

Issues Concerning A Children's Trust Fund for Hawaii

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FOREWORD

This report has been prepared in response to Senate Concurrent Resolution No. 244, S.D.1 (1992), which requests the Legislative Reference Bureau (LRB) to study whether a Children's Trust Fund (CTF) should be established in Hawaii and, if established, to determine an appropriate structure, funding mechanism, and placement for the CTF.

This report would not have been possible without the assistance of many individuals who contributed their time for interviews, resource materials, and expertise on child abuse both nationally and in Hawaii. The Bureau would like to extend its appreciation to the many departments, offices, and programs that responded to the inquiries of the researchers as the information to complete this report was gathered.

Samuel B. K. Chang
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EXECUTIVE SUMMARY

A Children's Trust Fund is a mechanism designed to provide stable funding, regardless of need, for child abuse and neglect prevention programs.

Hawaii will find itself ineligible for one source of federal funding, Federal Prevention Grants, as of 1993 because it lacks a Children's Trust Fund. Aside from the issue of whether or not a Children's Trust Fund should be created is the means by which the Fund should be funded. To secure future Federal Prevention Grants Hawaii must do two things at a minimum:

- (1) Establish a Hawaii Children's Trust Fund; and
- (2) Appropriate money for child abuse and neglect prevention programs through the Children's Trust Fund.

Funding for a Children's Trust Fund could also come from sources other than state appropriations, such as tax check-offs; surcharges on birth, marriage and death certificates or court actions; developing a commercial enterprise partnership with a private entity; or through the sale of heritage-type documents. With the possible exception of the private/public partnership, none of the methods reviewed by this study for designating or "earmarking" revenues from specific sources appeared to be particularly appropriate to fund a Children's Trust Fund. None of the prospective sources of funds bore much of a linkage to child abuse and neglect programs--thereby indicating that general appropriations were a more appropriate source of funding. The creation of special funds reduces the Legislature's control over public spending to the detriment of the State's general fund and financial condition. In addition to complicating the State's fiscal structure, the methods of funding reviewed will also require the State to incur administrative costs. If the Legislature deems it appropriate to spend more public funds on child abuse and neglect programs, it can accomplish this in a more cost-effective manner by appropriating the funds directly.

Other states that have a Children's Trust Fund have experienced difficulty keeping administrative costs low. A ceiling should be established on the allowable administrative costs. The agency managing the Children's Trust Fund should be authorized to participate in a private/public partnership if overall administrative costs will be lowered.

Chapter 1

INTRODUCTION

The purpose of this report is to determine whether a Children's Trust Fund should be established and, if established, to determine an appropriate structure, placement, and funding mechanism for the establishment of a Children's Trust Fund for the State of Hawaii.¹ A Children's Trust Fund would establish a source of funds independent of a state agency for developing a private-public partnership for new programs benefitting children and youth. Examples of these programs are child abuse and neglect prevention, education on recognition of abuse, teen suicide, and pregnancy prevention.

This report responds to Senate Concurrent Resolution No. 244, S.D. 1, adopted during the 1992 Regular Session (see Appendix A). It has been prepared with data collected from agencies and organizations listed in the Concurrent Resolution, including various states' Children's Trust Funds. The report is intended to assist legislators in determining the important issues regarding the structure of a Children's Trust Fund. The report is intended to provide insights for decision making purposes only. It is not intended to provide the best solution to preventing child abuse.

Senate Concurrent Resolution No. 244, S.D. 1 (1992), requests the Legislative Reference Bureau to determine if establishing a Children's Trust Fund is necessary to maintain eligibility for Federal Prevention Grant funds (previously known as the Federal Challenge Grant), and to recommend appropriate management structures and funding sources.² Specifically, this report examines the following issues in answering the Legislature's request:

- (1) The necessity of establishing a Children's Trust Fund to maintain eligibility for Federal Prevention Grant money (previously known as "Federal Challenge Grant");
- (2) Children's Trust Funds from other states;
- (3) The views of representative agencies named in Senate Concurrent Resolution No. 244, S.D. 1 (1992);
- (4) A valid mechanism and an appropriate ongoing source of funds for new programs for children and youth;
- (5) A structure for Hawaii's Children's Trust Fund specifically for:
 - (A) Acceptance of private and public funds;

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- (B) An appropriate agency for administration;
 - (C) A mechanism to ensure community input;
 - (D) An endowment fund to ensure permanent funding; and
 - (E) Ensuring a partnership of the public and private sectors for prevention of child abuse and neglect;
- (6) A mechanism to ensure community input into the allocation of funds; and
 - (7) The scope of the programs which will be funded by the Hawaii Children's Trust Fund (i.e., for programs beyond the primary and secondary prevention of child abuse and neglect).

