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ignation of himself as custodian of property for which he is not eligible to serve under sec. 13.46.080(a) makes the transfer ineffective. See Commentary to sec. 13.46.080.

The balance of this section generally tracks Section 3 of the 1966 version of the UGMA with a number of necessary, and perhaps significant, changes required by the new kinds of property subject to custodianships. The 1966 version of the UGMA provides that a transfer made under its terms "conveys to the minor indefeasibly vested legal title to the [custodial property]." Because equitable interests in property may be the subject of a transfer under the AkUTMA, the reference to "legal title" has been deleted, but no change concerning the effect or finality of the transfer is intended.

However, subsection (b) qualifies the rights of the minor in the property, by making them subject to "the rights, power, duties and authority" of the custodian under the AkUTMA, a concept that may have been implicit and intended in the 1966 version of the UGMA, but not expressed. The concept is important because of the kinds of property, particularly real estate, now subject to custodianship. If the minor is married, it would be possible for homestead, dower, or community property rights to attach to real estate (or other property) acquired after marriage by the minor through a transfer to a custodianship for his benefit. The quoted language qualifying the minor's interest in the property is intended to override these rights insofar as they may conflict with the custodian's ability and authority to manage, sell, or transfer the property while it is custodial property. Upon termination of the custodianship and transfer of the custodial property to the former minor, the custodial property would then become subject to such spousal rights for the first time.

For a list of the immunities enjoyed by third persons under subsection (c), see sec. 13.46.150 and the Commentary to sec. 13.46.150.

Because of custodianship under the AkUTMA can extend beyond the age of majority in many states, or beyond emancipation of a minor through marriage or otherwise, the Drafting Committee of the UTMA considered the addition of a spendthrift clause to this section. The idea was rejected because neither the 1966 version of the UGMA nor its predecessors had such a provision, because spendthrift protection would extend only until 21 in any event and judgments against the minor would then be enforceable, and because the spendthrift qualification on the interest of the minor in the property may be inconsistent with the theory of the UTMA to convey the property indefeasibly to the minor.

Subsection (d), (e), and (f) are derived from California amendments to the UTMA but are not included in the UTMA. These subsections are included in the AkUTMA to make clear that (1) a person serving as guardian of the estate of the minor (conservator) may also serve as custodian and in this case the custodial property does not become a part of the guardianship estate; and (2) property may be transferred from a guardianship estate to the person who serves as guardian to be held by that person as custodian, and in such case the property is no longer a part of the guardianship estate but instead is governed solely by the AkUTMA. (17 Cal.L.Rev.Comm.Reports 61 (1984)).

#### Sec. 13.46.110. CARE OF CUSTODIAL PROPERTY.

Subsection (a) expands Section 4(a) of the 1966 version of the UGMA to include the duties to take control and appropriately register or record custodial property in the name of the custodian.

Subsection (b) restates and makes somewhat stricter the "prudent person" fiduciary standard for the custodian, since it is now cast in terms of a prudent person "dealing with property of another" rather than one "who is seeking reasonable income and the preservation of his capital," as under the 1966 version of the UGMA. The rule also adds a slightly higher standard for professional fiduciaries. The rule parallels section 7-302 of the Uniform Probate Code (AS 13.36.075) in order to refer to the existing and growing body of law interpreting that standard. The 1966 version of the UGMA permitted a custodian to retain any security or bank account received, without the obligation to diversify investment. This subsection extends that rule to any property received.

In order to eliminate any uncertainty that existed under the 1966 version of the UGMA, subsection (c) grants specific authority to invest custodial property in life insurance on the minor's life, provided the minor's estate is the sole beneficiary, or on the life of another person in whom the minor has an insurable interest, provided the minor, the minor's estate, or the custodian in his custodial capacity is made the beneficiary of the policies.

Subsection (d) generally tracks Section 4(g) of the 1966 version of the UGMA but adds the provision requiring that custodial property consisting of an undivided interest be held as a tenant in common. This provision permits the custodian to invest custodial property in common trust funds, mutual funds, or in a proportional interest in a "jumbo" certificate of deposit. Investment in property held in joint tenancy with right of survivorship is not permitted, but the AkUTMA does not preclude a transfer of such an

interest to a custodian, and the custodian is authorized under subsection (b) to retain a joint tenancy interest so received.

Subsection (e) follows Section 4(h) of the 1966 version of the UGMA, but adds the requirement that income tax information be maintained and made available for preparation of the minor's tax returns. Because the custodianship is not a separate legal entity or taxpayer, the minor's tax identification number should be used to identify all custodial property accounts.

#### Sec. 13.46.120. POWERS OF CUSTODIAN.

Subsection (a) replaces the specific list of custodian's powers contained in Section 4(f) of the 1966 version of the UGMA which related only to securities, money, and insurance, then the only permitted kinds of custodial property. It was determined not to expand the list to try to deal with all forms of property now covered by the AkUTMA and to specify all powers that might be appropriate for each kind of property, or to refer to an existing body of state law, such as the Trustee's Powers Act, since such powers would not be uniform. Instead, this provision grants the custodian the very broad and general powers of an unmarried adult owner of the property, subject to the prudent person rule and to the duties of segregation and record keeping specified in sec. 13.46.110. This approach permits the AkUTMA to be self-contained and more readily understandable by volunteer, nonprofessional fiduciaries, who most often serve as custodians. It is intended that the authority granted includes the powers most often suggested for custodians, such as the power to borrow, whether at interest or interest free, the power to invest in common trust funds, and the power to enter contracts that extend beyond the termination of the custodianship.

Subsection (a) further specifies that the custodian's powers or incidents of ownership in custodial property such as insurance policies may be exercised only in the capacity as custodian. This provision is intended to prevent the exercise of those powers for the direct or indirect benefit of the custodian, so as to avoid as nearly as possible the result that a custodian who dies while holding an insurance policy on his own life for the benefit of a minor will have the policy taxed in his estate. See, Section 2042, Internal Revenue Code; but compare Terriberry v. U.S., 517 F.2d 286 (5th Cir. 1975), and Rose v. U.S., 511 F.2d 259 (5th Cir. 1975).

#### Sec. 13.46.130. USE OF CUSTODIAL PROPERTY.

Subsections (a) and (b) track subsections (b) and (c) of Section 4 of the 1966 version of the UGMA, but with two significant changes. The standard for expenditure of custodial property has been amended to read "for the use and benefit of the minor," rather than "for the support, maintenance, education and benefit of the minor" as specified under the 1966 version of the UGMA. This change is intended to avoid the implication that the custodial property can be used only for the required support of the minor.

The Internal Revenue Service has taken the position that the income from custodial property, to the extent it is used for the support of the minor-donee, is includable in the gross income of any person who is legally obligated to support the minor-donee, whether or not that person or parent is serving as the custodian. Rev.Rul. 56-484, C.B. 1956-2, 23; Rev.Rul. 59-357, C.B. 1959-2, 212. However, Reg. 1.662(a)-4 provides that the term "legal obligation" includes a legal obligation to support another person if, and only if, the obligation is not affected by the adequacy of the dependent's own resources. Thus, if under local law a parent may use the resources of a child for the child's support in lieu of supporting the child himself or herself, no obligation of support exists, whether or not income is actually used for support, at least if the child's resources are adequate. See, Bittker, Federal Taxation of Income Estates and Gifts Para. 80.44 (1981).

For this reason, subsection (c) has been added to specify that distributions or expenditures may be made for the minor without regard to the duty or ability of any other person to support the minor and that distributions or expenditures are not in substitution for, and shall not affect, the obligation of any person to support the minor. Other possible methods of avoiding the attribution of custodial property income to the person obligated to support the minor would be to prohibit the use of custodial property or its income for that purpose, or to provide that any such use gives rise to a cause of action by the minor against his parent to the extent that custodial property or income is so used. The first alternative was rejected as too restrictive, and the second as too cumbersome.

The "use and benefit" standard in subsections (a) and (b) is intended to include payment of the minor's legally enforceable obligations such as tax or child support obligations or tort claims. Custodial property could be reached by levy of a judgment creditor in any event, so there is no reason not to permit custodian or court-ordered expenditures for enforceable claims.

An "interested person" entitled to seek court ordered distributions under subsection (b) would include not only the

parent or conservator or guardian of the minor and a transferor or a transferor's legal representative, but also a public agency or official with custody of the minor and a third party to whom the minor owes legally enforceable debts.

Sec. 13.46.140. CUSTODIAN'S EXPENSES, COMPENSATION, AND BOND.

This section parallels and restates Section 5 of the 1966 version of the UGMA. It deletes the statement that a custodian may act without compensation for services, since that concept is implied in the retained provision that a custodian has an "election" to be compensated. However, to prevent abuse, the latter provision for permissive compensation is denied to a custodian who is also the donor of the custodial property.

The custodian's election to charge compensation must be exercised (although the compensation need not be actually paid) at least annually or it lapses and may not be exercised later. This provision is intended to avoid imputed income to the custodian who waives compensation, and also to avoid the accumulation of a large unanticipated claim for compensation exercisable at termination of the custodianship.

This section deletes as surplusage the bracketed optional standards contained in the 1966 version of the UGMA for determining "reasonable compensation" which included, "in the order stated," a direction by the donor, statutes governing compensation of custodians or guardians, or court order. While compensation of custodians becomes a more likely occurrence and a more important issue under the AkUTMA because property requiring increased management may now be subject to custodianship, compensation can still be determined by agreement, by reference to a statute or by court order, without the need to so state in the AkUTMA.

Sec. 13.46.150. EXEMPTION OF THE THIRD PERSON FROM LIABILITY.

Sec. 13.46.150 carries forward, but shortens and simplifies, Section 6 of the 1966 version of the UGMA with no substantive change intended. The 1966 version of the UGMA permitted a 14 year old minor to appoint a successor custodian and specifically provided that third parties were entitled to rely on the appointment. Because this section refers to any custodian, and "custodian" is defined to include successor custodians (Sec. 13.46.990(7)), a successor custodian appointed by the minor is included among those upon whom third parties may rely.

Similarly, because this section protects any third "persons," it is not necessary to specify here or in sec.

13.46.100(c) that it extends to any "issuer, transfer agent, bank, life insurance company, broker, or other person or financial institution," as did the 1966 version of the UGMA. See the definition of "person" in AS 01.10.060.

This section excludes from its protection persons with "knowledge" of the irregularity of a transaction, a concept not expressed but probably implied in Section 6 of the 1966 version of the UGMA. See, e.g., State ex rel. Paden v. Currel, 597 S.W.2d 167 (Mo. App. 1980) disapproving the pledge of custodial property to secure a personal loan to the custodian.

Similarly, this section does not alter the requirements for bona fide purchaser or holder in due course status under other law for persons who acquire from a custodian custodial property subject to recordation or registration.

#### Sec. 13.46.160. LIABILITY TO THIRD PERSONS.

This section has no counterpart in the 1966 version of the UGMA and is based upon Section 5-429 of the Uniform Probate Code (AS 13.26.305), relating to limitations on the liability of conservators. Because some forms of custodial property now permitted under the AkUTMA can give rise to liabilities as well as benefits (e.g., general partnership interests, interests in real estate or business proprietorships, automobiles, etc.) the Drafting Committee for the Uniform Transfers to Minors Act believed it is necessary to protect the minor and other assets the minor might have or acquire from such liabilities, since the minor is unable to disclaim a transfer to a custodian for his benefit. Similar protection for the custodian is necessary so as not to discourage nonprofessional or uncompensated persons from accepting the office. Therefore this section generally limits the claims of third parties to recourse against the custodial property, as third parties dealing with a trust are generally limited to recourse against the trust corpus.

The custodian incurs personal liability only as provided in subsection (b) for actual fault or for failure to disclose his custodial capacity "in the contract" when contracting with third parties. In oral contracts, oral disclosure of the custodial capacity is sufficient. The minor, on the other hand, incurs personal liability under subsection (c) only for actual fault.

When custodial property is subjected to claims of third parties under this section, the minor, the minor's legal representative, if not a party to the action by which the claim is successfully established, may seek to recover the loss from the custodian in a separate action. See sec. 13.46.180 and the commentary to sec. 13.46.180.

Sec. 13.46.170. RENUNCIATION, RESIGNATION, DEATH, OR  
REMOVAL OF CUSTODIAN; DESIGNATION OF SUCCESSOR CUSTODIAN.

This section tracks but condenses Section 7 of the 1966 version of the UGMA to provide that the custodian, or if the custodian does not do so, the minor if he is 14, may appoint the successor custodian, or failing that, that the conservator of the minor or a court appointee shall serve. It also covers disclaimer of the office by designated or successor custodians or by nominated future custodians who decline to serve.

The AkUTMA broadens the category of persons who may be designated by the initial custodian as successor custodian from an adult member of the minor's family, his conservator, or a trust company to any adult or trust company. However, the minor's designation remains limited to an adult member of his family (expanded to include a spouse and a stepparent, see sec. 13.46.990(10)), his conservator, or a trust company.

Sec. 13.46.180. ACCOUNTING BY AND DETERMINATION OF  
LIABILITY OF CUSTODIAN.

This section carries forward Section 8 of the 1966 version of the UGMA, but expands the class of parties who may require an accounting by the custodian to include any person who made a transfer to the custodian (or that person's legal representative), the minor's guardian of the person, and the successor custodian.

Subsection (b) authorizes but does not obligate a successor custodian to seek an accounting by the predecessor custodian. Since the minor and other persons mentioned in subsection (a) may also seek an accounting from the predecessor at any time, it is anticipated that the exercise of this right by the successor should be rare.

Subsection (a) also gives the same parties (other than a successor custodian) the right to seek recovery from the custodian for loss or diminution of custodial property resulting from successful claims by third persons under sec. 13.46.160, unless that issue has already been adjudicated in an action under that section to which the minor was a party.

This section does not contain a separate statute of limitations precluding petitions for accounting after termination of the custodianship. Because custodianships can be created without the knowledge of the minor, a person might learn of a custodian's failure to turn over custodial property long after reaching majority, and should not be precluded from asserting his rights in the case of such fraud. In addition, the 1966 version of the UGMA has no such preclusion

and seems to have worked well. Other law, such as general statutes of limitation and the doctrine of laches, should serve adequately to protect former custodians from harassment.

Sec. 13.46.190. TERMINATION OF CUSTODIANSHIP.

This section tracks Section 4(d) of the 1966 version of the UGMA and provides that custodianships created by fiduciaries without express authority from the donor of the property under sec. 13.46.050 and by obligors of the minor under sec. 13.46.060 terminate upon the minor's attaining age 18, since these custodianships are substitutes for conservatorships that would otherwise terminate at that time. All other custodianships terminate at the time the minor attains 18 years of age unless the time of transfer of the custodial property is delayed under sec. 13.46.195 to a time after the time the minor attains the age of 18 years. Because property in a single custodianship may be distributable at different times, separate accounting for custodial property by source may be required. See Commentary to sec. 13.46.090.

Sec. 13.46.195. DELAY IN TRANSFER OF CUSTODIAL PROPERTY AFTER MINOR ATTAINS AGE 18.

This section is adopted from the California Uniform Transfers to Minors Act. This section is new. There is no provision for choice as to when custodial property shall be transferred to the minor under the Uniform Transfers to Minors Act or under prior Alaska law. This section gives this choice since most transferors who specifically authorize a custodian wish to preserve the custodianship as long as possible. This is most likely to be the case, for example, where the custodial property is intended to be preserved and used to finance a college education.

A transferor may feel that a particular child at 18 does not have, or will not have, sufficient maturity to manage a substantial gift, particularly when the transferor wishes to make the gift for a particular purpose, e.g. education. A custodian under the Alaska Uniform Gifts to Minors Act must deliver the property to the minor when the minor reaches 18 (AS 45.60.031(d)). Therefore, a testamentary or inter vivos trust may be necessary to achieve the transferor's goals. Continuing the custodianship past the age of 18 permits the transferor donor to avoid the expense of preparing a trust instrument to create a trust that otherwise would be required in order to retain the property under custodial management until the minor reaches the specified age.

The custodian is required to transfer the property to the minor when the minor attains the age of 18 years unless the

transfer under sec. 13.46.080 specifies a later time. See sec. 13.46.190.

Subsection (c) contains optional language which the donor-transferor may use to allow a minor the option of terminating the custodianship during a six month period beginning on the minor's 21st birthday. In order to exercise this option, a minor must provide written notice of the minor's intention to terminate to the custodian within 6 months of the minor's 21st birthday. This option has been provided so that a transferor may transfer property by irrevocable gift, under sec. 13.46.030, into a custodianship in a manner consistent with Section 2503(c) of the Internal Revenue Code and the Internal Revenue Service's position as put forth in Rev.Rul. 74-43.

Rev.Rul. 74-43 provides, in relevant part, that a gift into a trust for the benefit of a minor, when such a trust contains a provision that the minor has the right to compel distribution at age 21 by giving written notice to the trustee, qualifies as a gift of a present interest, and, therefore, also qualifies for the annual exclusion provided in Section 2503(b) of the Internal Revenue Code.

The use of the optional language contained in subsection (c) that allows a minor to compel delivery of custodial property when the minor reaches the age of 21 should qualify a transfer of property by irrevocable gift under sec. 13.46.030 as a gift of a present interest under Section 2503(c) of the Internal Revenue Code.

Subsection (d) permits the custodianship to continue until not later than the time the minor attains the age of 25 years where the transfer is made under a provision in a will or trust that provides that the custodianship is to continue until the specified age, not later than the time the beneficiary attains the age of 25. A custodianship may be established under a provision in a will or trust that provides that the custodianship is to continue until a specified age after age 18 even though the beneficiary has attained an age older than 18 but younger than the specified age at which the custodianship is to terminate. See sec. 13.46.990(11).

Subsection (e) permits the custodianship to continue until the time the minor attains the age of 25 years where the custodial property is transferred under sec. 13.46.030 if the transfer specifies that the custodianship is to continue until the specified age.

This section does not provide for continuance beyond age 18 of a custodianship created under secs. 13.46.010, 13.46.050,

13.46.060, 13.46.100, 13.46.110 or 13.46.120. These custodianships terminate at age 18 because they are substitutes for a guardianship that otherwise would terminate at that time (see sec. 13.46.150). And, in the cases where this section permits the custodianship to continue after the minor attains the age of 18 years, if the transfer under sec. 13.46.080 does not specify any age, the custodianship terminates when the minor attains 18 years of age. See (f) of this section.

Subsection (g) validates a transfer that specifies a maximum time for the duration of the custodianship that is longer than permitted by this section by reducing the duration of the custodianship to the maximum duration permitted for a custodianship created by that type of transfer.

Because property in a single custodianship may be distributable at different times, separate accounting for custodial property by source may be required. See Commentary to sec. 13.46.090. Also see 17 Cal.L.Rev.Comm. Reports 601 (1984); 84 Cal.S.J. 11794.

#### Sec. 13.46.200. APPLICABILITY.

This section is new and has two purposes. First, it operates as a "savings clause" to validate transfers made after its effective date which mistakenly refer to Alaska's UGMA rather than to the AkUTMA. Second, it validates transfers attempted under the UGMA of another state which would not permit transfers from the source or of property of that kind or under the UTMA of another state with no nexus to the transactions, provided in each case that Alaska has a sufficient nexus to the transaction under sec. 13.46.010.

#### Sec. 13.46.210. EFFECT ON EXISTING CUSTODIANSHIPS.

Subsection (a) is new and is based on Section 45-109a of the Connecticut Uniform Transfers to Minors Act which validates gifts of real estate and partnership interests made prior to their inclusion as "custodial property" under that Act. However, this provision goes further and purports also to validate prior transfers of the kind now covered by that Act, i.e., transfers from estates, trusts, guardianships, and obligators.

