
27 fuel tax from a dealer for fuel for which a certificate of use has  
28 been properly obtained under this subsection.

29 (c) A certificate of use must be renewed annually for exemptions

1 listed under AS 43.40.100(2).

2 (d) A certificate of use is not required

3 (1) for fuel exempted under AS 43.40.100(2)(C), (F), or  
4 (K); and

5 (2) for fuel exempted under AS 43.40.100(2)(J) other than  
6 fuel sold or transferred under this exemption to a person who is  
7 engaged in construction or mining activity.

8 \* Sec. 2. AS 43.40.035(a) is amended to read:

9 (a) A person who resells fuel on which the tax under AS 43.40.-  
10 010(a) or (b) was previously paid is entitled to a credit or refund of  
11 the tax if (1) the resold fuel is not motor fuel and the requirements  
12 of AS 43.40.015 [AS 43.40.010(1)] have been fulfilled; or (2) the  
13 amount of tax previously paid exceeds the tax due on the resale. The  
14 amount of the credit or refund under this section is equal to the  
15 amount of tax previously paid on the resold fuel less the amount of  
16 tax prescribed by AS 43.40.010(a) or (b).

17 \* Sec. 3. AS 43.40.010(1) is repealed.

18 \* Sec. 4. This Act takes effect July 1, 1990.



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: Representative Lyman Hoffman, Co-Chairman  
Representative Ron Larson, Co-Chairman  
House Finance Committee

FROM: Representative Bert Sharp *BMS*

DATE: February 13, 1990

SUBJ: HB183

I respectfully request a hearing before the House Finance Committee on HB183 at your earliest convenience.

HB183 is a motor fuels tax exemption bill which would eliminate the certificate of use requirement for fuel used to heat a commercial building. This bill was submitted last year but was put on hold pending regulations changes submitted by the Department of Revenue. This bill does not reduce the fuel dealers' ultimate liability for taxes due. There is a zero fiscal note attached to this bill. It was passed out of Transportation Committee on February 6, 1990, with four out of five members recommending "do pass."

To provide you with a little history: There is a motor fuel tax (AS 43.40). There is an exemption from the tax for fuel used to heat "private or commercial buildings or facilities" (AS 43.40.100(2)(J)). The fuel dealer may claim the tax exemption for

fuel required for heat in a private dwelling (AS 43.40.010(1)), but in order to claim the exemption for a commercial building, the dealer must obtain a certificate of use from each commercial user. (AS 43.40.010(1)). This causes administrative problems for the distributors inasmuch as many of the buildings they supply fuel to are obviously not used for motor fuels any more suspect than private dwellings (i.e. day care facilities, grocery stores, banks, rentals larger than duplexes, etc.).

In an effort to ease the situation, the Department of Revenue, on July 13, 1989, drafted new regulations that would allow the certificate of use obtained from commercial customers for heating purposes to be treated as an "annual" certificate of use in each year, whereby a new certificate of use would only need to be obtained in the event of a change of ownership or circumstances. However, there is a question of whether or not the proposed regulations conflict with current law. (See memo to Art Peterson, Assistant Attorney General attached).

The fuel distributors are again urging that HB183 be passed in order to alleviate these unneeded administrative burdens caused by current regulations. Their primary contention is that since they are the ones responsible for paying the tax, they should be the judge of whether or not to obtain a certificate of use based on individual site observation and other pertinent facts.

Attached for your convenience are copies of correspondence from fuel distributors endorsing this bill, and a bill analysis.

CSHB183 SECTIONAL ANALYSIS

Section 1. (a) Adds language that states the dealer is liable for the tax plus a civil penalty if a certificate of use is not obtained. This language was added to define "reasonable belief" by placing the tax liability on the dealer.

(b) States that except for exemptions listed in (d) of this Section, a certificate of use shall be obtained at the time of the first sale or transfer for fuels not intended for use as motor fuel that will be used for mining or construction activities. All other commercial uses listed pursuant to A.S. 43.40.100(2)(J) are exempt pursuant to (d) of this section.

(c) States that for all other exemptions listed in A.S. 43.40.100(2) (A), (B), (D), (E), (G), (H), (I), (L), a certificate of use must be renewed annually.