Methodology

Interviews were conducted by telephone, mail, and in person. Limited projections based on current federal policy and populations were made. Sources and assumptions are noted at the end of each section. Evaluation criteria for the placement, structure, and funding were based on the consensus opinion of agencies, and additional published information and practices that are used as benchmarks for performance in organizational theory and practice. The following methods were used in preparing this report:

- (1) The organizations specified in Senate Concurrent Resolution No. 244, S.D. 1 (1992), were contacted and appropriate representatives interviewed on the following issues:
 - (A) The Department of Health regarding prevention of child abuse and neglect, and the collection of fees from birth and death certificates and marriage licenses as potential funding sources;
 - (B) The Department of Human Services regarding child protection, child abuse treatment services, community-based family resource centers, and the JOBS program;
 - (C) The Office of Children and Youth regarding coordination of and advocacy on behalf of children and youth services;
 - (D) The Office of Youth Services regarding purchase of services and programs for youth at risk, including prevention programs;

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- (E) The Department of Education regarding primary prevention programs that contribute to the prevention of child abuse and neglect;
 - (F) The Department of Labor and Industrial Relations regarding programs to enhance employment opportunities for welfare families;
 - (G) The Department of Taxation regarding a tax checkoff as a potential funding source;
 - (H) The Judiciary regarding the collection of fees for divorce decrees and other court orders as potential funding sources;
 - (I) The Police Department of each county regarding the investigation of incidents of child abuse and neglect;
 - (J) The University of Hawaii regarding those colleges involved in education or research concerning child abuse and neglect (e.g., the School of Public Health, the Center for Youth Research, and the School of Nursing); and
 - (K) PREVENT Child Abuse Hawaii as the point of contact for organizations in the Hawaii Children's Trust Fund Coalition.
- (2) Other states' Children's Trust Funds with regard to structure, placement, administration, funding mechanisms, and appropriate issues were researched and reviewed.
 - (3) Program requirements were analyzed to determine the Children's Trust Fund's necessity in maintaining Federal Prevention Grant funding.
 - (4) Guidelines for an appropriate structure, placement, and funding mechanism for a Children's Trust Fund in Hawaii are included should the Legislature decide to establish the fund.³

Organization

Chapter 2 describes the Federal Prevention Grants, eligibility requirements, allotment formula, and Hawaii's current and future eligibility status for these funds. Maintaining access and eligibility for Federal Prevention Grant funds are listed in Senate Concurrent Resolution No. 244, S.D. 1, as reasons for establishing a Children's Trust Fund.

Chapter 3 describes the concept of the Children's Trust Fund, provides data on other states' trust funds, and illustrates a Children's Trust Fund model.

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Chapter 4 provides guidelines for establishing a Children's Trust Fund for funding programs for children and youth in Hawaii. Specifically, the structure, funding mechanisms, and placement are discussed in general and relative to Hawaii in this chapter.

Chapter 5 provides the views and opinions of agencies listed in Senate Concurrent Resolution No. 244, S.D. 1, on establishing a Children's Trust Fund in Hawaii.

Chapter 6 summarizes the findings and conclusions of this study. Appendices follow Chapter 6.

See Appendices B, F, and G for summary statistics on child abuse and neglect in Hawaii.

ENDNOTES

1. Senate Concurrent Resolution No. 244, S.D. 1, Sixteenth Legislature, Regular Session of 1992, State of Hawaii, pp. 3-4.
2. Ibid.
3. Ibid., pp. 5-6.

Chapter 2

FEDERAL PREVENTION GRANT MONEY

Federal Prevention Grants were established in the mid 1980's to fund state-level programs intended to prevent child abuse and neglect. The Federal Government's response to abuse and neglect originated with S. 1191, which was enacted as the Child Abuse Prevention and Treatment Act of 1973 (CAPTA).¹ The Federal agency that administers grant funds appropriated through CAPTA each year is the National Center on Child Abuse and Neglect (NCCAN) within the U.S. Department of Health and Human Services (DHHS). This agency is responsible for administering grant funds from four distinct acts of federal legislation for protection and treatment of children.

Of these four programs, only Federal Prevention Grants subsidize states' abuse prevention efforts with approximately five million dollars in grants annually. This grant program was originally called the Federal Challenge Grant but was amended and renamed (P.L. 100-294, enacted May 1992).²

Eligibility Requirements

Two requirements must be met to ensure that Hawaii continues to receive Federal Prevention Grant funds. The first requirement is to provide documentation that:³

...a trust fund and appropriations, including legislative provisions that make funding available specifically for a wide range of child abuse and neglect prevention programs was established and/or maintained during the previous fiscal year.