All states have previously enacted some version of the UGMA, and it will be more orderly to subject gifts or other transfers under the UGMA to the procedures of the UTMA rather than to keep both the UGMA and UTMA in force, presumably for 18 or 21 years until all custodianships created under prior law have terminated. Subsection (b) is intended to apply the AkUTMA to prior gifts and existing custodianships

insofar as it is constitutionally permissible to do so. However, prior custodianships will continue to terminate at the age prescribed by the Act under which the gift or transfer was made.

Subsection (c) is also new and is based upon Section 45-109b of the Connecticut Act. This subsection is intended for adoption in those states that reduced the age of majority to 18, but which adopt the recommended return to 21 as the age at which custodianships terminate. Its purpose is to avoid resurrecting custodianships for persons not yet 21 which terminated during the period that the age of 18 governed termination.

Subsection (d) is also new. This subsection is derived from sec. 27 of the UTMA, relating to the effect of the repeal of the UGMA.

#### Sec. 13.46.220. UNIFORMITY OF APPLICATION.

No commentary.

#### Sec. 13.46.990. DEFINITIONS.

To reflect the broader scope and the unlimited types of property to which the AkUTMA will apply, a number of definitional changes have been made from the 1966 version of the UGMA. In addition, several definitions specifically applicable to the limited types of property (cash, securities, and insurance policies) subject to the 1966 version of the UGMA have been eliminated as unnecessary. These include the definitions of "bank," "issuer," "life insurance policy or annuity contract," "security," and "transfer agent." No change in the meaning or construction of these terms as used in the AkUTMA is intended by these deletions.

The definitions of "domestic financial institution" and "insured financial institution" have been eliminated because few, if any, states limit deposits by custodians to local institutions, and the prudent person rule of sec. 13.46.110(b) of the AkUTMA may dictate the use of insured institutions as depositories, without having to so specify.

The principal changes or additions to the remaining definitions are discussed below.

"Benefit Plan" The definition of "benefit plan" is intentionally very broad and is meant to cover any contract, plan, system, account, or trust such as a pension plan, retirement plan, death benefit plan, deferred compensation plan, employment agency arrangement, or stock bonus, option or profit sharing plan.

"Conservator" The term "conservator" rather than "guardian of the estate" has been employed to conform to Uniform Probate Code terminology (AS 13.06 - 13.36). The term includes a guardian of the minor's property, whether general, limited or temporary, and includes a committee, tutor, or curator of the minor's property.

"Custodial Property" The definition of "custodial property" has been generalized and expanded to encompass every conceivable legal or equitable interest in property of any kind, including real estate and tangible or intangible personal property. The term is intended, for example, to include joint interests with right of survivorship, beneficial interest in land trusts, as well as all other intangible interests in property. Contingent or expectancy interests such as the designation as a beneficiary under insurance policies or benefit plans become "custodial property" only if the designation is irrevocable, or when it becomes so, but the AkUTMA specifically authorizes the "nomination" of a future custodian as beneficiary of such interests (see sec. 13.46.020). Proceeds of custodial property, both immediate and remote, are themselves custodial property, as is the case under UGMA.

Custodial property is defined without reference to the physical location of the property, even if it has one. No useful purpose would be served by restricting the application of the AkUTMA to, for example, real estate "located in this state," since a conveyance recorded in the state of the property's location if done with proper formalities, should be effective even if that state has not enacted the UTMA. The rights, duties, and powers of the custodian should be determined by reference to the law of the state under which the custodianship is created, assuming there is sufficient nexus under sec. 13.46.010 between that state and the transferor, the minor, or the custodian.

"Minor" "Minor" is defined as an individual who has not attained the age of 18 years (consistent with AS 25.20.010), except that the term "minor" may include an older individual under some circumstances when the term is used with reference to the beneficiary for whose benefit custodial property is held or is to be held for a period past the age of 18 years. See the Commentary to secs. 13.46.190 and 13.46.195.

"Personal Representative" The definition of the term "personal representative" is based upon the definition in the Uniform Probate Code (AS 13.06.050(30)).

"Transfer" The new definition of "transfer" is necessary to reflect the application of the AkUTMA not only to gifts, but

also to distributions from trusts and estates, obligors of the minor, and transfers of the minor's own assets to a custodianship by the legal representative of a minor, all of which are now permitted by the AkUTMA.

"Transferor" The new definition of "transferor" is required because the term includes not only the maker of a gift, i.e., a donor in the usual sense, but also fiduciaries and obligors who control or own property that is the subject of the transfer. Nothing in the AkUTMA requires that a transferor be an "adult." If permitted under other law of the state relating to emancipation or competence to make a will, gift, or other transfer, a minor may make an effective transfer of property to a custodian for his benefit or for the benefit of another minor.

"Trust Company" Only entities authorized to exercise "general" trust powers qualify as a "trust company"; that is, the authority to exercise only limited fiduciary responsibilities, such as the authority to accept Individual Retirement Account deposits, is not sufficient.

Sec. 13.46.999. SHORT TITLE.

No commentary.

wkmi2/002

STATE OF ALASKA  
THE LEGISLATURE

FOURTH STATE CAPITOL  
JEDMAN ALASKA 99501  
907 465 1000

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 31, 1989

SUBJECT: Summary of W.O. 6-0510A  
TO: Representative Max Gruenberg  
FROM: Theresa L. Bannister *tb*  
Legislative Counsel

You have requested a brief summary of bill draft 6-0510A (1-23-89). As a preliminary matter, note that this summary should not be considered an authoritative interpretation of the bill draft. The bill draft itself is the best statement of its contents.

1. SUMMARY OF CONTENTS.

Section 1 enacts the Alaska Uniform Transfers to Minors Act ("proposed act") as AS 13.46.

Section 2 makes a technical change.

Sections 3 and 4. Section 3 amends the Uniform Anatomical Gift Act (AS 13.50) by deleting the requirement that two persons must sign the document as witnesses to the donor's signature. Section 4 conforms another section to this change.

Section 5 repeals the sections of the present Alaska Uniform Gifts to Minors Act ("present act") (AS 45.60).

Section 6 makes the Act effective January 1, 1990.

2. MAJOR DIFFERENCES BETWEEN THE PROPOSED ACT AND THE PRESENT ACT. The proposed Uniform Transfers to Minors Act is an expanded and more comprehensive version of the present Uniform Gifts to Minors Act (AS 45.60). The major differences are discussed below.

Representative Max Gruenberg

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January 31, 1989

Property coverage. The proposed act expands the type of property that can be transferred to a minor. The present act only covers securities, life insurance policies, life insurance annuity contracts, and money. The proposed act covers all types of property.

Types of transfers. The proposed act expands the type of transfers that can be made. The present act covers only outright gifts made during the donor's lifetime. In addition to such outright gifts, the proposed act covers transfers from trusts, estates, and guardianships, and from persons who are indebted to the minor.

Extension beyond minority. The proposed act allows the custodial property to be held for the minor beyond the age of 18 to a maximum age of 25. The present act does not provide for this.

If I may be of further assistance, please advise.

TLB:gc  
WKG6/062

HPB

167



Official Business

# Alaska State Legislature


## HOUSE OF REPRESENTATIVES

Representative Ann M. Spohnholz  
District 13 Seat A

P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
465-2435

### MEMORANDUM

TO: Members of the House HESS Committee

FROM: Representative Ann Spohnholz 

DATE: March 10, 1989

RE: HB167 - "An Act relating to child custody determinations."

Historically, domestic violence has been viewed as a problem between the adults in the family, and has not been viewed as a direct problem for the children who often witness the violence in their families. As the article in your packet, "Children, the Forgotten Victims of Marital Violence" indicates, our experience in this field has caught us that children suffer long term and devastating effects of being raised in violent families, whether or not they themselves are physical victims.

HB167 adds child abuse and neglect, as well as evidence of domestic violence, to the factors to be considered by the court in determining whether to award shared custody of a child. Many judges currently do consider these factors, however, others do not. I believe that this information should always be considered in awarding custody, and urge your support.

Senate Bill 86, an identical measure introduced in the Senate, passed the Senate unanimously yesterday with the title changed. I would support a committee substitute to HB167 that makes the same title change.

Attachments: HB167  
Sectional analysis of HB167  
Fiscal notes (2)  
CSSB86 (Rules)  
Governor's transmittal on SB86  
Position paper  
Newsletter article

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
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907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 7, 1989

SUBJECT: Sectional analysis  
HB 167

TO: Representative Ann Spohnholz

FROM: Terri Lauterbach *Terri*  
Legislative Counsel

Following is a sectional analysis of HB 167:

Section 1 requires a court that is determining whether to award shared custody of a child to consider any evidence of domestic violence, child abuse, or child neglect in the proposed custodial household.

Section 2 requires a court that is determining the best interests of a child with respect to child custody issues to consider any evidence of domestic violence, child abuse, or child neglect in the proposed custodial household; a history of violence between the parents; or other factors that the court considers pertinent.

TL:gc  
WKG7/109

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Law  
 Title: "An Act relating to child custody determinations." BRU: Legal Services  
 Sponsor: Repr. Spohnholz Components: Operations  
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, (Director) Phone: 465-3672  
 Division: Administrative Services Date: March 9, 1989  
 Approved by Commissioner: Douglas B. Baily, Attorney Gen. Date: March 9, 1989  
 Agency: Department of Law

Distribution (by preparer):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 167

This bill amends AS 25.20.090 and AS 25.24.150, concerning marital and domestic relations, by adding a new factor to those to be considered by a court in determining child custody, to include any evidence of domestic violence, child abuse, or child neglect in the proposed custodial household or a history of violence between the parents. To a limited extent, divorce attorneys already subpoena Division of Family and Youth Services social workers to testify in custody disputes involving such evidence. This testimony usually does not involve Department of Law attorneys. However, the department advises social workers to inform the court about the confidentiality of their records, and to insure that their testimony is covered by 7 AAC 36.120, the regulation that allows social workers to testify in such proceedings, upon the court's order. For this reason, it is not anticipated that the bill have a fiscal impact on the Department of Law. To the extent that the bill will increase the time spent by social workers, giving testimony in child custody disputes between parents, there may be an impact on the Division of Family and Youth Services.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to child custody determinations"  
Sponsor: Rep. Spohnholz  
Requestor: \_\_\_\_\_

Agency Affected: Health and Social Services  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
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REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Department's zero fiscal note is based on the assumption that the Division of Family and Youth Services will only perform a records check by request of the Court in order to determine if domestic violence, child abuse or neglect has occurred in the past. However, if the Division is required to conduct an investigation/assessment/home study in child custody (see attachment)

Prepared by: \_\_\_\_\_ Phone: 465-3170

Division: Family + Youth Services Date: 3/6/89

Approved by Commissioner: [Signature] Date: 3/6/89

Agency: \_\_\_\_\_

**Distribution (by preparer) :**

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

Analysis (continued)

cases the fiscal and workload impact will be immense. If the division staff are expected to do the in-depth family assessments, then a fiscal note will be necessary.

STATE OF ALASKA 1989 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST:

Bill Version: HB 167  
Publish Date:

Revision Date:  
Title: An act relating to child  
custody determinations  
Sponsor: Sponholz, Ulmer, Ellis...  
Requestor: House HESS

Agency Affected: Alaska Court System  
BRU: Trial Courts  
Components:

EXPENDITURES/REVENUES:	(Thousands of Dollars)					
OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services	.	.	.	.	.	.
Travel	.	.	.	.	.	.
Contractual	.	.	.	.	.	.
Supplies	.	.	.	.	.	.
Equipment	.	.	.	.	.	.
Land & Structures	.	.	.	.	.	.
Grants & Claims	.	.	.	.	.	.
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL

REVENUE

FUNDING:	(Thousands of Dollars)					
General Funds	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	.	.	.	.	.	.
Other	.	.	.	.	.	.
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
Full-time	.	.	.	.	.	.
Part-time	.	.	.	.	.	.
Temporary	.	.	.	.	.	.

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: *Jan Strandberg*  
Jan Strandberg, General Counsel  
Division: Alaska Court System

Phone: 264-8228  
Date: 03/06/89

Approved by: *Arthur H. Snowden, II*  
Arthur H. Snowden, II, Administrative Director  
Agency: Alaska Court System

Date: 03/06/89

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

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Public Safety  
Title: An Act relating to child custody BRU: Council on Domestic Violence  
determinations and Sexual Assault  
Sponsor: Spohnholz, etc. Component: \_\_\_\_\_  
Requestor: Spohnholz

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

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)

This bill would apply to child custody determinations between two private parties. It will have no effect on the Department of Public Safety.

Prepared by: Barbara Miklos, Executive Director Phone: 465-4356  
Division: Council on Domestic Violence and Sexual Date: 3/6/89  
Assault  
Approved by Commissioner: Arthur English Date: 3/6/89  
Agency: Department of Public Safety

BILL NO: HB 167

DATE: March 6, 1989

TITLE: An Act relating to child custody determinations

CONTACT: Barbara Miklos, Exec. Director  
Council on Domestic Violence &  
Sexual Assault  
465-4356

DEPARTMENT OF  
PUBLIC SAFETY

Revising the factors used in determining child custody to include domestic violence is one of the highest priorities for legislation of the Council on Domestic Violence and Sexual Assault. Therefore, the Council supports HB 167. HB 167 specifies that the court shall consider "any evidence of domestic violence, child abuse or child neglect in the proposed custodial household" when determining whether to award sole custody or shared custody of a child. There are two sections of statutes which list factors for awarding custody; AS 25.20.090 addresses shared custody and AS 25.24.150 addresses custody in general. AS 25.20.090 currently lists violence between the parents as a factor to be considered when awarding shared custody. HB 167 revises the language to include domestic violence, child abuse or child neglect and makes the factors for determining custody under AS 25.24.150 more consistent with those listed in AS 25.20.090.

Domestic violence, child abuse and child neglect are important factors which must be considered when making decisions about custody. Yet, domestic violence is often not seen as directly harmful to the children. People often believe that domestic violence is between the two adults and may not affect the children. However, it has been proven that children in a violent household live in fear that their mother will be hurt or killed. They themselves are at higher risk of child abuse and neglect. The fear and insecurity that they feel leads to behavioral and emotional problems. Children in violent homes are given a role model and script for future action. They must be protected from violence directed at them or toward their mother and deserve the right to be cared for and nurtured. For these reasons, the Council urges passage of this bill.

*Dayle A. Houtski*  
for Arthur English  
Commissioner

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

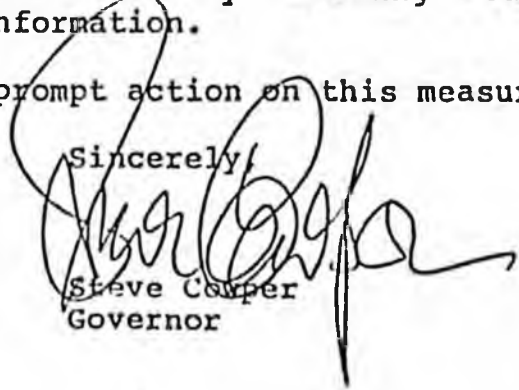
Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to child custody determinations.

This bill, recommended by the Council on Domestic Violence and Sexual Assault, in the Department of Public Safety, requires that instances of domestic violence, child abuse, and child neglect be taken into consideration in making child custody determinations. Current law requires that the court consider only "a history of violence between the parents," and then only when awarding shared custody. AS 25.20.090(8). There is no similar requirement that domestic violence be considered under AS 25.24.150 in other custody determinations, nor is there any requirement under either statute that instances of child abuse and neglect be reviewed by the court. Although most judges would be likely to receive such information into evidence as a matter of discretion, this bill requires the court to specifically focus on these factors. The bill also makes AS 25.24.150 more consistent with AS 25.20.090 by allowing courts to consider other pertinent information.

I urge your favorable and prompt action on this measure.

Sincerely,

  
Steve Cowper  
Governor

Supported by  
Bureau of  
Child Welfare  
Services  
Virginia Department  
of Social Services



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Spring, 1986

Virginia Child Protection Newsletter

Volume 19

# Children: The Forgotten Victims of Marital Violence

*Dan is a former police officer whose abuse of his wife escalated from yelling, shoving and occasional hitting to a violent episode where he literally threw her out the door, in front of his two children (ages two and six). His parents were also present at the time.*

*Dan remembers, "After that the boys were deathly afraid of me. I immediately got into a counseling program for battering men. My wife joined a group for victims and the boys were in a children's program. We were in therapy separately and together for over two years, but eventually our marriage ended."*

*"It was only then that Tim, our oldest boy, started copying the behavior he had seen much earlier. He would scream and hit his mother, blaming her for making daddy unhappy." At the same time, however, Tim functioned like a good policeman in school. When other kids would fight he would intervene and get them to talk—much like his father's public behavior.*

*Dan recalls, "I chose to control my anger outside the family, for all the usual reasons that most people don't assault strangers or non-family members. But I got plenty of messages that hitting at home was o.k. I don't know how much of it was the example set by my own parents, and how much of it was from being around other guys who would say things like, 'Hey, you gotta hit 'em once in a while to keep 'em in line.' I went home, tried it, and by golly, it worked!"*

*Dan's childhood provided ample opportunity to learn violence as a way of controlling others and venting feelings. Although he never saw his dad hit his mom, there were long verbal battles accompanied by pushing, fist raising and threats. Hitting was reserved for disciplining the six boys in the family.*

*Dan continues, "My oldest brother was dad's 'whipping boy' when he was drunk or upset. Then when he left home I became the next target. One day I came home from football*



*"We can stop the physical battering early in treatment . . . the psychological battering, and its effects on the family, linger."*

*practice and asked 'What's that stuff?' on the supper table. My dad went wild, screaming about how hard they both worked and I'd eat it or else. He beat me and threw me all around."*

*"It was the same way with each child, as he became the oldest remaining son. Dad never touched my sisters. Mom would come to our aid with a nine pound frying pan. She hit dad on the head until he was stunned. Her wedding present to each daughter-in-law was a big frying pan, with instructions to use it to keep the husband in line."*

*Dan now co-leads a group for battering men. He is very much aware that many parents deny or downplay the effects of their violent behavior on their children. Rationalizations such as "they're too young," or "it only happens when they're asleep," are offered. Dan would like to tell these parents, "Don't underestimate the effects of your violence. Children are listening. They're taking it all in. And someday, somehow, it will come out."*

Recently there has been increasing concern expressed about marital violence. The movie, "The Burning Bed," other media coverage, dramatic courtroom battles, congressional hearings, and legislative actions at both federal and state levels have focused attention on this issue. The new visibility of this age-old problem has prompted action in many communities to establish counseling services, 24-hour crisis hot lines, and shelters for battered women. The shelter movement began in the early 70s. By 1981, there were nearly 400 shelters or safe-home networks nationwide.

What about the children in these families? According to Hinchey and Cavelet (1982), children were present in 41 to 55 percent of homes where police intervened in domestic violence calls. No one knows how many children witness the

*Continued on page 3*

## Children: The Forgotten Victims of Marital Violence, *continued*

estimated 500,000 to 15 million incidents of serious marital violence each year (Rosenbaum and O'Leary, 1981; Westra and Martin, 1981). Since experts caution that spouse abuse is grossly under-reported, with the actual incidence believed to be two to three times official figures, and given 2.3 children per family, one can project that one million to 30 million children are affected by parental violence each year.

Despite their large numbers, child witnesses to family violence have received little attention (Hughes and Barad, 1982). In this issue, VCPN will explore the effects of marital violence on the witnessing child's physical and emotional health and development, education, and behavior. Additionally, we will look at the specific needs of children who accompany their mothers to shelters, services available to children both in and outside of shelters, children's needs that are not being met, and family violence prevention programs.