(d)(1) States that a certificate of use is not required for fuel exempted under:

1) A.S. 43.40.100(2)(C) - fuels used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public;

2) A.S. 43.40.100(2)(F) - fuel which is at least 10% alcohol by volume;

3) A.S. 43.40.100(2)(K) - fuel used for other nontaxable purposes as prescribed by regulations adopted by the department.

(d)(2) States that a certificate of use is not required for fuel exempted under A.S. 43.40.100(2)(J) - fuel used to heat private or commercial buildings or facilities, except that for fuel

sold or transferred to a mining or construction activity an annual certificate of use shall be obtained pursuant to (b) of this section.

Sections 2, 3, and 4. No changes were made from bill previously heard in this committee.

Representative Bert Sharp  
Alaska State House of Representatives  
Juneau, Alaska  
February 5, 1990

Dear Representative Sharp;

HB 183 would repeal the requirement that a motor fuel dealer obtain a certificate of use. This repeal would be effective in those cases where the dealer has a reasonable belief that the fuel will be used for non-taxable (exempt) uses.

I would urge you most strongly to delete that provision from the bill. If certificates of use are not obtained by the dealer, the state has essentially no way to determine whether the fuel was used for an exempt purpose. There would no longer be any "paper trail" that was certified to by the buyer of the fuel. As a practical matter, it would be impossible to audit or even determine the use of the fuel.

This would create a large "loophole" for dishonest fuel buyers to run through, and there would be no way to stop them. This would create powerful incentives for buyers who respect the law to follow suit, since they would be placed at a competitive disadvantage if they paid the tax and their competitors did not.

I strongly recommend that the certificate of use program be continued. I believe that repealing it will result in this revenue source being greatly weakened.



Hugh Malone, commissioner for revenue

cc Royce Weller  
Steve Kettel  
405q

# Alaska State Legislature

REPRESENTATIVE  
**BERT SHARP**

DISTRICT 20

COMMITTEE  
RESOURCE

FINANCE SUBCOMMITTEE  
DEPARTMENT OF NATURAL RESOURCES



FAIRBANKS  
119 N CUSHMAN  
FAIRBANKS, ALASKA 99701  
(907) 452-7885/7886

WHILE IN JUNEAU  
PO BOX V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3004/3018

## House of Representatives

### MEMORANDUM

TO: Arthur H. Peterson, Assistant Attorney General  
FROM: Representative Bert Sharp *BMS*  
DATE: February 9, 1990  
SUBJ: Proposed regulation changes to 15 AAC 40.030

It is my understanding that the proposed regulation changes to 15 AAC 40.030, Certificate Requirements for Certain Sales, are awaiting regulatory review and approval by the Attorney General's Office. (A copy is attached for your convenience).

These changes were drafted after legislation was introduced in response to requests from fuel distributors to do away with the certificate of use requirement presently in statute (A.S. 43.40.015). There are a couple of areas of concern that I bring to your attention regarding to the proposed regulation changes.

First, the amendment as proposed in (c) is in direct conflict with current law. Alaska Statute 43.40.010(1) states that "an annual certificate of use is required..." and that the dealer "shall retain a copy of each certificate...". (Emphasis added). The proposed amendment states: (c)(1) "the certificate of use obtained upon the first sale need not be renewed annually...". (Emphasis added). I do not believe that a department can propose



REPRESENTING  
GOLDEN HEART  
OF ALASKA

Arthur H. Peterson  
February 9, 1990  
Page 2

regulations which are in conflict with specific sections of an existing law.

Secondly, many of the fuel dealers have expressed their concern with (c)(2) of the proposed regulation changes. They tell me that this change would place greater compliance burdens on fuel dealers than which they are currently subject. In some instances where fuel is delivered to bush communities, Section (2) would be virtually impossible to comply with, and would thus subject fuel dealers and consumers to needless penalties.

I request that these concerns be taken into consideration and, because of these concerns, believe HB183 provides the best solution for all concerned.

ORDER ADOPTING  
REGULATIONS OF DEPARTMENT OF REVENUE

The attached 2 pages of regulations, dealing with Payment of Tax, are hereby adopted and certified to be correct copies of the regulations that the Department of Revenue adopts under authority vested by AS 43.05.080 and after compliance with the Administrative Procedure Act (AS 44.52), specifically including notice under AS 44.52.190 and 44.52.200 and opportunity for public comment under AS 44.52.210.