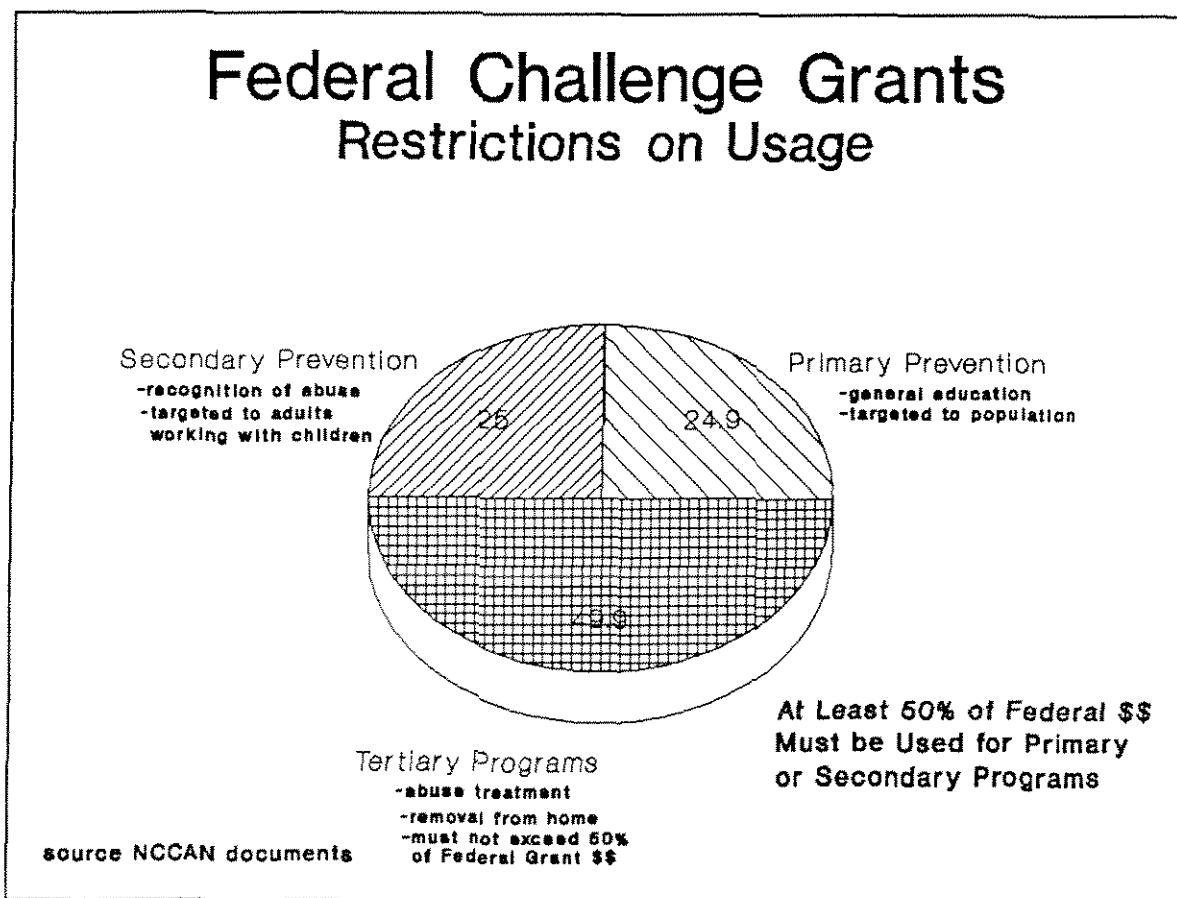
The Federal Prevention Grant application requires that states must legislate specific funds for the purpose of preventing child abuse and neglect. The application now requires a copy of the Children's Trust Fund legislation and records showing the total amount of the previous year's expenditures for child abuse and neglect prevention programs. The Child Abuse Prevention and Treatment Act, which authorizes the Federal Prevention Grants, now recognizes only a trust fund and state appropriations marked for child abuse prevention.⁴ These changes make Hawaii unlikely to receive future federal funds unless a Children's Trust Fund is established. The project officer for Prevention Grants at the National Center on Child Abuse and Neglect, the administering body for Prevention Grants, stated that the late date of the changed regulations in 1992 led to a relaxation of these requirements for fiscal year 1992.⁵

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The second requirement for eligibility is documentation of total funds collected or appropriated specifically for child abuse and neglect prevention activities during the previous fiscal year in the state. Additionally, the amendment (to P.L. 100-294) requires evidence identifying programs funded during the previous fiscal year by Federal Prevention Grant funds. These documents must include state accounting records showing revenues received and spent, and budget documents showing line items designated for child abuse and neglect prevention programs.⁶

The program instructions specify a restriction on the use of Federal Prevention Grants.⁷ The restriction is that at least half of the Federal Prevention Grant money must be spent on starting new child abuse and neglect prevention programs or for clearly definable expansions of existing programs which are not budgeted for in any departmental budget during the fiscal year. Precise documentation of Federal Prevention Grant expenditures must be maintained.

Figure 1



Hawaii's Eligibility for Federal Prevention Grant Money

Given the wording of the program instructions, Hawaii will be ineligible for Federal Prevention Grant money for one fiscal year after the establishment of a Children's Trust Fund. Given the time it will take to write and enact legislation to establish a fund, a Children's Trust Fund should not be considered a short-term solution to funding child abuse and neglect prevention programs. For planning purposes, the Federal Prevention Grant awarded in the fall of 1992 should be considered the last one Hawaii will receive until one year after a Children's Trust Fund is established.

The State of Hawaii has received Federal Challenge Grant funds ranging in amount from \$22,600 to \$84,000 for fiscal years in the period between 1985-1986 and 1991-1992. These grants averaged \$65,000. Hawaii's application for Federal Prevention Grant funds for fiscal year 1992-1993 is surprisingly high--\$262,000--almost five percent of the total authorized funds of \$5,367,000.

Hawaii risked losing this grant money because it lacked a trust fund or specific legislation marked for child abuse and neglect prevention programs. The project officer at the National Center on Child Abuse and Neglect warned that Hawaii's recent application was difficult to process and yet was given special consideration because of the visibility of the Healthy Start program. However, the National Center on Child Abuse and Neglect indicated that extraordinary efforts would not be made in the future to process Hawaii's application (or other states without a Children's Trust Fund). The project officer stated that establishing a Children's Trust Fund would be necessary to gain funding in the future.⁸ Additionally, 1993-1994 federal appropriations for Prevention Grants will be reduced by five to ten percent.⁹ Given the federal budget deficits and Congress' record of authorizing less than the President appropriated, one should not expect Federal Prevention Grants to increase in the near future.