## Effects of Children of Living with Violent Parents

Clinical observations as well as research studies indicate that children witnessing domestic violence are high risk for developing a variety of problems. The nature of a violent home is such that fear, instability and confusion tend to supplant the loving, comfort and nurturance that children require for normal development. Violent homes are often characterized by "rigid sex role expectations, the use of violence to control, poor communication patterns, isolation, and an inability to accept responsibility for one's own thoughts, feelings and actions" (Elbow, 1981, p. 465). Parents may be so enmeshed in their violent conflicts that parental functioning is severely impaired.

The term "yo-yo children" was coined by a grandmother whose children were involved in an English study of 23 violent families. The downward thrust of the yo-yo is the beginning of a new cycle of violence. This escalates, violence erupts and tensions are discharged. During this time children's development, and their care, may be severely disrupted. The wife then escapes, temporarily, or the father is penitent and there may be a "honeymoon" period where the yo-yo is at rest, only to go into motion as tensions build again (Moore, 1974).

### Physical Effects

While there is little research to supplement clinical observations on physical effects, there is general agreement that witnessing children are likely to experience a great deal of internal stress which they

are not free to express. The stress may then be manifested in physical symptoms. Some of the somatic problems observed include: enuresis, insomnia, asthma, peptic ulcers, headaches, abdominal complaints, and self-abusive behaviors (Hilberman and Munson, 1977-78, cited in Kraft, Sullivan-Hanson, Christopoulos, Cohn and Emery, 1984). Westra and Martin (1981) found that 40 percent of the children in their sample had hearing or articulation problems. Additionally, medical histories showed an inordinate number of more general complaints.

Kaye Edwards, Child Specialist with the Family Violence Prevention Program in Lynchburg, agrees with the findings of high incidence of medical problems. "We try to take all the kids to the Public Health Department for screening and care because almost all of them get sick. There are a lot of ear infections, colds, and minor things."

Eating problems are noted by Sheryl Moore, Children's Program Coordinator at the Virginia Peninsula Council on Battered Women/Domestic Violence, Inc. in Hampton. Moore says, "Many children will overeat, as if they are trying to consume their anger. Many are junk food junkies, which seems to contribute to behavior problems."

At the other end of the continuum, some children respond to stress by failing to eat adequately or inability to use nourishment.

Dr. Robert Marvin is Director of Pediatric Psychology at the Children's Rehabilitation Center in Charlottesville. He spoke recently at a Virginia Council on Social Welfare workshop on failure to thrive. This illness is a chronic condition which can be life-threatening or result in learning or behavior problems. Dr. Marvin described a longitudinal study on failure to thrive which was conducted by Patricia Critten-



Children repeat the cycle of violence, learning to act violently in play.

don of the University of Virginia. The study compared several groups of families: one with children diagnosed as having organic failure to thrive; one with children with non-organic failure to thrive; one with mixed features; and a control group. Spouse abuse was much higher in the group of families with non-organic failure to thrive.

Christine de Lange was Project Director of a nationwide study (see box) of the effects of violence on children. This study, conducted in five different shelters across the country, included over 900 children. De Lange summarizes the typical physical problems observed: "Of the children below 18 months old, more than one half had some kind of physical problem, and 15% had problems with weight or feeding. Twenty percent had problems with sleep or responsiveness. In the group over 18 months of age, one third had either a specific health problem or sleep disturbance, and 14% were either overweight or underweight."

Not to be overlooked are physical effects due to injuries incurred when children try to intervene in parental battles. Also, there is a known overlap between spouse abuse and child abuse which is discussed later.

### Emotional Effects

John Deane co-leads a batterers group at Quantico Marine Base. Deane notes that psychological abuse always accompanies spouse abuse. He says further, "We can stop the physical battering early in treatment. The psychological battering, and its effects on the family, linger."

The literature cites a wide range of emotional problems attributed to living in a violent home. For example, Rousaville (1978, cited in Hershorn and Rosenbaum, 1985) found a higher incidence of psychopathology among witnessing children. Levine (1975) discovered a high percentage of both anxiety disorders and psychophysiological disorders.

Hughes (1982) maintains that all of the children coming to her shelter were "emotionally needy," but the form and expression varied. The problems most frequently identified by researchers and shelter staff are anxiety, depression, guilt, and confusion.

In a North Carolina study of 25 witnessing children, 40 percent were described by caseworkers as anxious (Pfouts, Schopler, and Henley, 1982). Anxiety might be expressed by nail biting, hair pulling, somatic problems, difficulty separating from the mother, hiding, or immobilized, shocked, staring. Wynettia Slaughter is Coordinator of the Children's Program at Turning Points Program Acts in Dumfries. She describes typical emotional expression at different ages: "Infants express their feelings with irritability, a lot of crying, and sleep problems. With toddlers and school age children, we see a lot of hair pulling, headaches, and nail biting."

*Continued on page 4*

## Emotional Reactions of Children to Domestic Violence

There are several general reactions that children from violent homes are likely to show. The same emotional reaction can be acted out differently according to the child's age.

- **Feeling Responsible for the Abuse**—A child might think, "if I had been a good girl/boy Daddy wouldn't have hit Mommy."
- **Constant Anxiety**—Even when things are calm, one never knows when the next fight will start.
- **Guilt for Not Stopping the Abuse**—Children also experience guilt over the good feelings they have about the abuser.
- **Grief**—Children who are separated from the abuser are in the process of grieving over the loss. Children may also grieve over losing the life style and positive image of the abuser they had before the violence began.
- **Ambivalence**—The idea of not knowing how one feels or having two opposite emotions at the same time is very difficult for children. A child who says, "I don't know how I feel about it," may not be hedging but rather is confused about feelings.
- **Fear of Abandonment**—Children removed from one parent as a result of violent acts may have strong fears that the other parent could also leave them or die. Thus, a child may refuse to leave their mother, even for short time periods.
- **Need for Excessive Adult Attention**—This need can be especially troublesome for mothers who are trying to deal with their own pain and decisions.
- **Fear of Physical Harm to Themselves**—A significant percentage of witnessing children are also abused. They may worry that the abuser will find them and abduct or harm them or that the abuser will be angry and retaliate when they return home.
- **Embarrassment**—Especially for older children, sensitivity to the stigma of spouse abuse may result in shame.
- **Worry about the Future**—The uncertainty within their daily lives may make children feel that life will continue to be unpredictable.

## Children: The Forgotten Victims of Marital Violence, *continued*

Brown, Pelcovitz and Kaplan (1983) found high levels of separation anxiety and severe fears of abandonment. Edwards talks about separation anxiety she has observed. "Some children show overdependence and become hysterical if their mothers leave the room or move out of eyesight." Another fear reaction is described by Kay Baker, Program Assistant at First Step in Harrisonburg. "Johnny was a three year old who seemed to be problem-free, except that he showed flat affect. One day he was out with his mom and a volunteer. They stopped at a gas station. Then, as a male attendant approached the car, Johnny shrieked and jumped into his mother's arms, trembling and crying."

Clinical depression has been linked to feelings of helplessness and powerlessness. Thus, it is not surprising that depression was apparent in 48 percent of the children in the North Carolina study (Pfouts, et al, 1982). Brown, et al (1983) in their study of 24 witnessing children, found major depressive illness in eight of these children and milder depressive reactions in five.

Loss is an ever-present threat in violent homes. Actual loss of material possessions is typical in cases where the mother repeatedly flees and then reunites with her husband. Multiple moves also imply changes in schools and surroundings and loss of contact with support systems of friends, social and religious groups.

A greater loss, however, is the psychological loss of the parent's attention. With mother's concentration focused on safety and survival, there may be little time, energy, or interest in promoting the growth of the children. Fathers are likewise preoccupied with the marital conflict, and also unavailable to the children.

Muriel Gordon-Frasher describes this poignantly. "They have to grow up so fast. When do they get to be children?" Taylor (1982, p. 11) describes how children must take on adult duties at a very young age. "We have seen eight year olds who must be on guard and ready to dress their younger siblings in order to get them ready to escape. Some women have established elaborate escape plans in which the children play very responsible adult roles." There is no time to grieve the loss of childhood and other losses. Thus, even children who appear to be coping extremely well may be at risk for later depression.

Guilt is experienced by many of the witnessing children. Children tend to feel responsible for the violence, especially if, as is frequently the case, the content of the parental fight is related to child-rearing. Additionally, children may feel guilty for failure to intervene to protect the mother.

Confusion and ambivalent feelings are

common. There are conflictual feelings about the parents: the child may love/hate/need both of them. There is confusion over "right and wrong," because children must learn to lie in order to keep the peace.

Generational boundaries may become confused, with the child taking care of the mother. Or, parent-child alliances are formed for mutual defense. Additional confusion comes from erratic parenting. For example, the mother may neglect the child, then feel guilty and overindulge or overdiscipline. The father may alternate between playful, generous, loving behavior and random violence.

### Educational and Cognitive Effects

There is little data available on the effects of family violence on school performance. Westra and Martin (1981) found lower levels of verbal, cognitive and motor development in the children of battered



During a violent episode, a frightened child has nowhere to turn.

women. Pfouts, Schopler, and Henley (1982) found 58 percent of the children in their sample were rated below average or failing, and 20 percent were truant.

Hughes and Barad (1983) found impaired academic performance, which they attributed to a combination of fears and anxieties, behavior problems, low tolerance for frustration, inability to get along with peers and problems with authority figures.

De Lange describes the findings of a recent national study: "We found significant effects on education, or on abilities related to school success. For the group 18 months and older, 27% were found to have some type of cognitive or language problem or developmental delay. According to the mothers, 39% of the children had social problems at school, 21% had behavior problems, and 19% had either academic or attendance problems. These

figures would be even higher if we had a breakdown for just the school age children."

In contrast, Moore says that many witnessing children do well in school. "I think for many of them, school is a sanctuary. Instead of the chaos at home, school offers structure, organization and predictability. Most adapt well if they have to change schools. Some are very academic and are overachievers. Unfortunately, these tend to be the more passive children who don't do well socially." Slaughter adds, "There may be extremes of overachievement and underachievement in the same family. Some are disruptive at school. Or, they may be so worried about what's happening to mom at home that they can't concentrate."

#### Behavioral Effects and Patterns

In general, witnessing children tend to be either overly aggressive or overly passive. A child may model the abuser role, for example, throwing many relative temper tantrums, or being in conflict with authority. Edwards offers an example. "I particularly remember one 19-month-old girl. She was very self-destructive. She bit herself and engaged in head-banging. Sometimes, for no apparent reason, she would throw herself on the floor."

Alternatively, a child may model the victim role, showing passivity and withdrawal. Edwards remarks, "Some children, mostly girls, show an intense desire to please. They appear to be modeling their mothers." Edwards continues, "I remember Ellen, an eight year old, who brought me small presents. She left me notes saying, 'I love you.' After a brief ride with a volunteer, Ellen called her 'my best friend.'"

Children in violent homes are given a role model and script for future actions. For those children who model the abuser role, violence as a problem-solving method might or might not carry over outside the home, or continue into adult life. In the study by Pfouts, et al (1982), 53 percent of the children witnessing violence acted out aggressively with parents, 60 percent acted out aggressively with siblings, 50 percent acted out aggressively with peers, and 33 percent acted out aggressively with teachers.

Other children, however, become a protector of both mother and siblings. Vivian was abused, physically and sexually, by her first husband. She tells how her oldest son tried to protect her from what he perceived as abuse by her second husband. "One day, I knew that my first husband, Jim, would be furious with me for some trivial thing. I was hiding in the closet in the children's bedroom. Jim found me, pulled me out by my hair, kicked me, choked me, and hit me repeatedly. I begged him, 'Please don't hit me in front of the babies.' Charlie had awakened and

*Continued on page 8*

## Children: The Forgotten Victims of Marital Violence, *continued*

was screaming and trembling. Although he was only 16 months old at that time, that incident had an impact on him. As far as I know, that was the only time Charlie witnessed the abuse, but I don't know how much he heard or sensed at other times. Eventually, I managed to escape, divorced him, and married Bill, a very gentle and loving man. One night we were all down on the floor romping in a tree for all, tickling and play wrestling. I started laughing so hard that Charlie must have thought I was hurt. He jumped on Bill and pelted him with his little fists, yelling, 'Don't you hit my mommy!'"

The protector role is sometimes carried to the extreme of killing the abuser, according to Peggy Sissel, Public Education Coordinator with the National Coalition Against Domestic Violence. Sissel explains, "In a study of juvenile offenders, 63 percent of those incarcerated for murder had killed the man who had beaten their mothers."

## Risk of Child Abuse/Neglect

It could be argued that all children living in a violent atmosphere are emotionally abused or neglected. Taking a narrower view, however, VCPN inquired about the risk of physical abuse, sexual abuse and physical neglect. Opinion and research are unanimous. Children living in families experiencing spouse abuse are high risk for child abuse and neglect.

Gayford (1975, cited in Rosenbaum and O'Leary, 1981) found that 54 percent of the husbands and 37 percent of wives in violent relationships had abused the children. Roy (1977) found one or more children had been abused in 45 percent of her battering couples (cited in Rosenbaum and O'Leary, 1981). At The Family Place, a shelter in Dallas, Texas where over 1,000 children have been served, it was found that 55 percent of the children were physically abused and 12 percent were sexually abused.

A nationwide study found that over 50 percent of the children coming to shelters were either physically or sexually abused. However, only 20 percent of the families had been identified and served by Child Protective Services prior to coming to the shelter. This attests to the ongoing need for strong linkages between shelters and CPS. The shelter may be, for many abused children, the first opportunity for detecting the problem and receiving help.

De Lange, who coordinated the national study, emphasizes, "We're not talking about a few praises or over-disciplining a child. In about half these identified cases, we're talking about severe beatings and

attacks, burns, poisoning, the use of guns, knives and other implements. About five percent of these children had been hospitalized due to the abuse."

Children who are also abused suffer the consequences of abuse in addition to the stresses and risks associated with witnessing parental violence. Thus, this group is in even greater need of skilled and comprehensive intervention.

## Factors that May Reduce the Impact of Living with Marital Violence

Both research (Hughes and Barad, 1981) and shelter observations indicate that male children of violent parents are more at risk for problem behavior both now and in the future. Retrospective studies of abusive couples found violence in the family of origin in 50 to 81 percent of the abusive men, but in only 33 percent of the abused women (Fojtek, no date, in Rosenbaum and O'Leary, 1981; Roy, 1977, in Rosenbaum and O'Leary, 1981; Stacey and Shupe, 1984).

In the teen years, some boys become more allied with the father and may themselves become abusive toward the mother. They may have lost all respect for the mother and treat her as a non-person. An example cited by Davidson (1978, p. 120) is a teen who said, "My old man can do anything he wants, as far as I'm concerned. All women are a pain to all men, just like he says. Sure, I hit her sometimes. Why not? He does." A small number of girls also take this attitude. "One daughter refused to testify against her father, saying very proudly, "My father can beat anyone"" (Davidson, 1978, p. 119).

Jenny DeArmond, at the YWCA Women-in-Crisis Shelter in Norfolk, echoes the feelings of many other shelter workers when she describes roles taken by younger children in violent families. She sees similar reactions to those of children in alcoholic families (see VCPN, issue 16). "Children essentially fit into the role of 'responsible one,' 'scapegoat,' 'family mascot,' or 'lost child.' Some then are over-burdened with adult responsibilities and concerns, others rebel and act out, others try to meet the emotional needs of the family, and others attempt to blend invisibly into the walls."

Another parallel with alcoholic families is the extent of denial used by witnessing children. Younger children tend to be much more open about the violence. For example, Taylor described an incident in children's group: "A two and a half year old girl said, "If I had a baby gun, I'd shoot my daddy right in the face." None of the children seemed to pay the slightest bit of

attention" (1982, p. 11).

Slaughter explains further, "Preschool children tend to talk about the violence in very graphic terms. As they get older, usually by 10 or 11, they tend to clam up, begin to hide it, and will sometimes deny the reality of the abuse, or deny that they are in any pain or distress. Some of this is due to embarrassment, but some is due to guilt or feeling responsible." Slaughter continues, "It's at about that same age that we start seeing increased role reversal, with the child taking care of mom and younger siblings."

Despite the difficulties they must face, many children in violent families manage to cope. How do they do it?

John and his three siblings grew up in an isolated rural area. Almost every weekend their parents would get drunk and fight. These would be knock-down, drag-out fights which included screaming, cursing, and occasional knife-throwing. When the fights began, the children would run off to Grandma's, just down the road. They would stay there until the fighting subsided, and then return home. Now grown, with families of their own, John and his siblings retain close ties with each other—and with their parents, who have stopped drinking and fighting. Neither John nor his brother or sisters are in violent relationships, nor do any of them abuse alcohol. They appear to be loving and competent parents.

John's case illustrates a number of factors that might help lessen the impact of family violence: strong comraderie among siblings, a sanctuary readily available to the

children at the time of a violent episode, the availability of another significant adult who can provide nurturing, physical care, and a positive role model, and some predictability, as opposed to random violence.

## Summary

Clearly, children who witness marital violence are at risk for emotional, behavioral, and other problems. Because of the significant overlap between child abuse and spouse abuse, many witnessing children are also at risk for serious injury or even death.

While many witnessing children appear to be coping well, there is considerable evidence to suggest numerous long-term effects on them. There are many unanswered questions that need to be addressed. What roles, expectations, and coping styles will these children carry into adulthood? What scars do they carry inside, and how will those scars affect their functioning as adults, as mates, and as parents? How can we, as professionals and concerned citizens, best help these children?

The position of the witnessing child is aptly described in a training manual of AMEND (Abusive Men Exploring New Directions):

"We need to be aware that the child is never an innocent bystander, oblivious to the batterings. The child is *always* involved emotionally, and is at high risk for becoming involved physically" (Ewing, Lindsey and Pomerantz, 1984).

References Available Upon Request

## Virginians Against Domestic Violence

P.O. Box 5692  
Richmond, VA 23220  
804-643-0888

VADV is a non-profit, incorporated organization which aids in awareness and educational programs, legislative advocacy, networking, training, and technical assistance for shelter and other service programs. They publish a quarterly newsletter, available free to interested persons. Annual dues for membership to VADV are based on a sliding scale, according to ability to pay. Candace Feathers, Executive Director, is the only paid staff person. Volunteers comprise the rest of the staff.

Candace explains the group's origin and role: "VADV was formed in 1978 by a handful of women concerned about domestic violence and the lack of services for the victims. At that time there were only about six shelters in Virginia. Now there are approximately 35. This number changes as new shelters open and others,

PEACE  
ON  
EARTH



BEGINS  
AT  
HOME

financially pressed, are forced to close."

"We are available to help develop or expand local programs. Also, we will assist in training other service providers. For example, in June we will be training all magistrates in the state. We would like to provide training to other key persons involved in the law enforcement and judicial systems."

We coordinate Domestic Violence Awareness Week in October. We sponsor two conferences each year. One of these is jointly sponsored by the Department of Social Services. This year a third group, Virginians Aligned Against Sexual Assault, will also be involved with one conference. This co-sponsorship grew out of a recognition of the significant overlap between child sexual abuse, marital rape, and marital violence."

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CARTON  
APR 24, 1981  
957-443-2800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

*H. HESS 3-11-87*

HB

171

# STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
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907-463-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS	2-21-87
H. HESS	2-9-90
H. HESS	3-5-90
H. HESS	3-3-90
H. HESS	3-6-90

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 13, 1989 FURTHER REFERRALS: LABOR & COMMERCE FINANCE

Date of Committee Action: 3/8/90

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 171

HOUSE BILL NO. 171 [JOB TRAINING AND EDUCATION PROGRAM]
An Act establishing a training and education program to expand employment opportunities for low-income persons; repealing the work incentive program; and providing for an effective date.