This action is not expected to require an increased appropriation.

This order takes effect on the 30th day after it has been filed by the lieutenant governor, as provided in AS 44.62.180.

DATE: Nov. 28, 1989  
Juneau, Alaska

  
Hugh Malone, Commissioner

FILING CERTIFICATION

I, Stephen McAlpine, Lieutenant Governor for the State of Alaska, certify that on \_\_\_\_\_, 19\_\_, at \_\_\_\_\_ .m., I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.

\_\_\_\_\_  
Lieutenant Governor

Effective \_\_\_\_\_  
Register \_\_\_\_\_

15 AAC 40.030 is amended as follows:

15 AAC 40.030. Certificate Requirements for Certain Sales. (a) Except as provided by (b) or (c) of this section, a dealer or fuel reseller who sells or transfers fuel that is exempt under 15 AAC 40.020(c) shall obtain an annual certificate of use from the buyer or transferee at the time of the first sale in each calendar year stating that the fuel that is purchased or received is not intended for use as motor fuel subject to tax under AS 43.40.010. A dealer or fuel reseller shall use a certificate-of-use form prescribed by the department.

(b) A certificate of use under (a) of this section is not required in support of an exemption under 15 AAC 40.020(b)(4), (6), (13), (15), and (16).

(c) In support of an exemption under 15 AAC 40.020(c)(5)

(1) the certificate of use obtained upon the first sale need not be renewed annually unless the location of each tank or other facility which stores heating fuel is changed;

(2) The certificate of use must itemize and show the location of each tank or other facility which stores fuel exclusively for heating commercial buildings and facilities;

(3) The certificate of use must be reviewed if the intended use of any fuel stored in the tanks or facility is changed to another exempt use under 15 AAC 40.020(c). (Eff. / / , Register )

Authority: AS 43.05.080  
AS 43.40.100

15 AAC 05.310 is amended as follows:

(e)(4) a payment made by wire transfer is timely if the taxpayer's commercial bank initiates the transfer of funds through the Federal wire-transfer system or the date the payment is due; (Eff. / / , Register )

15 AAC 05.310 is amended to add a new subsection:

(h) Then the last day for performing any act under any provision of AS 43 falls on Saturday, Sunday, or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. "Legal Holiday" means a legal in the District of Columbia or a legal holiday in this state. (Eff. / / , Register )

Authority: AS 43.05.080

**PETRO STAR INC.**

Telephone (907) 488 0730  
Teletype (907) 400-8057  
TELEX 36-6110

P.O. Box 51230  
North Pole, Alaska 99705  
**Walt Schlotfeldt**  
President

March 6, 1989

Mr. Royce B. Weller  
Special Assistant Commissioner  
Department of Revenue  
Box 9  
Juneau, Alaska 99811

Dear Mr. Weller:

I am writing in regard to the certificates of use requirement for heating fuel for commercial facilities. Collection of a motor fuel tax on diesel fuel is the responsibility of the dealer, for he is the only one who can determine what the use of the fuel will be. No matter what auditing procedures are used, this will be the case. The person making the delivery, in almost every case, knows by sight what the fuel will be used for, therefore, if the dealer feels that the use of the fuel will be as prescribed by the motor fuel tax laws and that the tax should be collected, he will charge for the tax. If he does not charge the tax, he will surely get a certificate of use to protect himself from the liability of potentially paying the tax at a future time.

Since heating fuel is exempt from the tax, it should also be exempted from the requirements of the certificates of use. Certificates of use should only be used in those cases where the purchaser of the fuel could potentially use the fuel as a motor fuel. This, then, would protect the dealer and place the burden of future tax liability on the purchaser. To require the dealer to obtain a certificate of use from all heating fuel users is overkill, and is causing the dealers to incur additional administrative expense both in ensuring that all certificates are received from their customers and in corresponding with the customers about their certificates. Certificates of use are also not very popular with our customers, who already feel the burden of paperwork reporting requirements within their own businesses.