Allotment Formula

Nationally, Federal Prevention Grants have averaged between \$102,000 and \$116,000 in recent years. In 1991, forty-seven states received Federal Challenge Grant money. The Federal Challenge Grant program was renamed the Federal Prevention Grant in 1992. For 1992 there is also a new allotment formula for granting awards. The Child Abuse Prevention and Treatment Act stipulates that federal funds will be awarded based on a state's population and its previous year's spending on child abuse prevention.

The formula stipulates that half of the total federal funds authorized will be distributed proportionately based on the number of children under the age of eighteen in each state; in fiscal year 1992-1993, total awards based on this amounted to \$2,683,500. The minimum amount that a state would receive would be \$30,000. Hawaii will receive \$35,000 in fiscal year 1992-1993 from this part of the formula.¹⁰

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The remaining fifty percent of the funding will be distributed in an amount less than or equal to twenty-five percent of the total funds collected by each state, specifically for child abuse and neglect prevention programs, during the previous fiscal year.¹¹ Hawaii will receive \$226,000 based on this part of the formula.

This amount (\$226,000) is less than six percent of Hawaii's expenditures shown in its Prevention Grant application (\$3,800,000). If federal funding for Prevention Grants is increased, Hawaii should expect its share to increase. The disbursement formula puts states in competition with each other to spend more on child abuse prevention. If Hawaii spends more relative to other states, Hawaii will receive larger grants--up to the maximum of twenty-five percent of the State's expenditures.

As an example, if Congress had authorized the full appropriation of \$45,000,000 Hawaii could have received \$950,000 exclusive of the population component given the current level of spending. Although the President-elect has promised to increase funding by 1996 for Healthy Start-type programs, Federal Prevention Grant funding should not be expected to increase substantially since only one-ninth of past appropriations have actually been distributed.¹²

ENDNOTES

1. U.S., Department of Health and Human Services Administration, U.S. Advisory Board on Child Abuse and Neglect, Creating Caring Communities: Blueprint for an Effective Federal Policy on Child Abuse and Neglect, September 15, 1991, pp. xi-xiii.
2. Ibid.
3. U.S., Department of Health and Human Services, National Center for Child Abuse and Neglect (NCCAN), Prevention Grant P.L. (100-294) Program Instructions, June 22, 1992, pp. 4-6.
4. Ibid., p. 6.
5. Telephone interview with Jean Di Loretto, Project Officer, Federal Prevention Grants, NCCAN, September 22, 1992.
6. NCCAN Program Instructions, p. 7.
7. Ibid., pp. 4-6.
8. Telephone interview with Jean Di Loretto, Project Officer, Federal Prevention Grants, NCCAN, October 16, 1992.
9. Ibid.
10. Ibid.
11. NCCAN Program Instructions, pp. 2-6.
12. Larry King, interview with Governor Clinton, CNN, October 28, 1992.

Chapter 3

CHILDREN'S TRUST FUNDS

The Children's Trust Fund (CTF) concept was developed by Ray Helfer, a pediatrician who helped found the National Committee for the Prevention of Child Abuse (NCPCA). Children's Trust Funds are trademarked products of the NCPCA that ensure a source of permanent funding for agencies it supports. These agencies create programs intended to reduce the number of abused children.¹ As of 1992, forty-seven states had Children's Trust Funds as defined by the National Center for Child Abuse and Neglect.² Three distinctive features of Children's Trust Funds as defined by the NCPCA are:

- (1) Funding which is distinct from the state general fund;
- (2) An administration that is clearly distinct from child protective services; and
- (3) Programs that are for prevention of child abuse and neglect rather than for protective services.

The scope of programs funded by a Children's Trust Fund varies among states. Programs are often designed to educate adults and children to recognize, prevent, and stop abusive behavior. Programs can be classified as prenatal, perinatal, child development, child care, coping with family stress, personal safety and sex abuse prevention training for children, training for latch key children, and education of adults for recognition of symptoms of child abuse and/or neglect.³ However, a number of states extend Children's Trust Fund program expenditures to include programs for the development of children and youth.

Various funding mechanisms for the Children's Trust Funds exist (see Appendix C). The most popular is an income tax checkoff, but others include surcharges on licenses and certificates (birth, death, and marriage), the sale of furniture made by prisoners (Washington), money collected on copyrighted material produced by the Children's Trust Fund (Connecticut), and heirloom birth certificates (Oregon). Some states have sunset provisions which discontinue state appropriations for a Children's Trust Fund when a predetermined dollar limit is met.⁴

The administrative costs for Children's Trust Funds vary widely. Arizona and California legislate a maximum proportion of revenues for administration (five percent and ten percent, respectively).⁵ Texas spends approximately seventeen percent of revenues on administration (\$204,000 in 1991) and has not specified a limit.⁶ During fiscal year 1991-1992, Massachusetts spent more on administrative operations (\$157,749) than on programs for children (\$148,293).⁷ Other states such as New York have little idea how much it costs to administer the fund because all management costs are borne by existing departments as services are needed.⁸ Annual expenditures from a Children's Trust Fund as a percentage of

the fund balance also varies from about twenty-five percent in South Carolina to up to fifty percent in Alabama.⁹

Reasons to Support a Children's Trust Fund

Reasons to support the establishment of a Children's Trust Fund as part of the effort to eradicate child abuse and neglect are:

- (1) To ensure a source of ongoing/permanent funding for private agencies in the face of potential budget cuts;
- (2) To provide a public/private partnership that creates a funding mechanism to collect and distribute private donations to programs for children and youth;
- (3) To maintain eligibility for Federal Prevention Grant funding;
- (4) Increased coordination of funding and administration of programs for children and youth; and
- (5) To demonstrate the State's commitment to programs for children and youth.