RECOMMENDS:

- [X] replacing with CSHA 171 HESS [ ] the same title [X] a new title
[ ] the attached amendment(s)
[ ] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the Committee

ADOPTS: House HESS letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [X] fiscal impact DHSS
[ ] zero fiscal note
[ ] zero with analysis

APPROVES PREVIOUS:

- [ ] fiscal note(s) published:
[ ] zero fiscal notes(s) published:

SIGNING DO PASS:

Handwritten signatures: J. Ellis, Phillip Davis, ...

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Handwritten signature: J. Ellis
Chairman's signature

# 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 black ink, appearing to read "Johnny Ellis".

---

Rep. Johnny Ellis, Chair

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 171(HESS)

Page 1, line 12, after "program;":

Insert "establishing a pilot project relating to an alternative education program designed to meet the needs of persons of school age who are pregnant or are parents;"

Page 12, after line 16:

Insert a new bill section to read:

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

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

- (1) is centrally located in the state;
- (2) has access to existing facilities to support the project;
- (3) will serve the highest number of persons of school age who are pregnant or are parents, including eligible school-aged persons from other areas of the state who are temporarily residing in the district in order to be near its specialized health facilities; and

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

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

(d) The department shall require the school district in which the project is located to submit information that will assist the department in evaluating the extent to which the project meets the needs of its participants for day care, transportation, and education. The department shall also analyze the project's operation to determine the extent to which its methodologies would be suitable for application in other school districts that vary in size and demographics. To the extent that the department determines that the project's methodologies are not suitable for statewide application, the department shall develop recommendations for other methodologies that would be applicable to other school districts.

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

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

Renumber the following bill section accordingly.

#3  
A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. COLLINS

TO: CSHB 171(HESS)

Page 1, line 12, after "program;":

Insert "establishing a pilot project relating to an alternative education program for pregnant teenagers and teenage parents;"

Page 12, after line 13:

Insert a new bill section to read:

"\* Sec. 10. PILOT PROJECT. (a) The Department of <sup>Education</sup> ~~Health and Social Services~~ shall establish a pilot project under which high school students who are pregnant or are parents could attend an alternative education program designed to meet their needs for day care, transportation, and education related to parenting, job skills, health, and fitness.

(b) The department shall establish the project required under this section in a school district that is centrally located in the state that has

(1) existing facilities to support the project;

(2) the highest number of pregnant teenagers and teenage parents, including pregnant teenagers and teenage parents from other areas of the state who are temporarily residing in the district in order to be near its specialized health facilities;

(3) the highest number of teenagers.

(c) After determining where to locate the project according to the

criteria set out in (b) of this section, the department shall establish and operate the project in consultation with the school board of the district in which the project is proposed to be located."

Renumber the following bill section accordingly.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
ALASKA WOMEN'S COMMISSION  
3601 C STREET - SUITE 742  
ANCHORAGE, ALASKA 99503

March 5, 1990

Representative Johnny Ellis  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Dear Rep. Ellis and members of the House HESS committee:

I would like to make three recommendations regarding HB171. The Alaska Women's Commission testified to the Family Support Task Force based on our findings from meetings with 110 welfare recipients in Anchorage, Bethel and Kenai. We are therefore representing their experiences and concerns. At the Commission meetings on March 2 and 3, HB171 was discussed and the following recommendations were made:

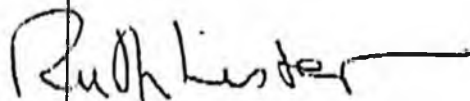
1) Allow attendance in post-secondary training and education to be 75% of full time for satisfactory participation. Many participants spoke to the difficulty of attending school full time while being a single parent. Women in rural communities noted that it was harder to follow video classes. If participants are unable to keep up a full course load, then they would be sanctioned, as the bill is now written.

2) Access to 4 year college programs as well as 2 year vocational programs must be made possible. Recipients were willing to obtain loans for the final 2 years but wanted to be assured that they would not be required to do a job search prior to completing their education. The ability of single parents to be self sufficient depends on their earning capacity. At the last census, the mean earnings for a woman with 1-3 years college was \$16,848 and with 4 years college was \$21,268, a significant difference (men averaged \$27,976 with 1-3 years of college and \$31,569 with 4 years of college). With the gender gap in earnings, the need for women who are single parents to obtain enough training and education to give them adequate earnings is critical. As the bill is now written, this may be possible, although it is not clear.

3) Include entrepreneurial training. Many recipients expressed a strong interest in this area. The Family Support Task Force specifically endorsed it. Entrepreneurial training projects for AFDC recipients have been successful in other states, creating new job opportunities in both urban and rural areas.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Ruth Lister". The signature is written in dark ink and includes a long horizontal flourish extending to the right.

Ruth Lister  
Executive Director  
Alaska Women's Commission

RL/bh

#1  
A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. ELLIS

TO: CSHB 171 (HESS)

Page 2, line 23, after "(P.L. 97-300)":

Insert "or a training and employment program operated or funded by the State Job Training Coordinating Council in the Department of Community and Regional Affairs through a grant from the Department of Labor"

Page 5, line 20, after "682(i)":

Insert "and programs operated or funded by the State Job Training Coordinating Council in the Department of Community and Regional Affairs through a grant from the Department of Labor"

#2

Line 22 Page 7

(c) In administering the program, the department shall direct JOBS case managers to recommend and accept as appropriate component participation, reasonable client activities designed to promote and develop entrepreneurial ability and success.

reletter subsequent paragraphs

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An act relating to AFDC and  
establishing an effective date.  
Sponsor: Rep. Ellis, Boyer, M. Davis et al  
Requestor: Rep. Ellis

Agency Affected: DHSS/DPA, DCRA, DOE  
BRU: Public Assistance Administration  
Components: Alaska Work Program

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	128.9	133.8	138.8	144.0	149.5	155.1
TRAVEL	39.4	44.8	40.8	45.4	51.6	48.0
CONTRACTUAL	2657.7	4185.2	4685.2	4712.6	4746.9	4746.9
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	6.0	6.0	6.0	6.0	6.0	6.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	926.8	928.0	1026.2	1027.2	1028.9	1026.9
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>3759.4</b>	<b>5297.6</b>	<b>5897.6</b>	<b>5935.8</b>	<b>5983.5</b>	<b>5983.5</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	3559.4	5197.6	5797.8	5835.8	5883.5	5883.5
FEDERAL FUNDS	100.0	100.0	100.0	100.0	100.0	100.0
OTHER						
<b>TOTAL</b>	<b>3759.4</b>	<b>5297.6</b>	<b>5897.6</b>	<b>5935.8</b>	<b>5983.5</b>	<b>5983.5</b>

**POSITIONS:**

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) NO FISCAL IMPACT IN FY 90.

Increases in future years reflect required increases in clients served as stipulated in the federal Law. See attached detail.

Prepared by: John R. Taber  
Division: Division of Public Assistance  
Approved by Commissioner: Mvra M. Munson  
Agency: Health & Social Services

Phone: 465-3347  
Date: 3/6/90  
Date: 3/6/90

**Distribution (by preparer):**

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

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

Committee Substitute for House Bill 171 establishes two new public assistance programs which are mandated by the Federal Family Support Act of 1988, to be administered by Alaska's Department of Health and Social Services (DHSS), Division of Public Assistance (DPA). Both new programs begin October 1, 1990.

The bill authorizes the Unemployed Parent (UP) program, which provides that two parent families in which the primary wage earner is unemployed may be eligible for Aid to Families with Dependent Children (AFDC). Currently only single parent families are eligible unless the second parent is incapacitated.

It also creates the Job Opportunities and Basic Skills training program, (JOBS), to replace the existing Work Incentive (WIN) program, which is repealed. The purpose of JOBS is to assist AFDC clients to get jobs and leave welfare.

This bill establishes these programs in accordance with the federal Family Support Act of 1988 and the recommendations of Alaska's Family Support Task Force. The bill requires DPA to establish all components of these programs statewide in FY 91.

Governor's Budget Must Remain As Base

The Governor's proposed FY 91 budget includes funding for the new programs' entitlement and start up costs. The Governor's budget meets minimum federal mandates for the first year of welfare reform. Therefore to ensure compliance with federal requirements, the Governor's proposed welfare reform funding level must remain intact. It should serve as the base upon which fiscal note funding for H.B. 171 builds.

The proposed law requires earlier implementation of the services necessary to meet the federal mandates than does the Governor's budget. Therefore certain assumptions which formed the Governor's budget cannot be used to plan for this bill.

For example, the Governor's proposed JOBS and UP budgets assume:

1. JOBS will not offer a full menu of components in each JOBS geographical area in the state.
2. Some JOBS components will not be offered at all in FY 91, or offered to a few clients in one or two sites on a demonstration basis only. These will require future funding for implementation.

3. Alaska Native organizations JOBS programs' education, training, and work project plans and costs funded directly by the federal government have no State participation in the first year.
4. Alaska will not require UP clients to meet a work requirement this year. In FY 91, JOBS may develop one basic UP work project for a few clients.

The Governor's FY 91 budget proposal anticipates phasing in statewide JOBS funding through FY 94.

Also, although the UP program does have a mandatory work requirement for its recipients, this requirement does not begin until 1994. At that time Alaska must require a minimum of 40% of UP recipients to participate in work activity for 16 hours or more per week in addition to JOBS education and training activities. By 1997 the participation requirement increases to 75%. Because the Act stipulates no minimum starting level for FY 91, the base budget includes no funding to begin this UP work activity. It is anticipated by the Governor's budget that funding to meet these requirements will be phased in as earlier mandates are established administratively.

H.B. 171 states that DHSS shall provide all JOBS components to State JOBS participants statewide. It also requires the department to explore innovative education and training programs for UP families. These stipulations require that the base provided by the Governor's budget be expanded.

#### Fiscal Note Requirement

The following analysis describes \$3.7 million in additional funding needed to implement H.B. 171. The Department of Health and Social Services is presenting this fiscal note because it has overall responsibility for implementing JOBS. However, as with the Governor's base budget for welfare reform, not all of the fiscal note is actually DHSS funding.

The Department of Education would administer \$1,280,000 in contract and grant funds for young parent and Adult Basic Education Services. The remaining amount includes \$2.2 million in contract and grant funds for DHSS and DCRA to purchase services from community organizations. It includes \$240,000 for DHSS and DOL personal services and administration. (See graph, page 6).

Not shown in this analysis are program savings anticipated by implementing welfare reform. Although the program costs will always be required, if JOBS is effective, these costs will eventually result in savings to the actual cash benefits paid to AFDC clients. Because these are long term benefits and data does not yet exist to quantify the savings, the fiscal note cannot reflect these savings.

FY 1991  
FAMILY SUPPORT ACT IMPLEMENTATION COSTS

GOVERNOR'S PROPOSED BUDGET  
(S's in thousands)

HB 171 FISCAL NOTES

ENTITLEMENTS	DEPT/S	State GF	FED	TOTAL	FY91	FY92	FY93	FY94	FY95	FY96
					7%	11%	11%	15%	20%	20%
					Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required
1. UP Cash Benefits	DHSS	1952.2	2315.2	4267.4						
2. Transition & UP Medicaid	DHSS	2,076.2	2,485.2	4,561.4						
3. Transitional Child Care	DCRA/DHSS	875.8	875.8	1,751.6						
4. JOBS Child Care	DCRA/DHSS	999.4	999.4	1,998.8						
Subtotal		5,903.6	6,675.6	12,579.2						
Entitlement Administration										
5. DPA Eligibility	DHSS	392.2	308.2	700.4						
6. DCAP Eligibility/Mgmt	DCRA/DHSS	168.9	168.9	337.8						
7. DCAP Child Care Accounting	DCRA/DHSS	26.0	23.1	49.1						
8. Manilag Staff	DHSS/Manilag	15.8	11.0	26.8						
9. Local Administration	DCRA/DHSS	187.5	187.5	375.0						
10. Information & Referral Agencies Authorized Care	DCRA/DHSS	170.0	170.0	340.0						
Subtotal		960.4	868.7	1,829.1						
TOTAL AFDC & CHILD CARE ENTITLEMENTS		6,864.0	7,544.3	14,408.3	0.0					
11. CHILD SUPPORT ENFORCEMENT		206.5	400.8	700.4	0.0					
START UP/DATA PROCESSING										
12. Outreach/Evaluation/Reporting	DHSS	21.7	21.7	43.4						
Integrate Computer Systems										
13. JAS/EIS Expansion	DHSS	419.9	97.3	517.2						
14. DCRA Child Care Computer	DCRA/DHSS	154.0	154.0	308.0						
15. JTPA/EIS Interie	DCRA/DHSS	75.0	75.0	150.0						
16. DCRA Data System Integration	DCRA/DHSS	36.0	36.1	72.1						
17. Statewide Interie (DOE/DOL)	DHSS/DOE/DOL	50.0	50.0	100.0						
TOTAL START UP/DATA PROCESSING		756.6	434.1	1,190.7	0.0					

GOVERNOR'S PROPOSED BUDGET  
(\$'s in thousands)

171 FISCAL NOTES

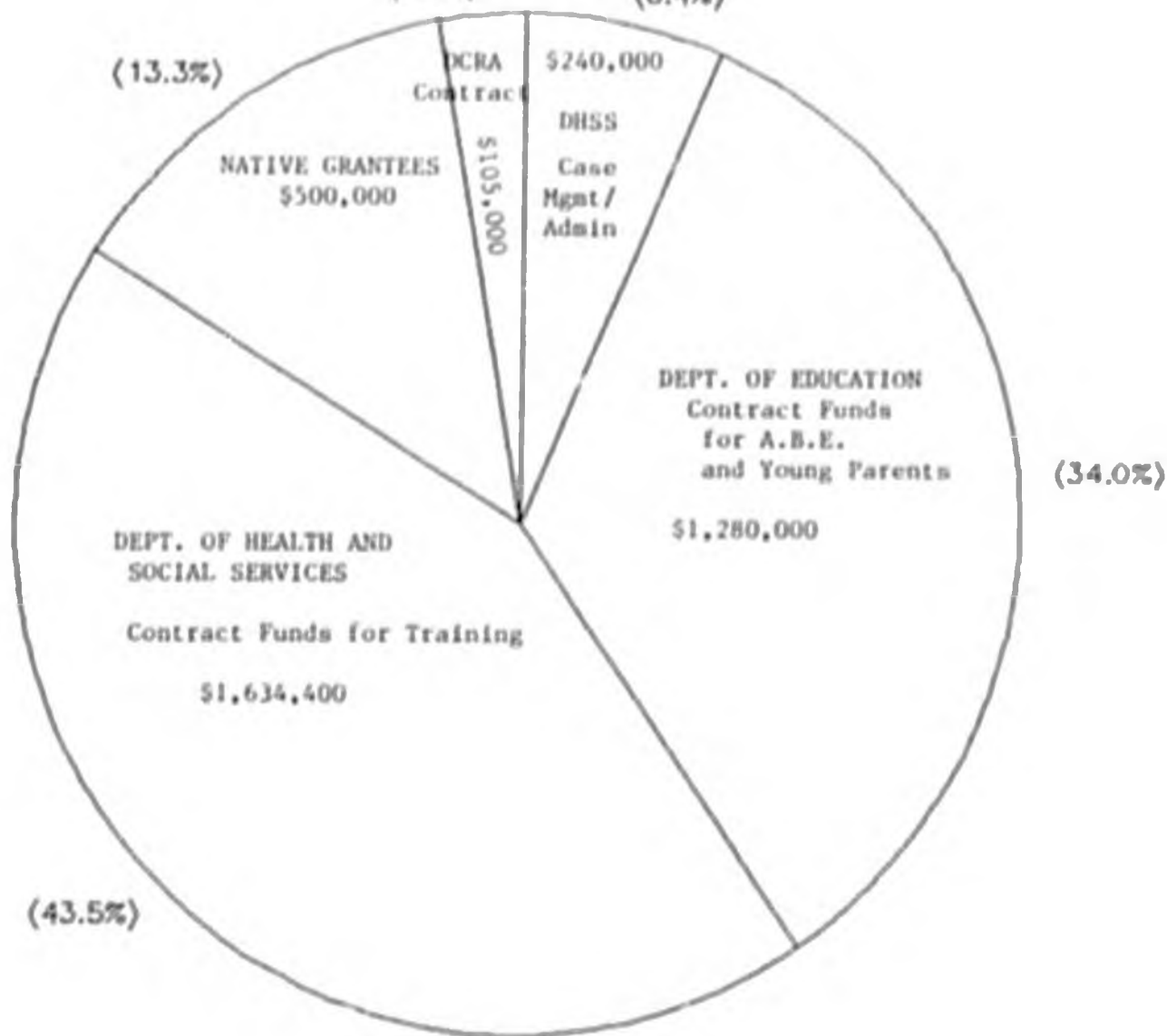
03/06/90

CHILD CARE ENHANCEMENT	DEPT/S	State Cf	FED	TOTAL	FY91	FY92	FY93	FY94	FY95	FY96
					7%	11%	11%	15%	20%	20%
					Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required	Participation Rate Required
18. Child Care Licensing	DHSS	126.0	10.6	136.6	134.2	139.6	139.6	145.0	151.7	151.7
19. Head Start Demon	DCRA	0.0	0.0	0.0						
20. True Cost of Care FSA	DCRA	0.0	0.0	0.0						
21. Guarantee FSA clients in DCAP	DCRA	0.0	0.0	0.0						
22. Reserve Funds in DCAP for E&T	DCRA	0.0	0.0	0.0						
<b>TOTAL CHILD CARE ENHANCEMENT</b>		<b>126.0</b>	<b>10.6</b>	<b>136.6</b>	<b>134.2</b>	<b>139.6</b>	<b>139.6</b>	<b>145.0</b>	<b>151.7</b>	<b>151.7</b>
<b>JOBS/UP WORK PROJECTS</b>										
23. JOBS Staff Case Mgmt	DHSS/DOJ	168.6	190.4	359.0	62.0	64.5	64.5	67.0	70.1	70.1
24. Young Parents Support	DHSS/DOE	180.0	30.0	210.0	380.0	395.2	395.2	410.4	429.4	429.4
25. Substance Abuse Case Mgmt	DHSS/Contract	27.6	27.6	55.2	88.8	92.4	92.4	95.9	100.3	100.3
26. Supportive Services	DHSS/DOJ	131.2	131.2	262.4	72.4	75.3	75.3	78.2	81.8	81.8
Vocational Education										
27. JIPA Case Mgmt & Administration	DCRA	257.5	0.0	257.5						
28. JIPA Client Services	DCRA	200.0	0.0	200.0	see line 35					
29. Entrepreneur Training	DHSS/DOE	0.0	0.0	0.0						
30. AVTEC Housing	DHSS/DOE	0.0	0.0	0.0						
31. Increase ABE	DHSS/DOE	150.0	0.0	150.0	900.0	1800.0	1800.0	1800.0	1800.0	1800.0
32. Parenting Education	DHSS	0.0	0.0	0.0	217.0	225.7	225.7	234.4	245.2	245.2
33. Caregiver Education	DCRA	0.0	0.0	0.0	80.0	80.0	80.0	80.0	80.0	80.0
34. Child Care as a Business	DCRA	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0	25.0
35. All Components Statewide	DHSS/Contracts	0.0	0.0	0.0	900.0	1500.0	2000.0	2000.0	2000.0	2000.0
36. UP Work Projects Coordination	DHSS/DOJ	0.0	0.0	0.0	400.0	400.0	500.0	500.0	500.0	500.0
37. Native UP Work Projects	DHSS/Native Grantees	0.0	0.0	0.0	500.0	500.0	500.0	500.0	500.0	500.0
<b>TOTAL JOBS and UP WORK</b>		<b>1,114.9</b>	<b>379.2</b>	<b>1,494.1</b>	<b>3,625.2</b>	<b>5,158.0</b>	<b>5,758.0</b>	<b>5,790.8</b>	<b>5,831.8</b>	<b>5,831.8</b>
<b>TOTAL FY 91 WELFARE REFORM ALL DEPARTMENTS</b>		<b>\$9,068.0</b>	<b>\$8,769.0</b>	<b>\$17,937.0</b>	<b>\$3,759.4</b>	<b>\$5,297.6</b>	<b>\$5,897.6</b>	<b>\$5,935.8</b>	<b>\$5,983.5</b>	<b>\$5,983.5</b>
Administration					240.0	242.5	242.5	245.0	248.1	248.1
DOE/Contract					1280.0	2195.2	2195.2	2210.4	2229.4	2229.4
DHSS/Contract					1834.4	2254.9	2854.9	2875.4	2901.1	2901.1
DHSS/Native Grant Funds					500.0	500.0	500.0	500.0	500.0	500.0
DCRA/Contract					105.0	105.0	105.0	105.0	105.0	105.0
					<b>3759.4</b>	<b>5297.6</b>	<b>5897.6</b>	<b>5935.8</b>	<b>5983.5</b>	<b>5983.5</b>

-5-

# HB171 FISCAL NOTE

FY 1991 FUNDS \$3,759,400  
(2.8%) (6.4%)



H.B. 171 Fiscal Note Line Explanations:

(Line numbers correspond to line numbers on fiscal summary)

This analysis organizes funding by categories which represent Task Force recommendations and builds on the Governor's proposed increments for those categories. Future year increases reflect only the increased participation rate requirements included in the federal Act.