Mr. Royce B. Weller  
March 6, 1989  
Page 2

If certificates of use were not required on commercial facilities, but only in the case where the dealer suspected use as diesel fuel, then the auditor would have a clear list of those individuals who may have used the fuel for taxable purposes and not paid the tax. As it is, auditors must review all sales to determine if there are those customers who perhaps should have paid the tax, and generally, for those who the dealer suspects are using the fuel for taxable reasons, we hold a certificate of use on file. Therefore, the certificates of use should only be required for those commercial customers who the dealer suspects are using the fuel for taxable purposes. This would ease the burden of the auditor in tracking sales in which the tax is uncollected. In order to ensure that the dealer is truly receiving certificates in those cases where he suspects the fuel is used for taxable reasons, the auditor could review the invoices, which generally have a high degree of description as to the customer's name, delivery location and tank size and other information including the customer's name. I have enclosed some copies of our delivery invoices for your perusal so that you can see what I mean. This is specifically what the auditors currently do to determine if the dealer has collected the tax or certificates of use from the appropriate customers.

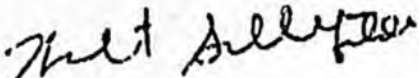
I think it is in the Department of Revenue's best interests to have dealers receive certificates of use only for those sales made which the dealer, who, again, is the only person who truly sees the use of the fuel, suspects is taxable.

We are not asking that our monthly reports of volume sold, taxable and untaxable under the various categories, be discontinued. These reports are, I believe, the basis for your reporting to the Federal Government. I believe that SB-180 and HB-183 would relieve us of the burden of collecting certificates of use for those sales which are obviously untaxable, yet would preserve the use of the certificates for those sales which we feel could potentially be taxable. If the same elimination of the requirement to obtain certificates of use can be accomplished through your regulations, that would be satisfactory to me, and would meet the needs which we have identified.

Mr. Royce B. Weller  
March 6, 1989  
Page 3

If I can provide any further information or answer any questions, please call me. In the event I am unavailable, you may wish to contact Bob Meath, Sourdough Fuel (456-7798), should you have any questions. I look forward to hearing from you.

Sincerely,



Walt Schlotfeldt  
President

Enclosures

WPS:pm  
W.90227-3



P.O. BOX 1947, SITKA, ALASKA 99835  
PHONE (907) 747-8460

RECEIVED  
FEB 6 1990  
SITKA

February 5, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, Ak.

RE: HB-183, SB-180

Dear Representative Sharp:

As a fuel dealer, we support your effort to exempt fuel dealers from obtaining a certificate of use for fuel sold to heat commercial buildings.

Heating fuel sales are exempt from fuel tax by statute, yet the regulation appears to require that exempt certificates, which are intended to exempt certain sales of taxable fuels, be obtained annually and maintained in seller's files. This requirement creates a tremendous administrative burden on fuel dealers. We should only be required to obtain a certificate of use if we have a doubt about what the customer will use the fuel for.

HB-183 and SB-180 will eliminate a large portion of the cost of the certificate of use program with no reduction in fuel tax collection.

We appreciate your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Don Brown".

Don Brown  
President

P.C. Jack Coghill  
Dick Eliason



MAPCO ALASKA PETROLEUM INC.

A. L. Buki Wright, Jr.  
VICE PRESIDENT -- ALASKA  
(907) 452-5318

January 22, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

Dear Representative Sharp:

I fully support HB 183, exempting fuel dealers from obtaining a certificate of use for fuel oil sold to heat commercial facilities. Under HB 183, dealers would be relieved of the burden of collecting numerous certificates of use for sales which are obviously nontaxable. However, the use of certificates, for sales they feel are potentially taxable, would be preserved.

At the present time, fuel dealers are not required to charge the motor fuel tax for fuel sold to heat commercial or private facilities. A certificate of use must be obtained, however, for fuel sold to heat commercial buildings. That certificate is signed by the customer certifying that he is using the fuel for a tax exempt purpose.

Under AS 43.40.010(1), motor fuel tax does not have to be collected if a dealer believes at the time of the sale that the fuel will not be used for a taxable purpose. A dealer will usually know, by sight, how the purchaser will use the fuel.

Heating fuel is exempt from motor fuel tax and should also be exempt from the requirements of the certificate of use. If a dealer has doubts about the use of the fuel, he will obtain a certificate of use for protection against the liability of paying tax at a later date.

Sincerely,

A.L. Buki Wright, Jr.

# Sourdough Fuel

"Your warm friends since '98"

Jan 22 1990  
RECEIVED

January 18, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

Dear Representative Sharp:

*Bert*

It has come to my attention that you have introduced House Bill 183 which would exempt fuel dealers from obtaining a certificate of use for fuel sold to heat commercial buildings. Sourdough Fuel supports this legislation.