Reasons to Oppose a Children's Trust Fund

Reasons to oppose the establishment of a Children's Trust Fund in the effort to eradicate child abuse and neglect are:

- (1) A Children's Trust Fund is expensive to set up and maintain;
- (2) A Children's Trust Fund tends to subvert the appropriations process and reduce the Legislature's control of the budgeting process;
- (3) Costs of suggested Children's Trust Fund funding mechanisms (besides appropriations) may be greater than expected revenue;
- (4) It is unfair to tax non-parents and non-perpetrators of child abuse and neglect for a fund to prevent child abuse and neglect or to fund programs for children and youth;
- (5) Creating another agency does not ensure improved coordination of services for children and youth; and

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- (6) Concern that creating a self-perpetuating fund would tend to institutionalize prevention efforts while not eradicating the child abuse problem.

Children's Trust Funds from Other States

States do not explicitly follow the Children's Trust Fund model as established by the National Committee for the Prevention of Child Abuse. The Children's Trust Fund model is clearly distinguished from other special funds by these structural features:

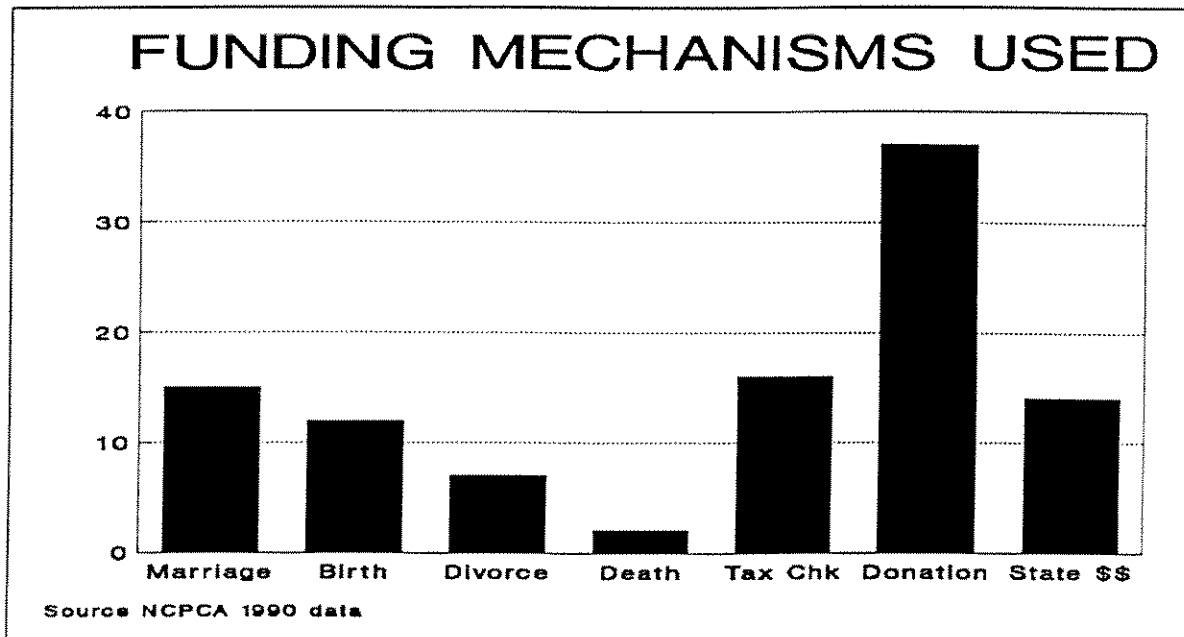
- (1) Funds are distinct from the state general fund and have been obtained by one or a combination of the following:
 - Surcharges on marriage licenses, birth and death certificates;
 - Special taxes or tax checkoff provisions on the state income tax form; and
 - State appropriations specifically for child abuse and neglect prevention.
- (2) Administration of the fund is:
 - Clearly distinct from child protective services; and
 - Through an advisory board which administers grants and includes private citizens concerned with programs for children and youth.
- (3) Children's Trust Fund money is used for programs for children and youth such as:
 - Programs for public education, information, and awareness;
 - Programs which encourage identification and reporting of children in need of protective services;
 - Programs developed to make information available through child advocacy groups; and
 - Programs for community based support groups.

Sources of Funding

The amount of money raised annually by different states ranges from \$25,000 to \$4,500,000. Multiple sources of funding are used by most states to fund their Children's Trust Funds.

- Less than one-third of states with Children's Trust Funds surcharge marriage licenses,
- One-quarter surcharge birth certificates, one-sixth surcharge divorce filings,
- Two states surcharge death certificates,
- One-third use tax checkoffs,
- Three-quarters accept private funding,
- Less than one-third appropriated money specifically for child abuse and neglect prevention, and
- Three states sell heirloom birth certificates.

Figure 2



Donation = Private Donations

State \$\$ = State Appropriations

Administration of the Children's Trust Fund

While every state with a Children's Trust Fund uses either an advisory board or a council various organizations assume administrative responsibilities:

- Two-thirds of the states give administrative responsibilities of the Children's Trust Fund to a human/social services department.
- One-sixth of the states have an autonomous agency within the state system.
- One state (South Carolina) contracts a private agency to administer the Children's Trust Fund.