18. Expanding the statewide nature of JOBS will require more licensed child care to be available in rural areas. The Governor's budget includes contract funds for urban organizations to evaluate facilities seeking child care licensing.

This fiscal note includes \$62,100 in contract funds for rural agencies to conduct facility licensing evaluations. It also includes \$72,144 for a Division of Family and Youth Services (DFYS) central office position and travel funds to oversee both the urban and rural contracts.

23. The Governor's budget assumes a 75-client caseload for State JOBS offices, serving only clients in close proximity to the six State sites: Anchorage, Fairbanks, Juneau, Wasilla, Kenai/Soldotna, and Ketchikan. To offer services to eligible clients in more remote locations requires a case manager able to communicate with them and service agencies by mail and phone, and to travel on a periodic basis to client communities.

This \$62,000 would fund a vocational counselor position and travel funds for a "circuit rider" case manager through an RSA with Department of Labor.

24. The Governor's budget funds intense case management for 25 young parents at one demonstration site. This fiscal note extends those services to two additional sites to serve at least 75 teen parents statewide, which is about half of the non-Native AFDC teen parents without diplomas in 1989.

When the agency proposed a 75-client caseload for JOBS case managers, it assumed that certain clients requiring more intensive services would be served by contractors with special expertise. This is especially true for young parents in high school. These students require much more time and attention than can be provided by a regular JOBS case manager.

25. Another JOBS target population which requires intense case management is the substance abuse group. The Governor's budget provides this vocational counseling support for 25 such clients in one treatment center.

The statewide requirement of H.B. 171 indicates that this service should be in more than one location. This fiscal note therefore would extend the service to an additional 50 clients in two sites. JOBS would contract with treatment centers to provide vocational counseling services to its referrals at the appropriate point in their treatment. This does not represent funding for treatment activities.

26. This line increases State JOBS supportive services by \$89,000 to provide transportation and housing for rural clients who wish to enroll in vocational training courses which are not offered in their communities. For example, students may attend nursing training in Anchorage, or skills training in Seward. It also provides basic support services to the additional statewide clients, which are offered to other clients. These services include books, video classes, tuition, etc. for coursework completed on an independent basis.

31. The federal law requires states to provide Adult Basic Education (A.B.E.) or English as a Second Language (ESL) services to participants who do not pass a literacy test. JOBS can offer these services only in those areas of the state where the Department of Education or other agencies already provide the opportunity, as available.

The Governor's proposed budget includes \$150,000 for A.B.E. to serve a base number of urban

JOBS clients. This is needed so that A.B.E. can meet federal participation requirements for clients to be in a program for 20 hours each week.

It is also needed because A.B.E.'s primary funding source does not allow AFDC clients to move to the head of waiting lists, and A.B.E. funding cuts have resulted in long waiting lists. Because clients often cannot move forward until they improve their basic reading and writing skills, A.B.E. waiting lists keep JOBS clients on AFDC longer.

This line in the fiscal note would further increase Adult Basic Education Services in Alaska as follows, to expand service and reduce waiting lists:

\$270,000

One additional 20 hours/week, 52 weeks/year staff at each of the 18 A.B.E. urban and regional centers to ensure AFDC client service;

\$320,000

Upgrade the current 71 A.B.E. outreach sites to total 20 hour per week programs (currently only 16 rural sites have 20 hour/week programs) to meet JOBS requirements;

\$265,000

Establish 10 new rural A.B.E. outreach sites to operate 20 hours/week, 52 weeks/year to meet statewide requirement;

\$ 45,000

Teacher staff development and teacher training for JOBS requirements (urban and regional A.B.E. staff).

This legislation requires State JOBS to provide basic educational opportunities to its non-Native clients throughout the State. This fiscal note ensures A.B.E. services to JOBS clients statewide.

The federal law requires states to provide educational activities, including high school or equivalent education (combined with training as needed), basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency. JOBS programs are administered by the State and Native grantees through separate federal funding. However, both State and Native JOBS programs must access some of the same services, especially high school, A.B.E. and ESL services.

Therefore, although the State need not fund Native JOBS administration or Native client support, its funding for basic educational and work project items must be adequate for both Native and non-Native JOBS clients. If the State funds A.B.E. in Bethel, for example, it must not be funded only for non-Native AFDC clients.

32. This funds the Task Force recommendation for Parenting Education for AFDC clients as a statewide component. Through contracts with local service providers, this line would enroll 25% of AFDC clients statewide in a 5-evening parenting course at \$200/client. Cost includes transportation and child care. Although not required by the Act, Parenting Training is critical to successful transition into the workforce.
33. The Task Force included Caregiver Education in its recommendations as a necessary accompaniment to "Authorized Care". Caregiver Education will be provided to clients and other unlicensed child care providers whom JOBS clients engage to care for their children while in education and training. It will also be offered to clients who wish to earn income by providing child care.

This \$40,000 item funds seminars and two video tape training programs to be circulated throughout the state.

34. JOBS will increase demand for quality child care. A current shortage of licensed care is attributed in part to the difficulty center operators experience in running cost effective operations. Also, this industry may represent business opportunities for JOBS clients.

This funds five workshops at \$5,000 each to assist providers in developing viable businesses.

35. The Governor's budget assumes that not all JOBS components will be offered statewide. This means JOBS would selectively offer services only in those areas of the state where they are available on a non-reimbursable basis, without purchasing priority service for JOBS clients.

Examples of such component services are vocational education, postsecondary education, work experience, entrepreneurial training, parent training, child care as a business, caregiver training, job clubs, and other peer groups.

The Governor's budget assumes that Job Training Partnership Act agencies will be the sole source of training funds. JTPA Service Delivery Areas (SDAs) have agreed to target serving 350 JOBS clients with its own funding; the Governor's budget includes funds for JTPA to serve an additional 100, for 450 clients statewide.

Not all JOBS components can be funded by JTPA, however.

This fiscal note requests \$900,000 in contract and grant funds so that JOBS can purchase component services from local service providers. These funds may also be used to help establish programs in communities where none exist. This funding will ensure equitable service statewide.

36. H.B. 171 requires the State JOBS programs to explore innovative work projects for UP clients. States with good work requirements have been able to reduce the cash outlay of AFDC benefits by up to 90%. The Governor's budget includes no funds for UP work project development.

This will require a person to work with community groups to develop meaningful, useful programs. It will also require trial periods with alternate payment and accounting systems which the computer cannot immediately accommodate.

The \$400,000 will fund one central office DPA position, travel funds, and demonstration project accounting support. It will also provide \$300,000 in grant funds for non-Native demonstration UP projects operated in conjunction with the private sector and State JOBS programs.

37. Since more than 50% of the UP caseload is expected to be Alaska Native, the Native JOBS organizations will be responsible for operating more than half of the work projects. However, the Native grantees have no particular incentive to establish these projects, unless the state encourages community projects through funding.

This line provides \$500,000 in grant funds for up to three community work projects developed by Native JOBS grantees for UP work projects.

parents participate in a work project.

It is estimated that some 625 new families will be included in this coverage in fiscal year 1991 and about twice that number the following year.

### **BENEFITS WHILE WORKING**

To ensure that parents who find jobs can afford to continue working and to provide an incentive to find jobs, welfare reform offers child care assistance and Medicaid benefits for up to a full year after a client begins working. These benefits will be offered beginning April 1, 1990. Child care benefits will be administered through the Department of Community and Regional Affairs' existing child care programs.

It is estimated that these benefits will provide medical coverage and child care for some 1,170 children by 1992.

### **CHILD SUPPORT ENFORCEMENT**

In keeping with its goal of encouraging families to be self sufficient, the Family Support Act implements several changes in child support. Chief among these are:

- Guidelines for judges who set support orders must be periodically reviewed and updated.
- Child support orders must be reviewed regularly and may be modified by the Child Support Enforcement Division at the request of either parent.
- Employers must withhold child support payments from wages for nearly all support orders on a phased-in schedule beginning November 1990.
- A greater effort must be made to establish paternity, including identifying both parents at the time of birth.

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Published by the Alaska Department of Health and Social Services, Division of Public Assistance.

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# **People Reaching Independence and Dignity through Employment**

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## **How welfare reform will affect Alaska**

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## INTRODUCTION

The federal Family Support Act of 1988, often called welfare reform, mandates that states make massive changes in the way they handle almost every aspect of welfare. In Alaska those changes will begin taking place on April 1, 1990.

To prepare for these changes, some 150 Alaskans spent part of last summer holding hearings, gathering information and preparing reports. The final results are the recommendations from Alaska's Family Support Task Force, chaired by Sen. Rick Uehling and Rep. Johnny Ellis.

## WHY THE CHANGE?

The Family Support Act's primary goal is to take people off welfare by providing them with education, training and the child care necessary to win and keep jobs. It is also intended to support families and children in need by extending benefits to two-parent families.

## HOW MUCH WILL IT COST?

In the long run, federal and state governments believe welfare reform will bring down costs by taking people off welfare. Program implementation, however, is costly. Depending on the number of people who participate, which is driven by available funds, Alaska's combined state and federal budget for fiscal year 1991 is estimated to be between \$17.84 million and \$34.15 million. The State of Alaska's share of that will be between \$9.07 million and \$20.7 million.

## WHAT WILL CHANGE?

### J.O.B.S.

(Job Opportunity and Basic Skills)

J.O.B.S. which will replace the current WIN program, will offer education, training, job search, on-the-job training and supportive services. These will include continuing child care and

family medical coverage for one year after the client leaves welfare for a job.

Under the Family Support Act, welfare clients will be under much greater pressure to train for and find jobs than they are now. In Alaska, the recommendation is that all Aid for Family with Dependent Children (AFDC) clients with children age three or older be required to participate in J.O.B.S.

Services will focus on people and families who are seen as the least likely to leave welfare without them. Chief among these are teen-age parents without a high school diploma. Such clients will be required to attend school to receive AFDC benefits, as will any adult client who is found to test below an eighth grade literacy level. Other clients who will receive priority are those who have been on welfare for at least 36 of the past 60 months and those who will soon be ineligible for AFDC because their children are getting older.

J.O.B.S. also requires coordination of existing education and training programs in the state in order to make these services as accessible as possible to welfare clients.

Service to Alaska Natives will change dramatically under J.O.B.S. Access to training education and jobs will be increased greatly by offering J.O.B.S. through regional Native non-profit organizations, rather than at only a few urban sites. Twelve Native organizations have already begun offering J.O.B.S. in their areas.

J.O.B.S. will be available to non-Native clients beginning Oct. 1, 1990.

### TWO-PARENT HOUSEHOLDS

Beginning Oct. 1, 1990, Alaska must offer assistance to two-parent households in which the principal wage earner is unemployed. The coverage will include year-round AFDC benefits, Medicaid and the requirement that one or both

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.

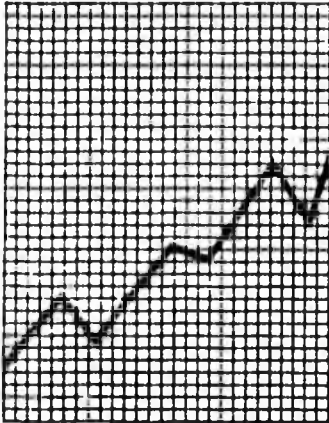
□ One of every eight 17-year-olds is functionally illiterate, as is one in three welfare recipients, and one in three unemployed people.

#### 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.

# The impact of welfare dependency on the social system

## 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.

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%.

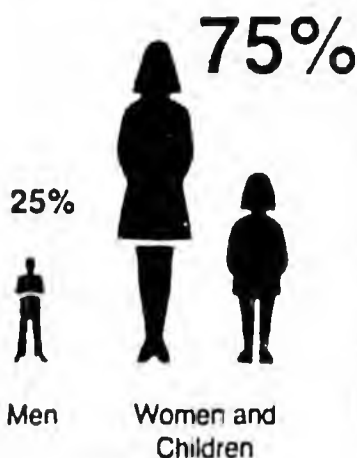
□ The number of full-time working poor increased two-thirds between 1978 and 1986.

□ 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.

## Poverty population

Poverty is widespread among women and children.



STATE OF ALASKA  
Department of Health & Social Services  
Division of Public Assistance

FY 91 WELFARE REFORM COST ESTIMATES

Attached are three welfare reform budget scenarios:

- o the Governor's FY91 proposed budget for establishing welfare reform programs (Budget I); and
- o cost estimates for implementing additional Family Support Task Force recommendations (Budgets II and III).

The Task Force recommendations are purposefully broad, to provide maximum flexibility for Alaska as it develops its programs. The recommendations do not require full implementation immediately, but are designed to be phased in as possible.

The administration's proposed budget for FY91 (Budget I on the attachment) therefore includes all costs necessary to comply with the new federal welfare reform law, and to start up responsible programs. It assumes change in future years, when the results of early experience will provide good direction for expanding or changing programs.

Budgets II and III are estimates of what it would cost to implement the recommendations more rapidly, with greater investment in FY91. Attached line notes describe formulas used to derive numbers.

All cost levels reflect the goals and objectives of both the Task Force and the Department of Health and Social Services.

LEGISLATURE'S FAMILY SUPPORT TASK FORCE  
AND DHSS WELFARE REFORM EFFORT  
FY 1991

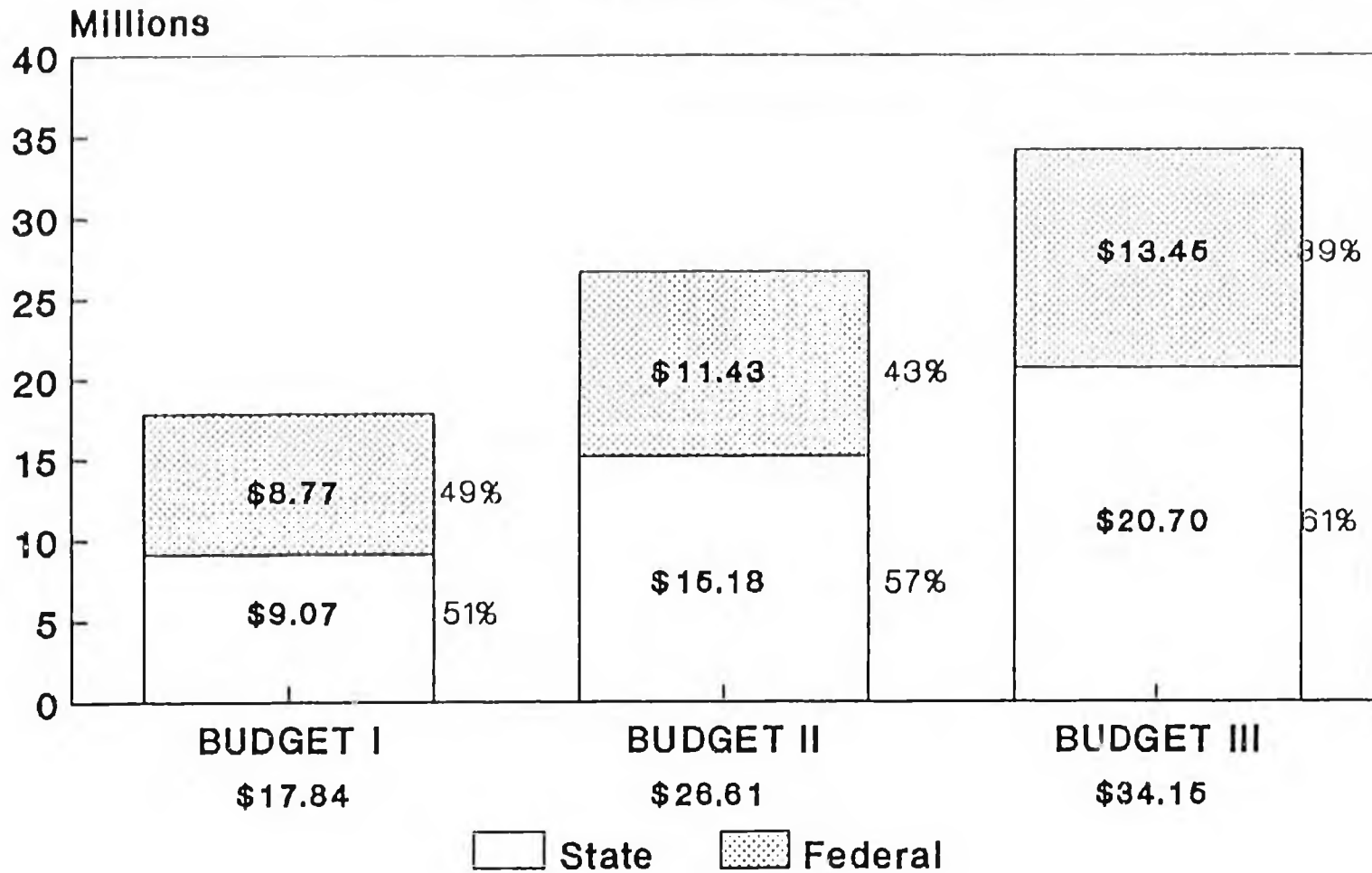
TASK FORCE GOALS:

1. To recommend guidelines for welfare reform issues stemming from the Family Support Act of 1988 which concern broad public policy.
2. To propose funding levels and legislation needed to implement the new or revised programs.
3. To lead the legislative initiatives needed to achieve adequate funding and supportive laws.
4. To ensure that welfare reform programs are implemented which carry out recommended policy and which can achieve goals set forth by the Task Force, through which Alaska can implement the Family Support Act of 1988.