Sourdough Fuel is one of the largest heating fuel dealers in the Interior. We deliver heating fuel to many customers who have commercial facilities, i.e. apartment buildings, office buildings. Although a majority of our commercial customers use fuel to heat their buildings, we must have them sign a certificate of use to certify they are using the fuel we sold them for heating purposes which is exempt from the motor fuel tax law.

We are currently required to obtain a certificate of use for all fuel sold to heat commercial facilities. This requirement creates a tremendous administrative burden on fuel dealers. When we sell fuel, we will know by sight what the fuel is being used for and if a tax should be charged. We should only be required to obtain a certificate of use if we have a doubt about what the customer is using the fuel for.

By eliminating the certificate of use requirement for fuel sold to heat commercial facilities, you would be creating a better audit trail for the Department of Revenue when they conduct our yearly audits. When the auditor is reviewing our non-taxable fuel sales, he or she could use the certificates of use, collected because of the dealers doubt of customers use, as a means of knowing which customers to contact to verify their use of the fuel. Right now, the auditor would have to go through our entire list of commercial customers who received non-taxable fuel versus just a list of those the dealers believe could be using the fuel for a taxable purpose.

Fuel dealers will obtain a certificate of use or either charge the motor fuel tax to avoid being liable for the tax at a future date. Let us be the judge of when and when not to obtain a certificate of use.

Sincerely,

*Robert F. Meath*

Robert Meath  
President

# Express FUELS

• A DIVISION OF MAPCO ALASKA PETROLEUM

JAN 25 1990

RECEIVED

January 22, 1990

Representative Bert Sharp  
PO Box V, Room 606 CT  
Juneau, Alaska 99811

Dear Representative Sharp:

We would like to take this opportunity to express our support for HB183 exempting fuel oil dealers from obtaining a Certificate of Use for fuel oil sold to heat commercial facilities.

As it stands now, motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used for taxable purposes. Since heating fuel is exempt from the motor fuel tax, it should also be exempt from the requirements of the Certificate of Use.

HB183 would relieve fuel oil dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable.

We hope you will support this piece of legislation.

Sincerely,

*Charlie Croan*  
Charlie Croan  
Operations Manager

CC/abh



**Nenana Heating Services, Inc.**

Jobber, Chevron U.S.A. Inc. Products  
Box 00315, Nenana, AK 99760 • Phone: 907-832-5445

REP. SHARP  
JAN 22 1990  
RECEIVED

January 19, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

Dear Representative Sharp:

I would like to say that we at Nenana Heating Services, Inc. fully support HB 183. This bill exempts fuel dealers from obtaining a certificate of use from commercial heat customers.

At this time the dealer must obtain a certificate of use for fuel sold to heat a commercial building. AS 43.40.010 (1) states that motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used for a taxable purpose.

Since heating fuel is exempt from the motor fuel tax, it should be exempt from the requirements of the certificate of use. Dealers should only be required to obtain a certificate of use if they have a doubt about the customers use of the fuel.

HB 183 would relieve the dealers of the burden of collecting certificates of use for those sales which are obviously untaxable, yet would preserve the use of the certificates for those sales which we feel could be potentially taxable.

Sincerely,

David Shaw  
Vice President



# NENANA FUEL CO.

P.O. Box 268  
Nenana, Alaska 99760  
Dial 832-5476

January 22, 1990

Representative Bert Sharp  
PO Box: V, Room 606 CT  
Junuea, Alaska 99811

Dear Representative Sharp:

We would like to let you know of our support for HB #183, concerning Certificates of Use for heating oil sold to heat commercial facilities.

As you already know, motor fuel tax is not collected on heating oil if it is not to be used for taxable purposes. This is based upon the dealers belief of what the fuel will be used for. In almost every case, a dealer will know by sight what the purchaser will use the fuel for.

Therefore, we believe that fuel oil dealers should only be required to obtain a Certificate of Use if there is a doubt as to what the fuel will be used for.

HB #183 would relieve the dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable, yet would preserve the use of the Certificates for those sales which we feel could be potentially taxable.

We hope you will support this piece of legislation.

Sincerely,

A handwritten signature in cursive script that reads "Dean Ojala".