The remaining states administer the Children's Trust Fund through one of the following state offices: Governor's Office, Criminal Justice, Education, Management and Budget, Attorney General, Department of Health, or a state university.

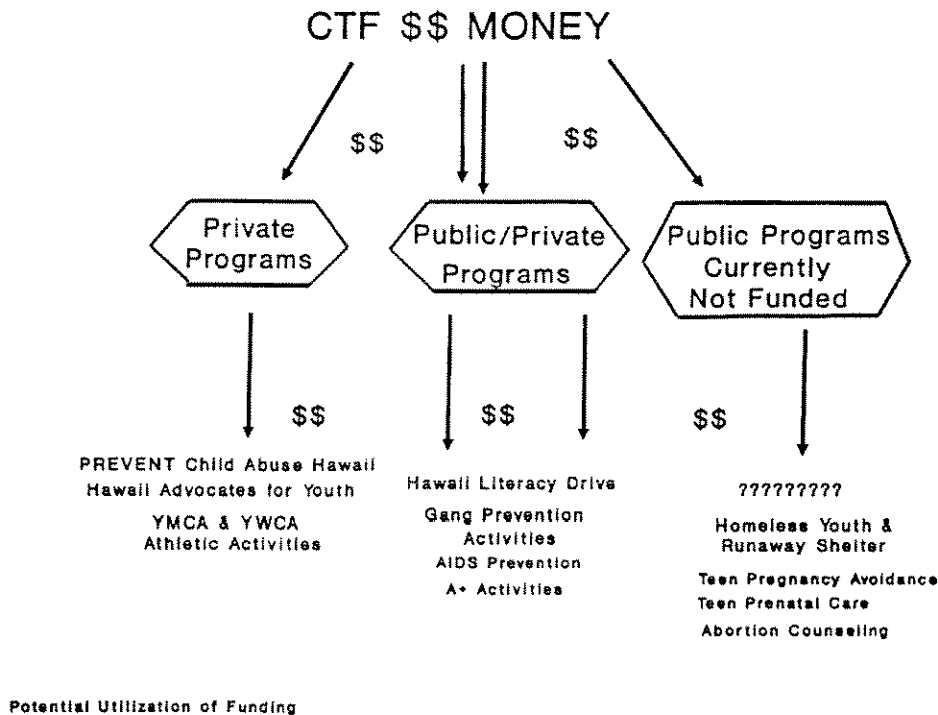
Scope of Expenditures from a Children's Trust Fund

Some states limit the Children's Trust Fund to child abuse and neglect prevention programs, while other states fund counseling and educational services on domestic violence (e.g., spouse abuse and family counseling). Some use the Children's Trust Fund resources for research on child abuse and neglect in addition to prevention programs. Other programs deal with women victims' advocacy, mental health task forces on family violence, multi-disciplinary teams, and after school supervision for abused, neglected, and/or latch key children.

It should be noted that although Children's Trust Funds may sponsor a variety of programs there are some inherent restrictions. One of these restrictions is that at least fifty percent of Federal Prevention Grant money must be spent on primary and secondary child abuse and neglect prevention programs. Additionally, in order to maintain eligibility for Federal Prevention Grants, state legislative appropriations must be made to the Children's Trust Fund specifically for abuse and neglect prevention programs. These funds must be spent, as specified in legislation, on prevention programs.

The remaining funds from a Children's Trust Fund may be spent on programs for children and youth development. These programs can be directed at broader issues: teen suicide, pregnancy avoidance, runaways, and educational programs on drug abuse.

Figure 3



Typical Children's Trust Fund

A typical Children's Trust Fund has three or four sources of funding, including state appropriations, a tax checkoff, and at least one surcharge. It is advised by a community board with appointees designated by the governor. The advisory board meets three or four times a year to review proposals for community-based programs. The advisory board categorizes programs into five areas:¹⁰

- (1) General community education: to increase communities' awareness of children and youth;
- (2) Prevention programs for parents: to increase parents' abilities to raise their children effectively. An example is Hawaii's Healthy Start Program;
- (3) Prevention programs for children: to increase children's abilities to avoid or cope with dangerous situations;