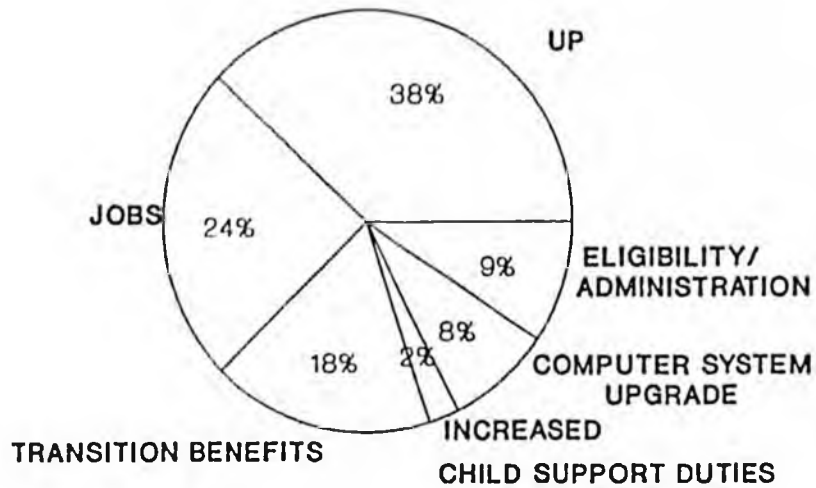
DHSS GOALS:

1. To reform welfare programs in Alaska in accord with the Family Support Act of 1988, so that clients move from dependency to self-sufficiency.
2. To provide a seamless net of AFDC benefits to more needy Alaskans.

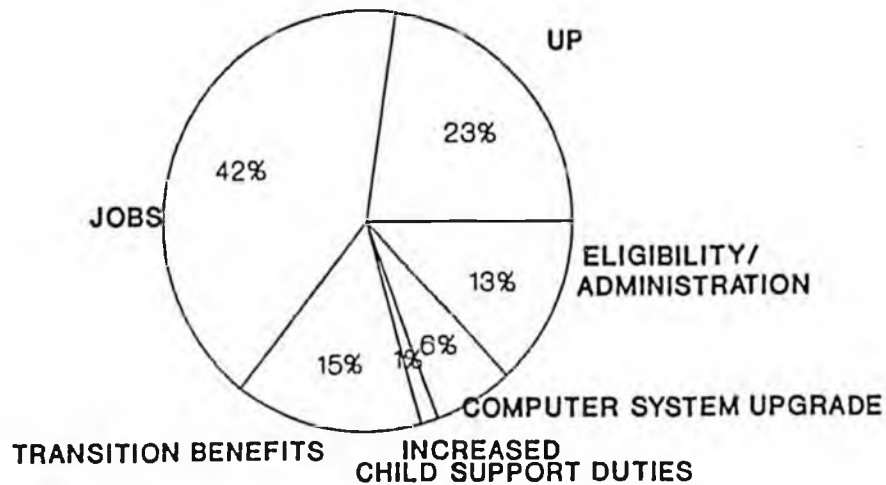
# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS TOTAL FUNDS



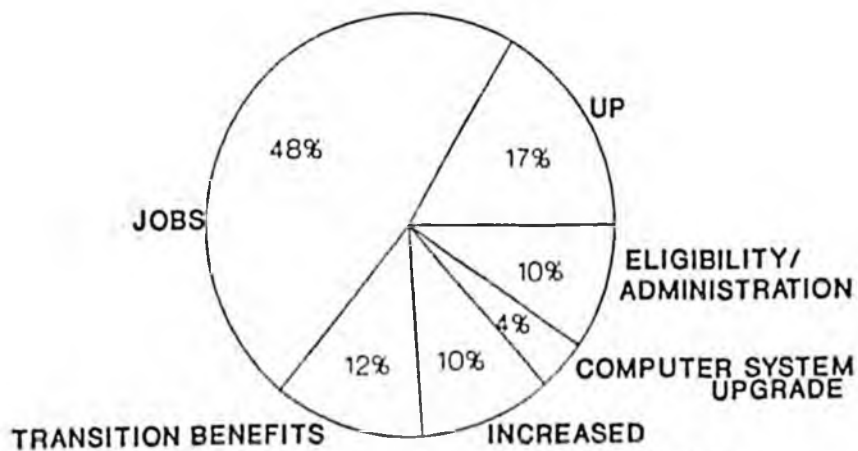
**FY 1991 WELFARE REFORM BUDGET  
 FAMILY SUPPORT ACT IMPLEMENTATION COSTS  
 NEW COSTS TO STATE GENERAL FUNDS  
 BUDGET I \$9.07 GF**



**BUDGET II \$15.18 GF**



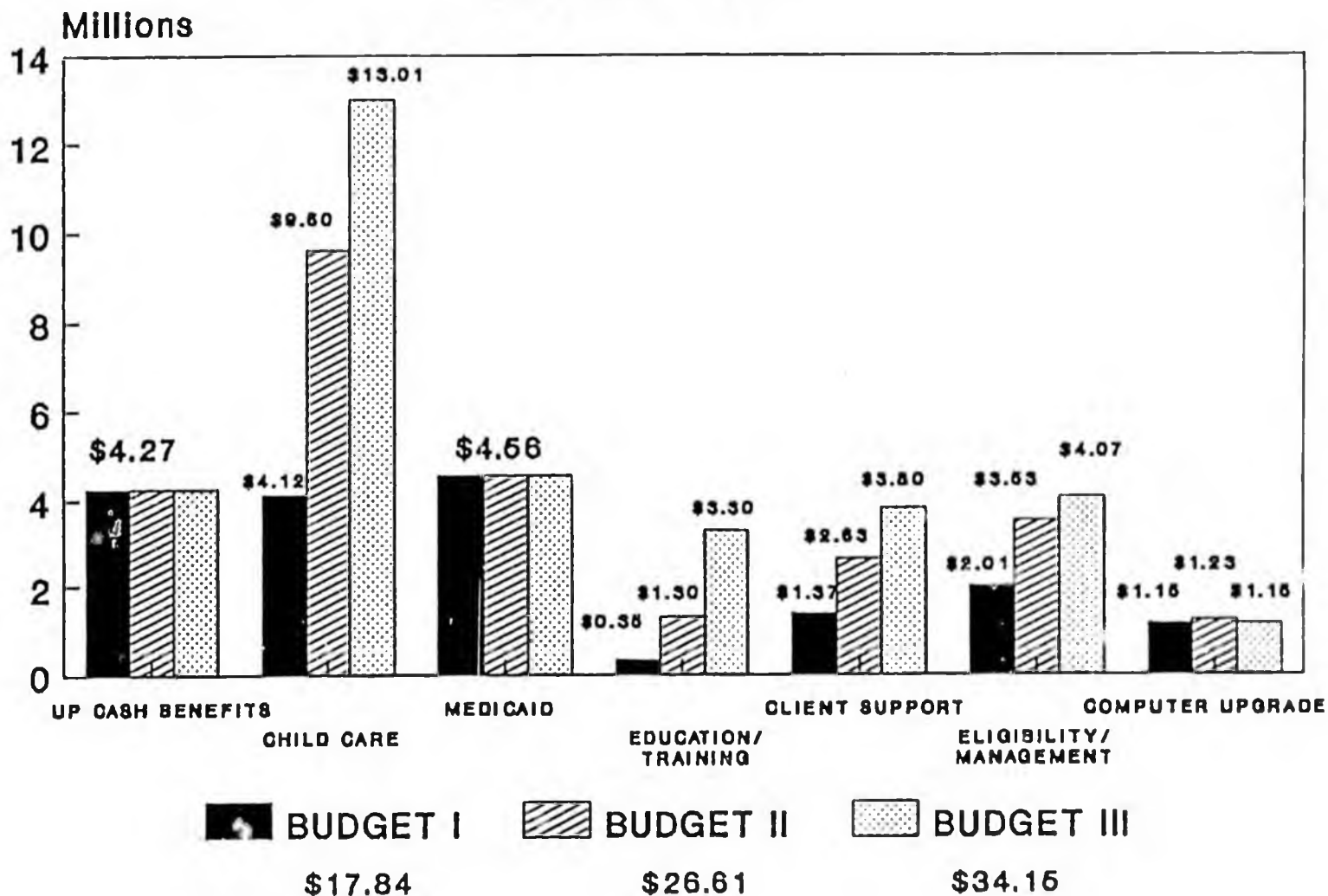
**BUDGET III \$20.70 GF**



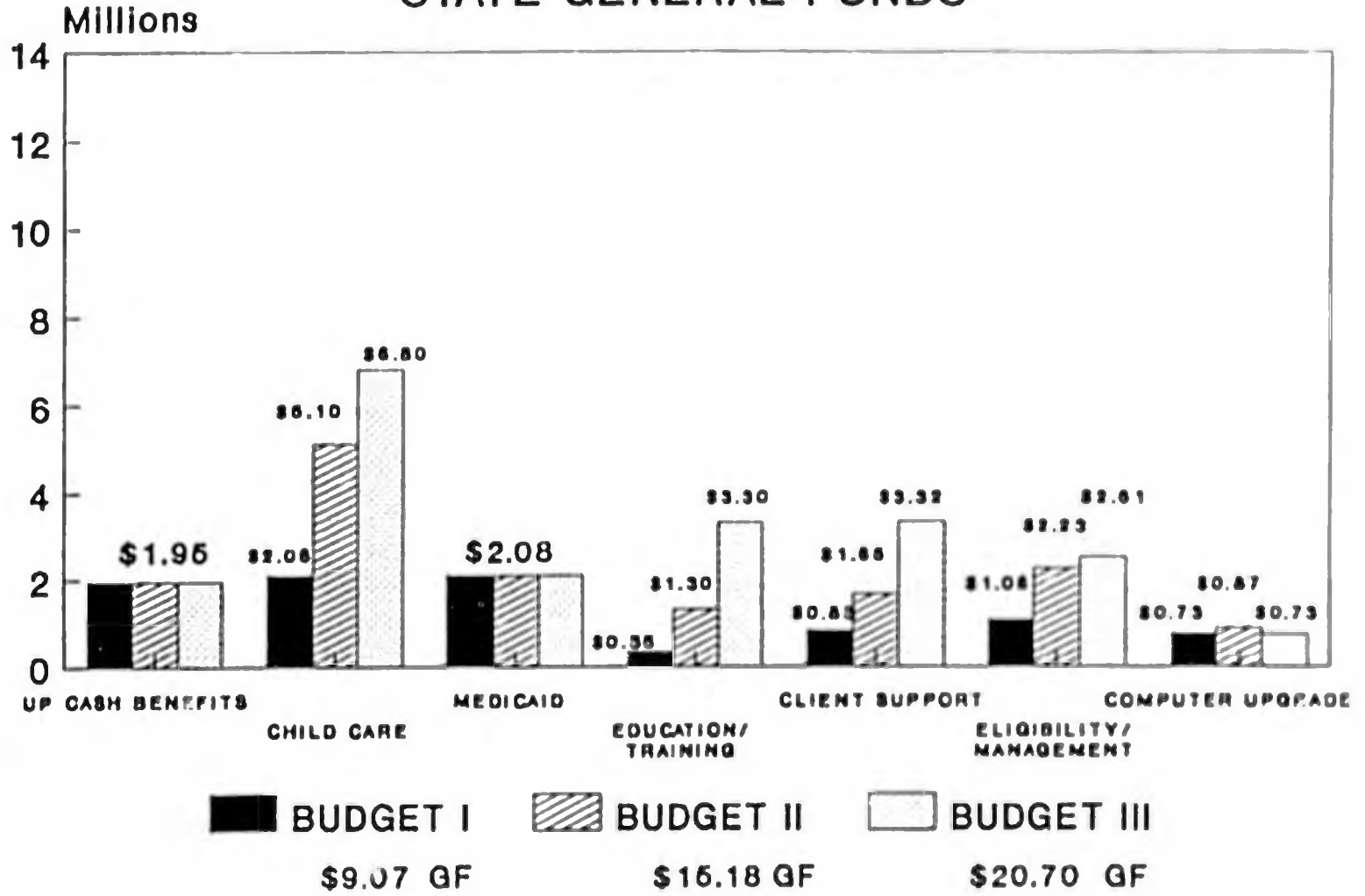
# FY 1991 WELFARE REFORM BUDGET

## FAMILY SUPPORT ACT IMPLEMENTATION COSTS

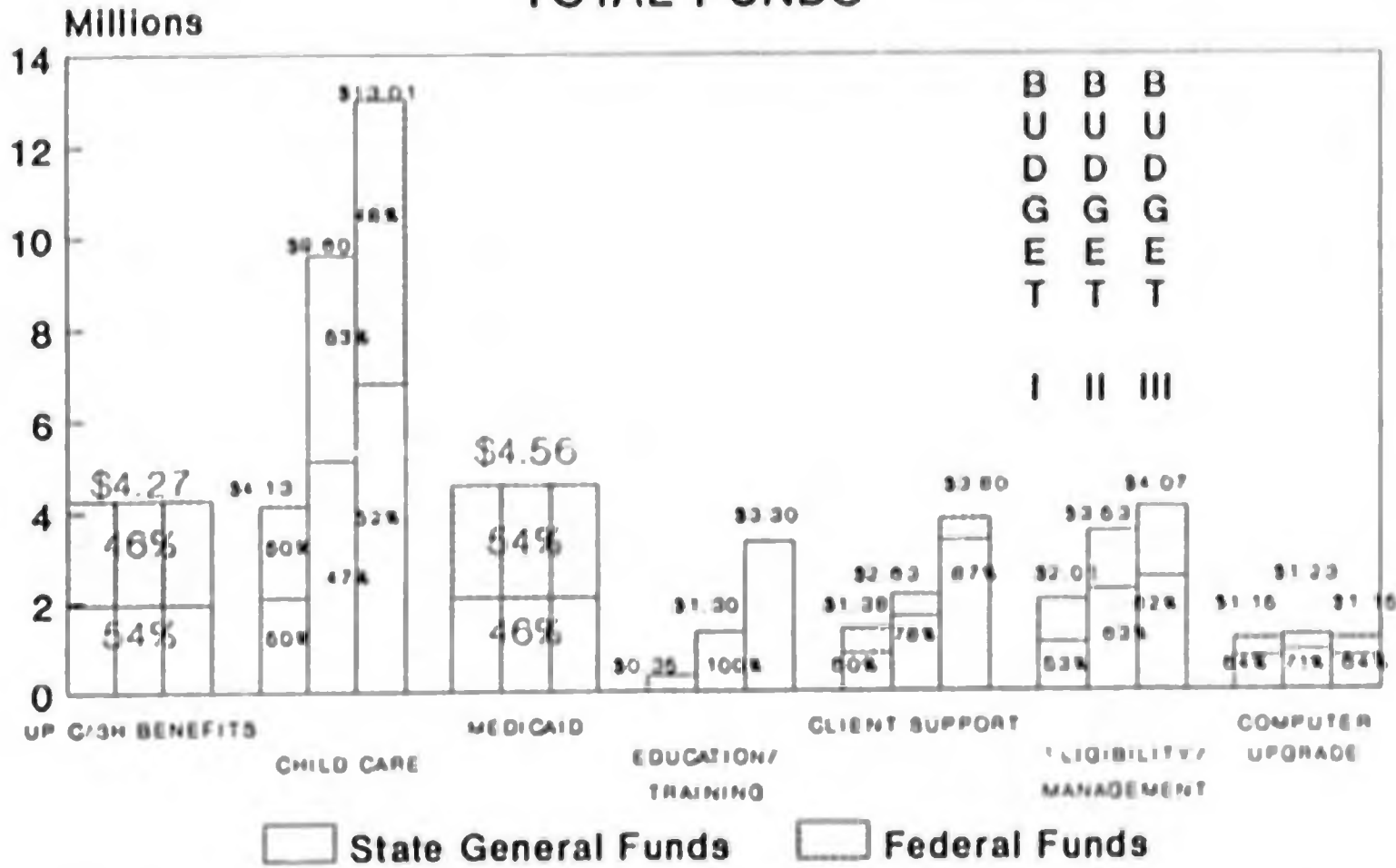
### TOTAL FUNDS



# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS STATE GENERAL FUNDS



# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS TOTAL FUNDS



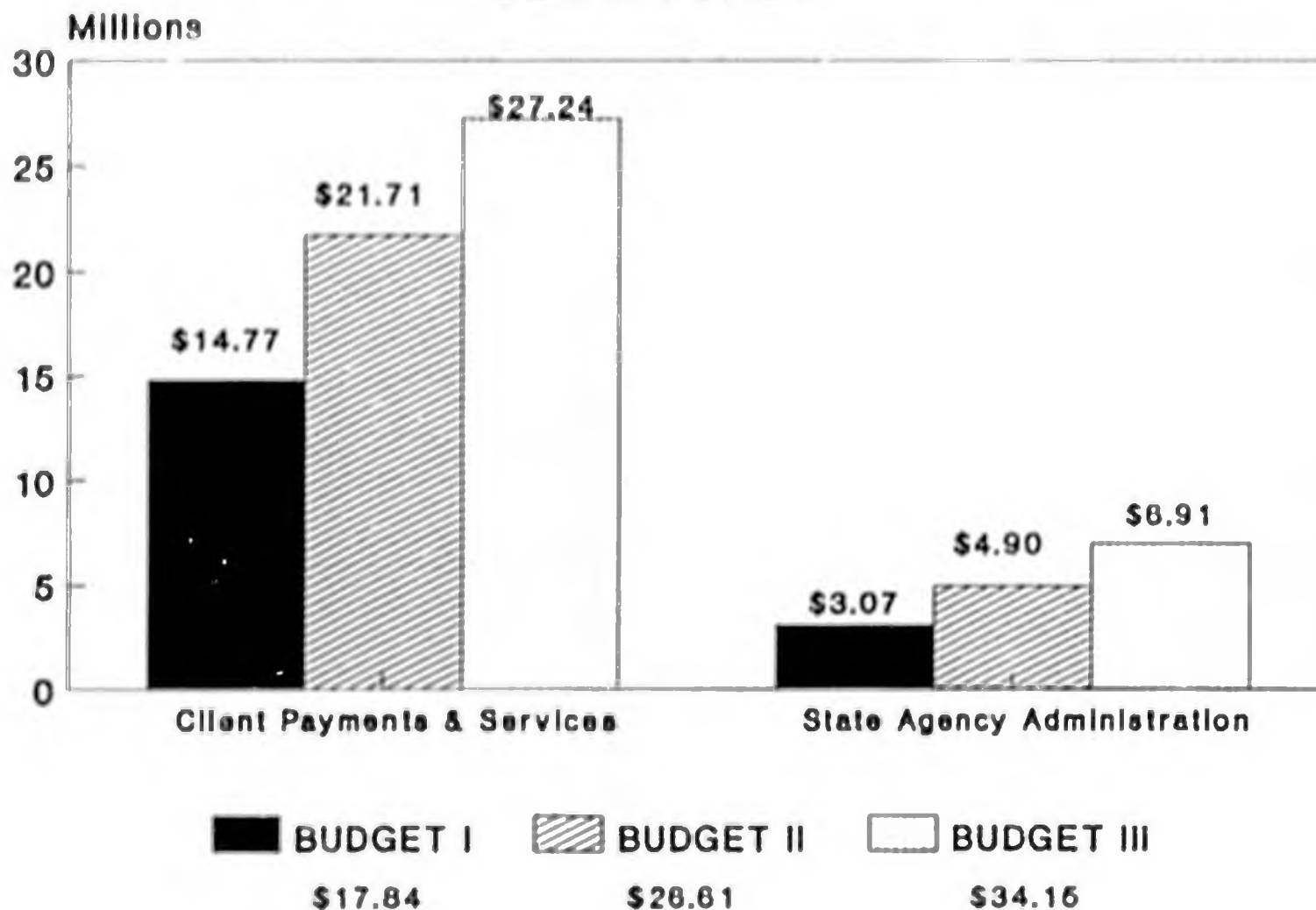
B B B  
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**BUDGET I**  
\$17.84