Dean Ojala  
Terminal Manager

DO/abh

RECEIVED  
JAN 25 1990  
FUEL CO.



SAUPE ENTERPRISES, INC.  
P.O. BOX 70510  
FAIRBANKS, AK 99707

REP. SHARP  
JAN 22 1990  
RECEIVED

January 18, 1990

Representative Bert Sharp  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

RE: HB-183

Dear Representative Bert:

I urge and appreciate your continuing efforts to provide some relief to fuel marketers throughout the State who have been buried in paper as a result of the heating-fuel certification requirements.

As you know, heating-fuel sales are exempt from fuel tax by statute, yet the regulations paradoxically appear to require that exemption certificates (which are intended to exempt certain sales of taxable fuels) be obtained annually and maintained in the marketers' files. You can only imagine the time, man-power, and records burden this places on businesses like ours.

Passage of HB-183 would remove the onerous burden of unnecessary paperwork only in those cases where the seller is reasonably certain he won't face future tax liabilities; in other words, if we're not sure the fuel will be used for heating we will still have the responsibility (and the motivation) to obtain the necessary certification. HB-183 will eliminate a large portion of the certification costs, with no reduction in the collectability of taxes (or certificates) where appropriate.

We appreciate your consideration in this regard, Bert, and invite you to contact me if you have any questions. Thank you for your time!

Sincerely,

B.H. Saupe'

**ALASKA  
OIL  
MARKETERS  
ASSOCIATION**

P.O. Box 764  
Fairbanks, Alaska 99707

March 6, 1989

Representative Bert Sharp  
Pouch V  
Juneau, AK 99801

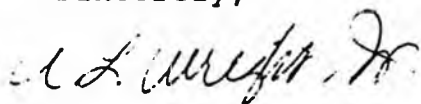
Dear Representative Sharp:

We, the members of the Alaska Oil Marketers Association (AOMA) wish to extend our support in favor of the enactment of Senate Bill #180 and House Bill #183 relating to the exemptions from the motor fuel tax and extending the exemption from the requirement of obtaining a certificate of use, as introduced by yourself and Representative Miller.

We feel that the new language in this bill, extending the exemptions from obtaining a Certificate of Use, is a positive step for the State, fuel dealers, and Alaskan consumers in that unnecessary paperwork will be eliminated.

We look forward to the bills' passage by the Legislature of the State of Alaska.

Sincerely,



A.L. Wright, Jr.  
Secretary

ALW:mlk



# ALASKA PETROLEUM

1948 Persinger Dr.  
North Pole, AK 99705 - 5029

488-2575

RECEIVED  
JAN 30 1990

January 25, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Sharp:

I am writing you to express my support of HB 183 which exempts fuel dealers from obtaining a certificate of use for fuel oil sold for heating purposes to commercial facilities.

It is my feeling that Dealers should be required to obtain certificates of use only if there is a doubt about the customers use. This would result in a reduction in audit time and paperwork and relieve the Dealers of the burden of collecting certificates for obvious heating uses.

Thank you for your consideration.

Sincerely,

Roy Gus Johnson  
Owner

RGJ:lp



**Saupe Enterprises, Inc.**  
Jobber, Chevron U.S.A. Inc. Products  
P.O. Box 510, Fairbanks, AK 99707 • Phone: 452-1238

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JUL 31 1989

DEPARTMENT OF REVENUE  
STATE OF ALASKA, JUNEAU

Alaska Dept. of Revenue  
Income & Excise Audit Div'n.  
P.O. Box 5A  
Juneau, Ak. 99811

July 29, 1989

Re: 15-AAC-40.030  
(Your letter 7-13-89)

Sirs:

Thank you for the opportunity to respond to your notice of proposed change to eliminate the annual re-certification on heating fuels.

While your proposed change is better than the present rules, it doesn't go far enough. We believe there should be no required certification on heating fuels, except at the Seller's option. In more than 95% of the deliveries, it is obvious the customer and the storage are involved only in on-site heating use, and certification is both onerous and unnecessary. We should have the right and the ability, however, to demand certification in those few cases that we are not sure of the end-use, to protect ourselves.

Please revise your change to eliminate the requirement for certification, while still allowing for certification when necessary.

Thanks for soliciting our input!

Sincerely,  
  
B.H. Saupé