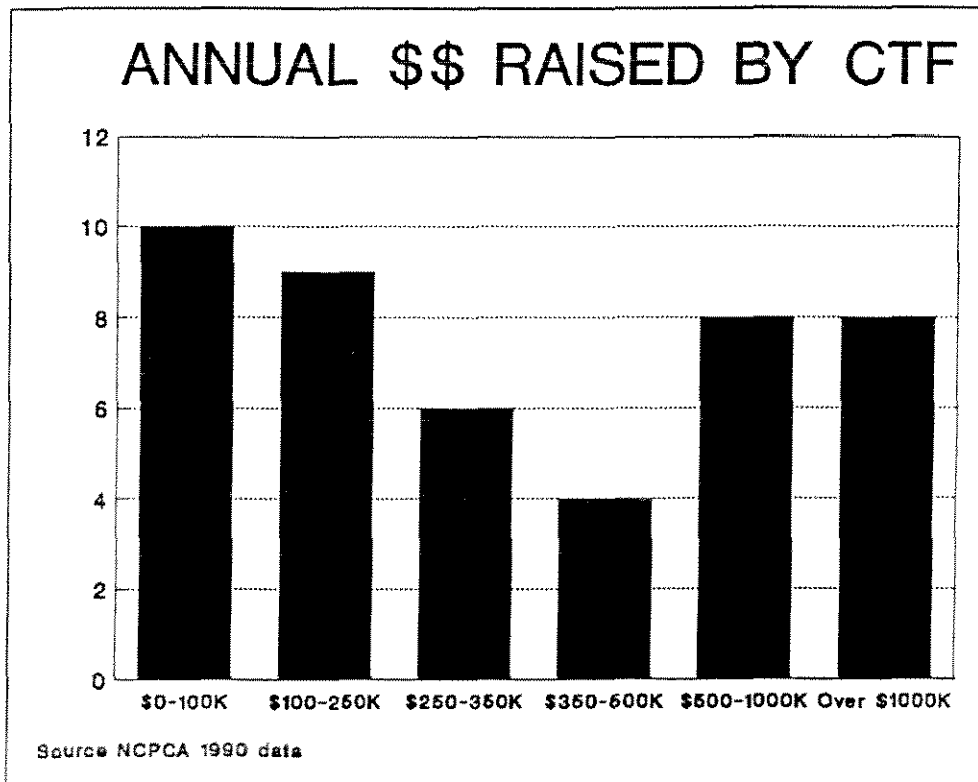
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- (4) Prevention training for professionals: to recognize early warning signs of child abuse and neglect; to give professionals capability to respond appropriately; and
- (5) Prevention programs for families: which increase family units' capabilities of creating a healthy environment.

A maximum of expenditures for administration of the Children's Trust Fund should be included in the charter. Not more than five to ten percent of total revenues for the fund is an appropriate level of administrative expenditure.¹¹ In 1987, \$27,000,000 was collected on behalf of Children's Trust Funds in the U.S., and \$21,000,000 was used for programs. This represents twenty-two percent of revenues spent for administration and should be considered unacceptable for Hawaii. In Arizona, the director is required to spend no more than five percent of total revenue of their Children's Trust Fund on administrative expenses.¹²

Project proposals will be reviewed based on the criteria established by the review committee. Funding for programs lasts two to three years, based on a stepped down grant schedule, after which time alternate funding should be secured. An investment policy for the Children's Trust Fund should be conservative and administered similar to an employee retirement fund. The advisory board would determine the maximum amount which would be spent for programs or retained as principal each year.

Figure 4



ENDNOTES

1. January Scott, "Fact Sheet on Children's Trust Funds," National Center for the Prevention of Child Abuse (NCPCA), January 1990, pp. 1-2.
2. Telephone interview with Jean Di Loretto, Project Director, Federal Prevention Grants, National Center for the Prevention of Child Abuse, September 16, 1992.
3. U.S., Department of Health and Human Services, Clearinghouse on Child Abuse and Neglect, Children's Trust Fund: Creative Financing for Child Abuse and Neglect Prevention (Washington, D.C.: November 1988).
4. Ibid.
5. Ibid., pp. 5-8.
6. Janie Fields, "Investment in the Future," 1990 Annual Report of the Children's Trust Fund of Texas (Austin: 1991), p. 19.
7. Doreen Cavanaugh, "Massachusetts Children's Trust Fund Annual Report Fiscal Year 1991: It's Never Too Soon," 1991 Annual Report (Boston: 1991), p. 11.
8. Pat Perfetto, "Strengthening New York's Families," 1991 Annual Report on New York State Children and Family Trust Fund (Albany: 1992), p. 1.
9. Children's Trust Fund: Creative Financing, 1988.
10. Children's Trust Fund Coalition Committee, Expenditure Committee, Child Abuse and Child Neglect Prevention Programs: Hawaii Children's Trust Fund (Honolulu: 1991), p. 1.
11. Frederick Zimmerman, The Turnaround Experience (New York: McGraw-Hill, 1991), pp. 73-78.
12. Arizona Revised Statutes, sec. 8 550.01(C) (Arizona Child Abuse Prevention and Treatment Fund).

Chapter 4

ESTABLISHING A CHILDREN'S TRUST FUND IN HAWAII

Structure of a Children's Trust Fund

While various reasons for establishing the Children's Trust Fund exist, it is critical to the success of any organization to have a clearly defined purpose and objectives. Without objectives, it is impossible to measure the success of the Children's Trust Fund effort. Ultimately, the Legislature must determine the purpose of the fund, but the following objectives are cited in Senate Concurrent Resolution No. 244, S.D. 1, as reasons for establishing a Children's Trust Fund:¹

- (1) To maintain access to and eligibility for Federal Prevention Grant money;
- (2) To ensure permanent and consistent funding for programs that develop children and youths, especially to start new programs and expand existing ones for which no money is currently budgeted;
- (3) To encourage a public-private partnership for the funding of new programs for children and youth.

Program Categories

Suggested program options are listed under each category with examples of program types which may be funded by a proposed Children's Trust Fund for Hawaii. Categorizing prevention programs and programs for children and youth should be done by a review committee in the selection process. Categorization will also help coordinate programs across the State. Much of the material used in this chapter was obtained from the Hawaii Children's Trust Fund Coalition.²

- (1) **General Community Education:** To increase the community's awareness of the issues of child abuse and neglect and its prevention.
 - (A) **Community Awareness Programs** are designed to educate and inform the general population about child abuse and neglect and its prevention. Examples are:
 - Neighborhood support groups
 - Forums, workshops, seminars
 - Public service spots
 - Distribution of literature

- (2) **Prevention Programs for Parents:** To increase the ability of parents to raise their children in an abuse/neglect free environment.