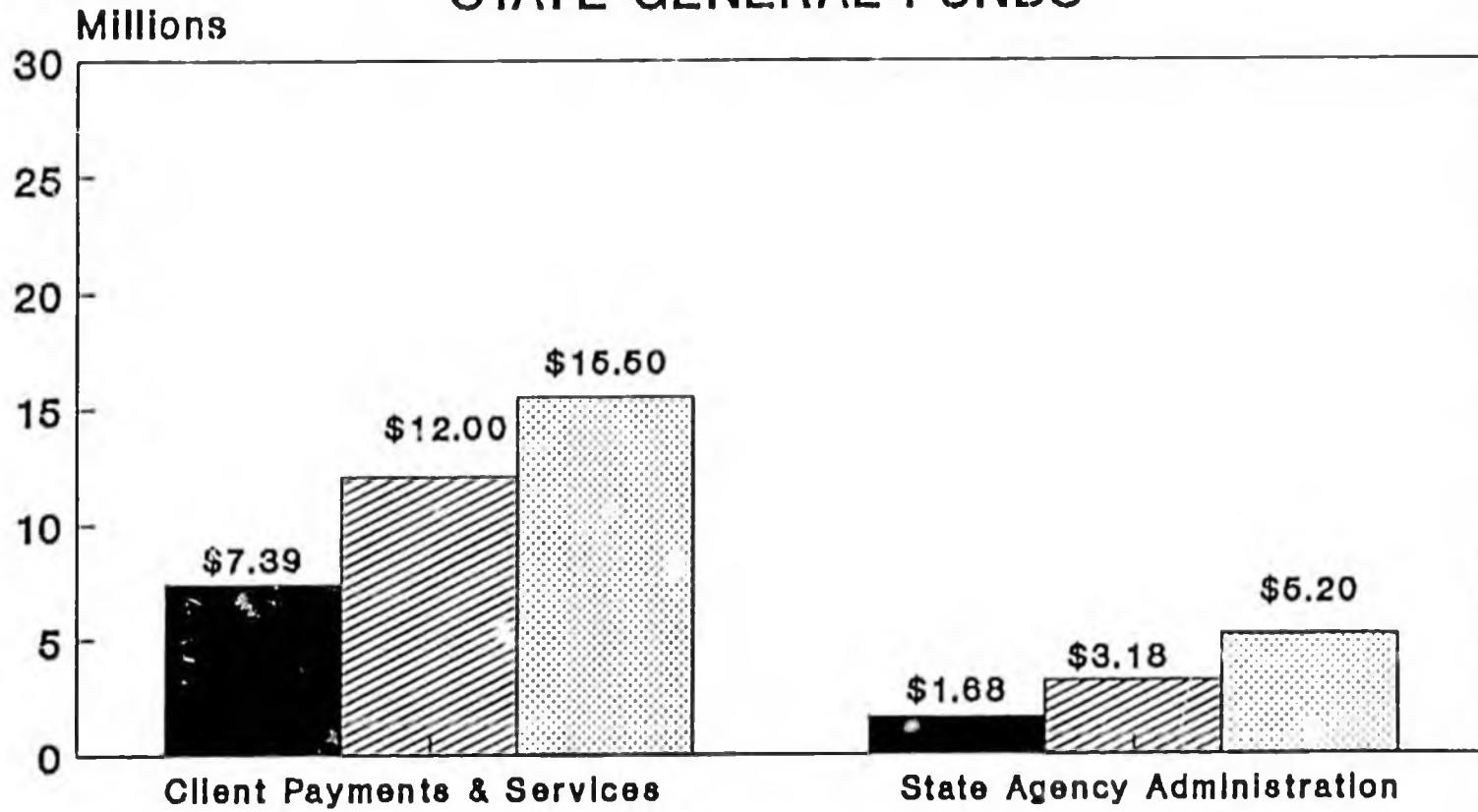
**BUDGET II**  
\$26.61

**BUDGET III**  
\$34.15

# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS TOTAL FUNDS



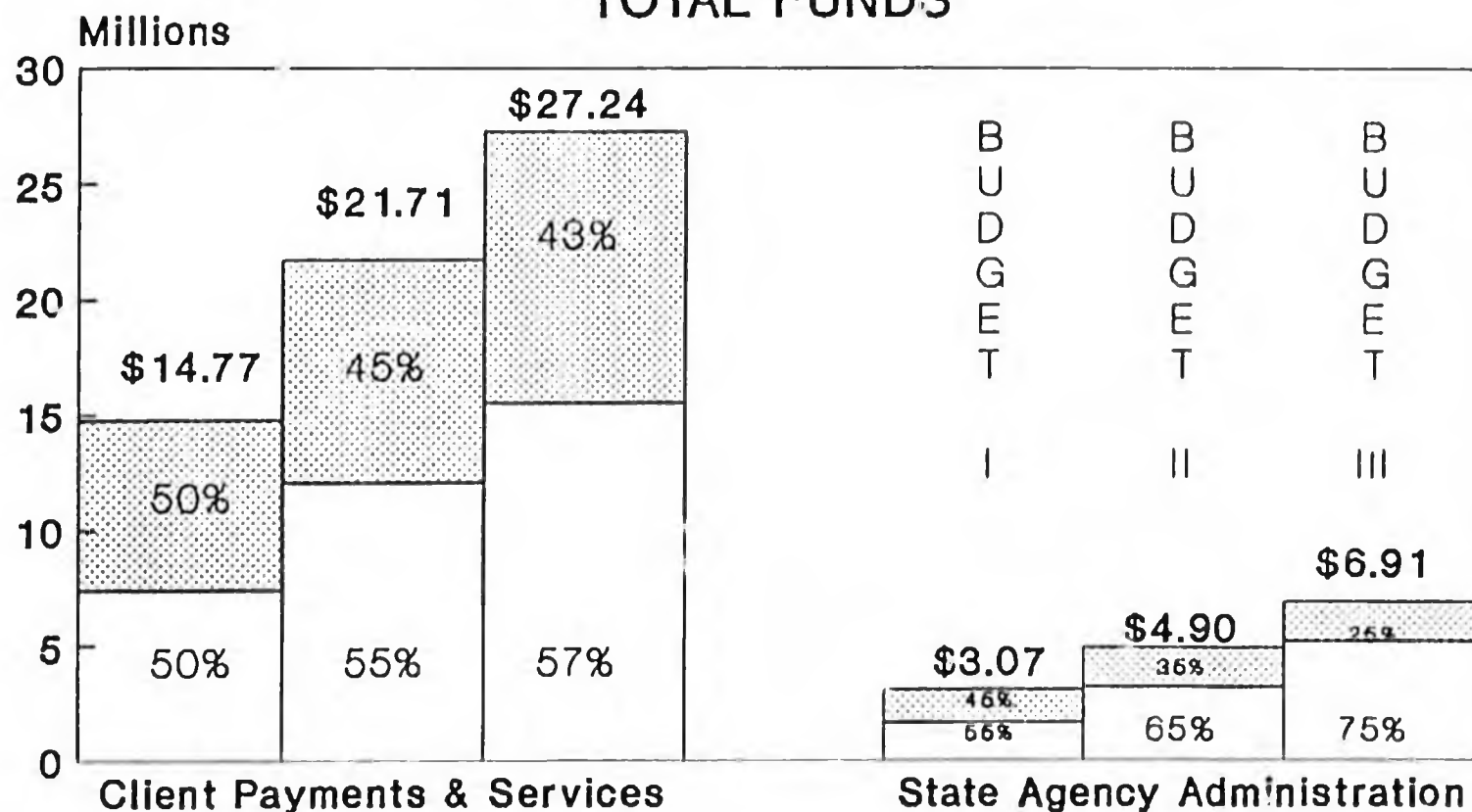
# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS STATE GENERAL FUNDS



BUDGET I	BUDGET II	BUDGET III
\$9.07 GF	\$15.18 GF	\$20.70 GF

# FY 1991 WELFARE REFORM BUDGET FAMILY SUPPORT ACT IMPLEMENTATION COSTS

## TOTAL FUNDS



□ State General Fund

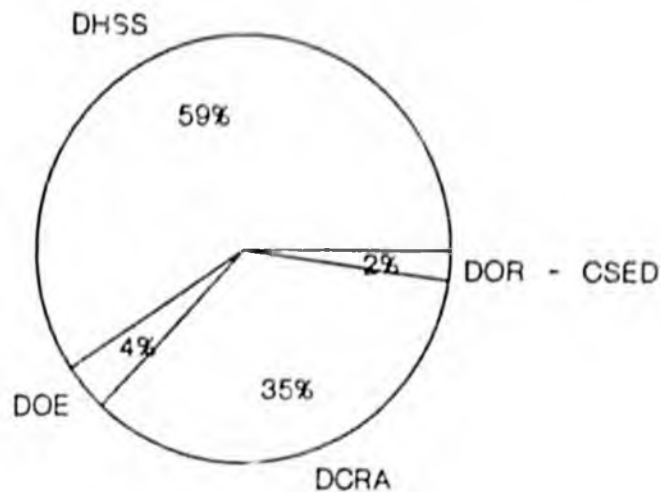
▨ Federal Funds

BUDGET I  
\$17.84

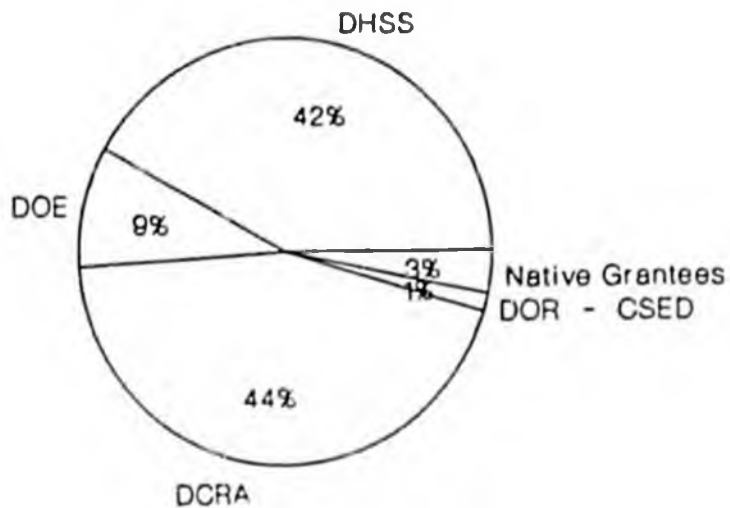
BUDGET II  
\$26.61

BUDGET III  
\$34.15

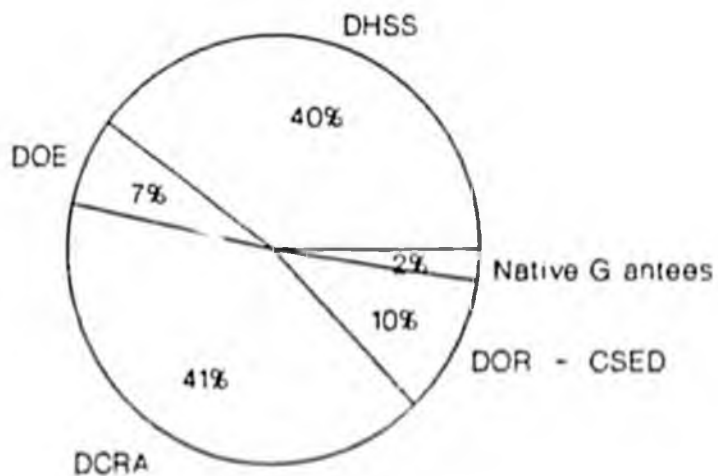
**FY 1991 WELFARE REFORM BUDGET  
FAMILY SUPPORT ACT IMPLEMENTATION COSTS  
BY ADMINISTERING DEPARTMENT  
BUDGET I \$9.07 GF**



**BUDGET II \$15.18**



**BUDGET III \$20.70 GF**



FY 1991  
FAMILY SUPPORT ACT IMPLEMENTATION COSTS

ENTITLEMENTS	DEPT/S	BUDGET I (S's in thousands)				BUDGET II (S's in thousands)				BUDGET III (S's in thousands)				Recommendation
		# Families per Month	State Cf	FED	TOTAL	# Families per Month	State Cf	FED	TOTAL	# Families per Month	State Cf	FED	TOTAL	
1. UP Cash Benefits	DHSS	623	51,952.2	52,315.2	54,267.4	623	51,952.2	52,315.2	54,267.4	623	51,952.2	52,315.2	54,267.4	1 C
2. Transition & UP Medicaid	DHSS	1,065	2,076.2	2,485.2	4,561.4	1,065	2,076.2	2,485.2	4,561.4	1,065	2,076.2	2,485.2	4,561.4	27 C
3. Transitional Child Care	DCRA/DHSS	442	875.8	875.8	1,751.6	442	875.8	875.8	1,751.6	442	875.8	875.8	1,751.6	18 26C
4. JOBS Child Care	DCRA/DHSS	1,000	999.4	999.4	1,998.8	2,323	2,347.7	2,347.7	4,695.4	3,430	3,644.4	3,644.4	7,288.8	18 26C
Subtotal		2,065	5,903.6	6,675.6	12,579.2	3,388	7,251.9	8,023.9	15,275.8	4,495	8,548.6	9,320.6	17,869.2	
Entitlement Administration		8,865				8,865				8,865				
5. DPA Eligibility	DHSS		392.2	308.2	700.4		737.9	574.8	1,312.7		737.9	574.8	1,312.7	
6. DCAP Eligibility/Mgmt	DCRA/DHSS		168.9	168.9	337.8		192.0	192.0	384.0		192.0	192.0	384.0	
7. DCAP Child Care Accounting	DCRA/DHSS		26.0	23.1	49.1		26.0	23.1	49.1		26.0	23.1	49.1	
8. Manpower Staff	DHSS		15.8	11.0	26.8		15.8	11.0	26.8		15.8	11.0	26.8	C
9. Local Administration	DCRA/DHSS		187.5	187.5	375.0		404.4	404.4	808.8		452.0	452.0	904.0	C
10. Authorized Care/ISR	DCRA/DHSS		170.0	170.0	340.0		406.8	199.1	605.9		406.8	199.1	605.9	12 C
Subtotal			960.4	868.7	1,829.1		1,782.9	1,404.4	3,187.3		1,830.5	1,452.0	3,282.5	
<b>TOTAL AFDC &amp; CHILD CARE ENTITLEMENTS</b>			<b>6,864.0</b>	<b>7,544.3</b>	<b>14,408.3</b>		<b>9,034.8</b>	<b>9,428.3</b>	<b>18,463.1</b>		<b>10,379.1</b>	<b>10,772.6</b>	<b>21,151.7</b>	
<b>CHILD SUPPORT ENFORCEMENT</b>		30,000 families												
11. Asset Obligors Modify	DOR		172.5	334.8	507.3		172.5	334.8	507.3		172.5	334.8	507.3	43
12. Child Access Demo Project	DOR		0.0	0.0	0.0		0.0	0.0	0.0		25.0	225.0	250.0	32 C
13. Paternity Est. Info Campaign	DHSS/DCED		0.0	0.0	0.0		0.0	0.0	0.0		34.6	35.7	70.3	33
14. Pay Family Arrearages First	DOR		0.0	0.0	0.0		0.0	0.0	0.0		1,675.7	0.0	1,675.7	35 C
15. Employer/Wage Withhold Campaign	DCED		34.0	66.0	100.0		34.0	66.0	100.0		34.0	66.0	100.0	42
16. Establish Rev. Commission	DOR		0.0	0.0	0.0		0.0	0.0	0.0		21.6	0.0	21.6	45
17. Cost of Raising Kids Study	DOR		0.0	0.0	0.0		0.0	0.0	0.0		200.0	0.0	200.0	46 C
<b>TOTAL CHILD SUPPORT ENFORCEMENT</b>			<b>206.5</b>	<b>400.8</b>	<b>607.3</b>		<b>206.5</b>	<b>400.8</b>	<b>607.3</b>		<b>2,163.4</b>	<b>661.5</b>	<b>2,824.9</b>	
<b>START UP/DATA PROCESSING</b>														
18. Outreach/Evaluation/Reporting	DHSS	2,065	21.7	21.7	43.4	3,388	86.1	86.1	172.2	4,495	86.1	86.1	172.2	49
19. Integrate Computer Systems														52
20. JAS/EIS Expansion	DHSS		419.9	97.3	517.2		517.2	0.0	517.2		419.9	97.3	517.2	52 C
21. DCRA Child Care Computer	DCRA/DHSS		154.0	154.0	308.0		195.0	195.0	390.0		154.0	154.0	308.0	52
22. JIPA/EIS Inertie	DCRA/DHSS		75.0	75.0	150.0		75.0	75.0	150.0		75.0	75.0	150.0	52
23. DCRA Data System Integration	DCRA/DHSS		36.0	36.1	72.1		36.0	36.1	72.1		36.0	36.1	72.1	52
24. Statewide Inertie (DOE/DOU)	DHSS		50.0	50.0	100.0		50.0	50.0	100.0		50.0	50.0	100.0	52 C
<b>TOTAL START UP/DATA PROCESSING</b>			<b>756.6</b>	<b>434.1</b>	<b>1,190.7</b>		<b>959.3</b>	<b>442.2</b>	<b>1,401.5</b>		<b>821.0</b>	<b>498.5</b>	<b>1,319.5</b>	
<b>Page 1 Totals</b>			<b>7,827.1</b>	<b>8,379.2</b>	<b>16,206.3</b>		<b>10,200.6</b>	<b>10,271.3</b>	<b>20,471.9</b>		<b>13,363.5</b>	<b>11,932.6</b>	<b>25,296.1</b>	

C = funds are contract or grant funds going directly to citizens or community groups.

DEPT/S	BUDGET I (S's in thousands)				BUDGET II (S's in thousands)				BUDGET III (S's in thousands)				Recommendation #	
	# Families per Month	State GF	FED	TOTAL	# Families per Month	State GF	FED	TOTAL	# Families per Month	State GF	FED	TOTAL		
<b>CHILD CARE ENHANCEMENT</b>														
25. Child Care Licensing	DHSS	2,428	126.0	10.6	136.6	4,287	259.5	10.6	270.1	5,587	259.5	10.6	270.1	23
26. Head Start Demos	DCRA	0	0.0	0.0	0.0	40	306.0	54.0	360.0	40	306.0	54.0	360.0	20 C
27. True Cost of Care FSA **	DCRA	2,428	0.0	0.0	0.0	4,287	820.8	820.8	1,641.6	5,587	1,177.4	1,177.4	2,354.7	21 C
28. Guarantee FSA Clients in DCAP	DCRA	66	0.0	0.0	0.0	66	346.7	0.0	346.7	66	346.7	0.0	346.7	24 C
<b>TOTAL CHILD CARE ENHANCEMENT</b>			<u>126.0</u>	<u>10.6</u>	<u>136.6</u>		<u>1,733.0</u>	<u>885.4</u>	<u>2,618.4</u>		<u>2,089.6</u>	<u>1,242.0</u>	<u>3,331.5</u>	
<b>JOBS</b>														
29. JOBS Staff Case Mgrs	DHSS/DOL	747	168.6	190.4	359.0	1,246	230.4	128.6	359.0	1,246	230.4	128.6	359.0	15
30. Young Parents Support	DHSS/DOE	50	180.0	30.0	210.0	100	532.0	0.0	532.0	100	532.0	0.0	532.0	7 C
31. Substance Abuse Case Mgrs	DHSS	25	27.6	27.6	55.2	75	116.4	27.6	144.0	75	116.4	27.6	144.0	15 C
32. State JOBS/UP Sup Services	DHSS/DOL	747	131.2	131.2	262.4	1,246	213.6	121.2	334.8	1,246	213.6	121.2	334.8	15 C
33. One Emp. Plan (JTPA/FSA)	DCRA	450	69.0	0.0	69.0	525	69.0	0.0	69.0	525	69.0	0.0	69.0	16
34. Local JTPA Coordin.	DCRA	450	150.0	0.0	150.0	525	150.0	0.0	150.0	525	150.0	0.0	150.0	16 C
35. JTPA Accounting	DCRA	450	38.5	0.0	38.5	525	38.5	0.0	38.5	525	38.5	0.0	38.5	16
36. Increase ABE	DHSS/DOE	300	150.0	0.0	150.0	300	150.0	0.0	150.0	300	150.0	0.0	150.0	11 C
37. Entrepreneur Training	DHSS/DOE	0	0.0	0.0	0.0	20	150.0	0.0	150.0	20	150.0	0.0	150.0	11
38. Vocational Ed (JTPA)	DCRA	100	200.0	0.0	200.0	225	450.0	0.0	450.0	225	450.0	0.0	450.0	11
39. Voc Ed (AVTEC)	DHSS/DOE	0	0.0	0.0	0.0	30	328.0	0.0	328.0	30	328.0	0.0	328.0	11
40. Parenting Education	DHSS/DOE	0	0.0	0.0	0.0	2,008	218.0	0.0	218.0	2,008	218.0	0.0	218.0	19 C
41. UP Work Projects Coordination	DHSS/DOL	0	0.0	0.0	0.0	400	100.0	0.0	100.0	400	100.0	0.0	100.0	9
42. Native UP Work Projects	DHSS/Native	0	0.0	0.0	0.0	300	500.0	0.0	500.0	300	500.0	0.0	500.0	9
43. Serve Volunteers		0	0.0	0.0	0.0	199 Non-Add	3,696.2	1,463.4	5,159.6	3,430	2,000.0	0.0	2,000.0	8
<b>TOTAL JOBS (without child care)</b>		<u>747</u>	<u>1,114.9</u>	<u>379.2</u>	<u>1,494.1</u>		<u>3,245.9</u>	<u>277.4</u>	<u>3,523.3</u>		<u>5,245.9</u>	<u>277.4</u>	<u>5,523.3</u>	
<b>TOTAL FY 91 WELFARE REFORM</b>			<u>\$9,068.0</u>	<u>\$8,769.0</u>	<u>\$17,837.0</u>		<u>\$15,179.5</u>	<u>\$11,434.1</u>	<u>\$26,613.6</u>		<u>\$20,699.0</u>	<u>\$13,452.0</u>	<u>\$34,150.9</u>	

Administered By:														
DHSS	8,865	5,381.4	5,648.4	11,029.8	8,865	6,355.3	5,810.3	12,165.6	8,865	8,258.0	5,907.6	14,165.6		
DOE	325	330.0	30.0	360.0	400	1,378.0	0.0	1,378.0	400	1,378.0	0.0	1,378.0		
DCRA	1,548	3,150.1	2,689.8	5,839.9	1,548	6,739.7	5,223.0	11,962.7	1,548	8,399.6	6,882.9	15,282.4		
DOR - CSED	30,000	206.5	400.8	607.3	30,000	206.5	400.8	607.3	30,000	2,163.4	661.5	2,824.9		
NATIVE GRANTEEES	0	0.0	0.0	0.0	0	500.0	0.0	500.0	0	500.0	0.0	500.0		
		<u>\$9,068.0</u>	<u>\$8,769.0</u>	<u>\$17,837.0</u>		<u>\$15,179.5</u>	<u>\$11,434.1</u>	<u>\$26,613.6</u>		<u>\$20,699.0</u>	<u>\$13,452.0</u>	<u>\$34,150.9</u>		
Client Payments and Services		7,385.6	7,380.2	14,765.8		11,999.6	9,712.0	21,711.6		15,503.8	11,735.2	27,239.0		
State Agency Administration		1,682.4	1,388.8	3,071.2		3,179.9	1,722.1	4,902.0		5,195.1	1,716.8	6,911.9		
		<u>\$9,068.0</u>	<u>\$8,769.0</u>	<u>\$17,837.0</u>		<u>\$15,179.5</u>	<u>\$11,434.1</u>	<u>\$26,613.6</u>		<u>\$20,699.0</u>	<u>\$13,452.0</u>	<u>\$34,150.9</u>		

\*\* These costs are for FSA care only and do not include increases in DCAP payment rates for existing caseload.

C = Funds are contract or grant funds going directly to citizens or community groups.

Line Notes for  
FY 91 Cost Estimates  
Family Support Act Implementation  
(See corresponding Lines on cost estimate summary sheets).

#### ENTITLEMENTS

1. UP cash benefits for new caseload, building up to an average of 823 families per month, with cash grants averaging \$897/month x 9 months for FY 91 (12 months in FY 91). Must begin October 1, 1990.
2. Medicaid benefits for 623 UP families x 9 months and 442 Transition Benefit families x 12 months. Must begin April 1, 1990.
3. Assumes a gradual build up of cases to 383 regular AFDC families with 1.6 children each at a 70% child care usage for 12 months; and 59 UP families with 2.4 children each and a 50% child care usage for six months. Average payment per family is \$330 per month, which is shared 50/50 between State and Feds. Assumes clients pay share according to sliding scale. Must begin April 1, 1990.
4. Total eligible JOBS clients statewide are estimated at 10,800. Budget I assumes State and Native JOBS programs serve a combined average of 1,000 clients monthly; combined programs serve 2323 and 3430 in Budgets II and III respectively. Average direct cost per client is \$225 per month. Assumes 1.3 children per JOBS family, 50% of whom need care; 50% of that need full time care. The fewer number of children per family reflect that JOBS will target teenage and young parents. Rates used are slightly higher than for Transition Benefits to reflect higher numbers of infants and toddlers. Must begin October 1, 1990.

#### Entitlement Administration

5. Current public assistance staffing levels are too low for the 8865 clients/month AFDC will serve in FY 1991. Clients now wait up to two weeks for an appointment. Quality control errors are moving out of acceptable range because workers' caseloads are unmanageably high (200-300 per worker). To implement the new welfare reform programs staff must first be able to handle existing caseload; then increased further to bring on new UP and Transition Benefit entitlements. This funds 21 positions to help bring caseloads closer to the national standard. New entitlements must begin April 1 and October 1, 1990.
- 6&7. FSA child care almost doubles DCRA's child care program; five child care staff and one Admin. Services clerk are needed to administer funds. Must begin April 1, 1990.
8. Maniilaq Association contracts with DHSS to provide eligibility services in the NANA region. This increases staff support to implement new welfare reform programs.
9. Ten percent of direct child care payments, paid to local contractors who work with child care centers and family home providers. This is an alternative to hiring state workers to directly administer funds to clients.
10. Contract funds to local information and referral organizations to work directly with clients and child care providers, providing parent training in child care selection, brokering services, and monitoring. No state agency fills this function, and the new Authorized Care requires parent training in child care selection. Anticipate contracts in Anchorage, Fairbanks, Juneau and Bethel.

#### CHILD SUPPORT ENFORCEMENT

11. As part two of a three year program to phase in federal welfare reform requirements, this funds six of 12 new Child Support Enforcement Division positions to build a modification and audit team, and a \$70,000 RSA with Department of Law for increase in contested modification case work. Most provisions must be in place by October - November 1990.
12. The Task Force recommends that Alaska seek a federal grant to operate a child access demonstration project to illustrate the relationship between child support payments and access for visitation rights. Federal grants usually require some level of state participation. Budgets I and II assume that existing funding will accommodate any demonstration project or that additional funds will be sought at a later date. Budget III would add state and federal funds for this purpose. The Task Force further recommends that if the federal government does not fund the project, the State should. In that case the State's portion of this could be the full \$250,000.
13. Budgets I and II assume that the cost of informing clients about new paternity establishment requirements will be borne by existing funding. Budget III specifically adds \$3,500 for a brochure about paternity establishment programs and \$66,800 for the Bureau of Vital Statistics to obtain SSNs from parents before issuing birth certificates.

14. The Task Force recommends that after a family leaves AFDC, CSED should distribute amounts collected for arrearages first to the obligee for arrearage incurred after leaving AFDC; second to the State to reimburse AFDC payments; and then to the obligee for arrearage which accrued before AFDC began. Currently the State is repaid first. CSED estimates this will reduce AFDC program income by \$1.6 million, which is collected by CSED and transferred to AFDC.
15. To educate employers and public about need to institute immediate wage withholding for child support payments, CSED plans to hold ten community workshops and develop a brochure.
16. The Task Force recommends establishing a Child Support Guideline Review Commission. This line funds quarterly travel costs for four of the Commission members, and \$10,000 for part time staff support.
17. The Task Force recommends that the State commission a study to identify the cost of raising children in Alaska, to assist in establishing child support payment guidelines. Based on the experience of other states who have completed this type of study, CSED estimates that it will cost between \$200,000 and \$1 million.

#### START UP/DATA PROCESSING

18. The law makes specific requirements about notifying clients and the public of available benefits for four new programs; reporting information to the federal government; and evaluating the results of welfare reform. Budget I funds mailings to clients. Budgets II and III primarily increase the evaluation components of welfare reform. DPA will use existing Welfare Reform research analyst to develop welfare reform evaluation tools from in-house reports. \$60,000 is contract funding for independent evaluation of the impact of new programs on Alaska's AFDC programs and the economy.
- 19.-24. To provide coordinated service to clients and to capture adequate information for reporting and evaluation purposes, various agency databases be integrated and interactive. The following line items will accomplish the first steps toward an integrated management information system.
20. Programming costs, both contract and in-house, to complete required automated Jobs Automated Subsystem (JAS) interface with AFDC's EIS.
21. Existing child care system is not automated, but must be fully incorporated into welfare reform reporting and evaluation. This line funds one-time contract programming costs and minimal hardware needed to coordinate state/federal DCRA/DPA programs and requirements.
22. Programming costs to interface JTPA's client monitoring database with JOBS Automated System (JAS) to provide ongoing service base to clients, and obtain reporting data.
23. One DCRA position to facilitate the child care and JTPA automation and integration with DHSS.
24. Consulting services to propose a design and cost estimate for interfacing client tracking databases located in Departments of Education, Labor, CRA, HSS, which all deal with the same individuals.

#### CHILD CARE ENHANCEMENT

25. FSA requirements for guaranteed child care will increase the demand for quality child care. This line provides contract funds for local organizations to conduct surveys for licensing family homes for three or more children. Budgets II and III license more homes than Budget I, and fund a Central office position to coordinate the statewide implementation of Authorized Care and administer licensing contracts. They would also fund a consumer education video presentation about how to select good child care and video tapes for Caregiver Education to be circulated to Authorized Care providers, to help ensure that this unlicensed form of child care is safe. Federal share is not available for recruiting child care providers or licensing activities. A small federal grant (\$10,000 - \$20,000) is available on formula basis for this purpose.
26. The Act mandates coordination with Head Start and encourages pilot projects. Budgets II and III would fund two urban and two rural full day Head Start demonstration projects with 10 children each at \$9,000 per child for a nine month program. Federal share is available for 75% of child care market rates. Head Start can be the alternative to center care in villages without centers, and is a child development model with great history of success.
27. Increases child care costs to reflect anticipated rate increases. Applies 20% increase to Transition Benefits costs; 20% to half JOBS day care; 35% to other half. This reflects high number of infants and toddlers in JOBS families.
28. 15% of Transition Benefits payments, to ensure DCAP space at end of FSA transition year. Because Transition Benefits begin April 1, 1990 and last for 12 months, clients will not be moving off FSA to DCAP until May, 1, 1991. This line takes one CALENDAR quarter of Transition Benefits payments and discounts that amount for families who will leave the program before the 12 months.

## JOBS

29. The Act and the Task Force suggest that JOBS will be more successful using a case management structure. This will line reduce the case/worker ratio and increase the need for staff. Adding 8 1/2 positions to allow offices to serve 94% of population with average caseloads of 75 clients.
30. The Act and Task Force both target teenage parents as top priority for JOBS. This means changes in existing work and education programs. DHSS will RSA most of this line to DOE for a pilot project administered in partnership with a school district and the community, with the goal of ensuring that these parents finish high school.
31. Contract funds for case management during treatment phase for chemically-dependent JOBS clients. \$240/month per client x 8 months.
32. The Act requires states to provide supportive services such as bus fare, haircuts, remedial medical and dental, work clothing, books, etc. to clients to enable them to look for and/or accept employment or training opportunities. The amount per client will vary dramatically according to need.
34. Contract funds for one FSA coordinator at each of three JTPA SDA sites to ensure adequate coordination between programs. FSA increases JTPA involvement with AFDC clients significantly.
35. One Accounting Clerk in DCRA Admin. Services to process additional work for FSA referrals.
36. Ensure immediate ABE services to 300 urban JOBS clients at \$500 each.
37. Entrepreneur training provided through DOE and UAA to serve 20 clients per month, selected as appropriate for intensive support while developing a business. \$25,000 for 5 grants to potential entrepreneurs for start up costs.
38. JTFA's current funding levels can absorb 350 clients; this funds vocational training for an additional 100 clients.
39. Seward Skills Center has trouble serving AFDC families because of shortage of appropriate housing. This provides lease funds for housing, and additional counseling support at the Skills Center.
40. 25% of all AFDC clients statewide \$200 @ for 5-evening parenting course; includes transportation & child care. Parent Training is not required by the Act, but is critical to successful transition into the workforce. Task Force recommends that parenting training eventually be available to all AFDC clients.
41. One coordinator, travel, conference funds to develop UP work program pilot projects in State and Native programs. Sound work programs have direct relationship to the cost of UP cash benefits. Alaska currently has no work projects for UP clients.
42. Grant funds for up to three grants to Native grantees to develop UP work projects. Native grantees must administer JOBS and work projects for all Alaska Native Participants, yet the State is not required to share in their funding. UP caseload is 50% Native. 40% of the caseload must be participating in a work project by 1993.
43. Budget I assumes minimal client capacity of 747 non-Native JOBS clients, which should meet minimal federal requirements. Budget II reflects additional JOBS capacity for approximately 500 volunteers, and excluding child care, costs approximately \$2 million more than Budget I JOBS. However, this includes some base costs which need not be replicated. Thus to increase by another 1000 volunteers in Budget III DHSS estimates an additional \$2 million would be required. Budget III serves 2426 non-Native JOBS clients, which is slightly more than 25% of total eligible.

## 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 FY91 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.

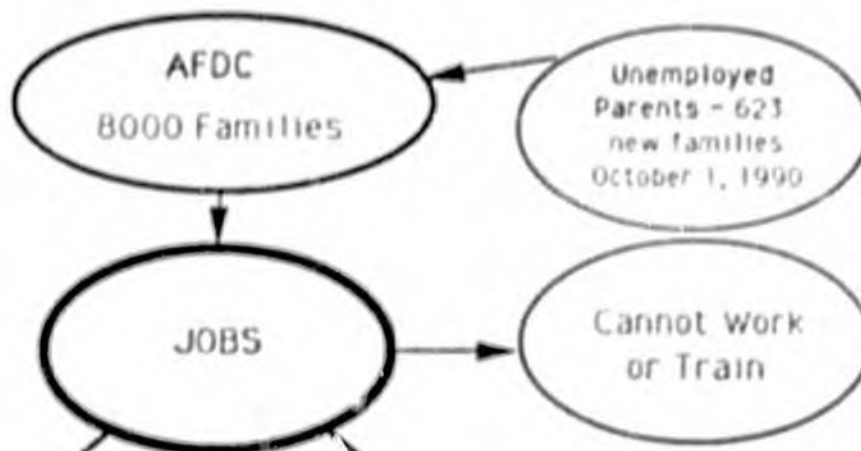
Obtain Social Security Numbers of both parents before Birth Certificate is issued.

**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

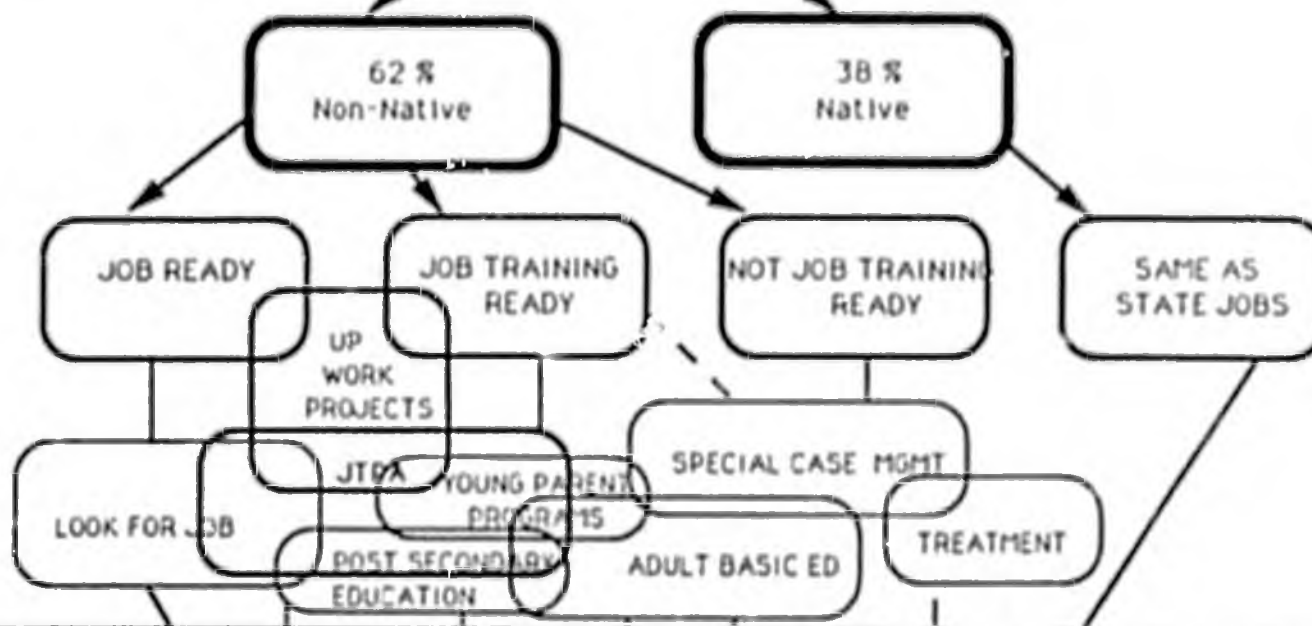


BENEFITS



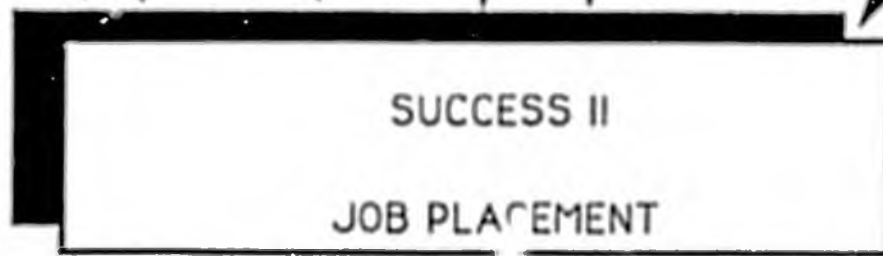
JOBS

October 1, 1990



TRANSITION BENEFITS

April 1, 1990



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

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 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 eligibilit 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; and providing for an effective date."

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

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

24 (b) The legislature also finds that persons who receive aid to fam-  
25 ilies with dependent children (AFDC) could decrease their dependence on the  
26 federal and state welfare systems if they were provided with opportunities  
27 for education and training that would facilitate their participation as  
28 paid workers in the nation's economy. Therefore, in order to provide these  
29 opportunities and to comply with federal law, this Act establishes a JOBS