- (A) **Parent Support Programs** seek to reduce the isolation experienced by parents through the development of a peer support system. Examples are:

- Neighborhood support groups
- Mutual aid
- Self-help groups
- Parent aid
- Stepparents programs

- (B) **Child Care and Child Development Programs** aim to provide parents with information and teach those skills which parents need to adequately fulfill the parenting role. Examples are:

- Nutrition education
- Home management
- Stages of child development
- Providing for children physically and/or emotionally
- Basic child care

- (C) **Perinatal Programs** provide parenting education and support to parents during both the pre- and post-natal periods. Examples are:

- Nutrition programs for expectant mothers
- Infant bonding programs
- Infant stimulation
- Infant development
- Post-partum education
- Nurturing

- (3) **Prevention Programs for Children:** To increase children's ability to avoid and/or cope with dangerous situations.

- (A) **Sexual Abuse Prevention Programs** seek to enhance children's self-esteem, encourage self-reliance, and provide children with information on the community resources available to help them deal with dangerous situations. Examples are:

Workshops, puppet shows, and games for elementary school age children

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- Self-protection
 - Seminars and workshops for teenagers on sexual abuse
 - Training for teachers, volunteers, professionals
- (4) **Prevention Training for Professionals:** To increase professionals' awareness of and response capability to the early warning signs of child abuse and neglect. To make information about the problems of child abuse and neglect available to agencies dealing with these problems.
- (A) **Early Identification/Intervention Programs** are designed to detect potential problems at an early stage and promote the well-being of children. Examples are:
- Training programs for medical personnel, teachers, day care and social workers about attributes of high-risk parents
 - Identification of low birth weight babies and follow up treatment
 - Child screening programs for teachers in pre- and elementary schools
- (5) **Prevention Programs for Families:** To increase the family units' capability of creating a healthy environment in which each member might grow to his/her full potential.
- (A) **Respite Care Programs** are one-on-one programs which, in crisis situations, either remove the child/children from the home environment temporarily or provide short-term assistance to the parent in the homes. Examples are:
- Crisis drop-in/drop-off nurseries
 - Foster parent/grandparent programs
 - Parent-friend or family friend programs
 - Crisis caretakers
- (B) **Crisis Intervention/Information and Referral Hotlines** are telephone lines which provide peer counseling, referral to community resources, and/or intervene in emergency situations.
- (6) **Development Programs for Children and Youth:** To increase the opportunities for participants to learn more about themselves, working/playing on teams, social skills, and athletic development.
- Alternatives to gang-related social groups
 - Athletic programs with boys' and girls' clubs
 - Self-development programs

Review Criteria for Project Proposals

Some of the review criteria were drawn from Hawaii's Children's Trust Fund Coalition members, who, as individuals with experience in the field, were considered to be knowledgeable. Four proposal submission deadlines per fiscal year should be established. Project proposals should be reviewed in relation to the criteria listed below:

- (1) Documented need within a proposed geographical area and population segment;
- (2) Diversity of geographical areas of programs funded;
- (3) Probable effectiveness;
- (4) Evaluation methods that provide a clear assessment of performance and outcomes measurements in reference to clearly stated goals and (measurable) objectives;
- (5) An implementation plan and budget for achieving stated objectives;
- (6) Utilization of community resources including volunteers;
- (7) Plan for dissemination of the program for implementation in other communities;
- (8) Potential for future funding from private sources;
- (9) Existing agency collaboration with the proposed program's initiators to share information and to respond to an existing unmet need.

The Review Committee

The Review Committee for a Children's Trust Fund would review program proposals and approve funding and grant money as indicated by a review criteria outlined in the previous section. The Review Committee would be structured as follows:

- (1) The Review Committee should have an odd number of members (seven is a manageable size).³
- (2) Committee members should include one member from each of the public and private sectors involved in programs for children and youth. At least two members should be former and/or current users of programs for children and

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youth (e.g. a former child abuse and neglect victim and a former child abuse or neglect perpetrator).

- (3) Members should be appointed by the Governor.
- (4) Members should meet a minimum of four times per fiscal year (quarterly) to review project proposals and requests for funding from the Children's Trust Fund.
- (5) The Review Committee should be responsible for maintaining expenditure records and compiling data into an annual report on the Children's Trust Fund each fiscal year.

Additional Policy Considerations on Structure

The following policy recommendations for administering the Children's Trust Fund will aid the Legislature in implementation. These recommendations have been obtained from an expenditure committee report from the Hawaii Children's Trust Fund Coalition.

- (1) A step-down funding policy should be implemented as follows:

<u>Year</u>	<u>% Funded by Children's Trust Fund</u>
1	100
2	100
3	50

One of the objectives of a Children's Trust Fund is to develop new sources of funding for programs for children and youth not budgeted for in any agencies' budget. A step-down funding policy is designed to ensure new sources are developed and designed into program proposals. State, private agencies, or the community could be sources of continued funding after funding from the Children's Trust Fund stops (i.e., after three years) and the viability and value of the program has been proven.

- (2) Projects should be eligible for funding consideration for a total of three years.
 - (A) Funding is awarded annually on a competitive basis which requires funded projects to apply each year.
 - (B) No maximum award is established.

This consideration is to ensure new sources of funding are developed. Awarding funding annually on a competitive basis will require organizations to reaffirm that their programs are accomplishing their objectives. Having no maximum award restriction would

allow valuable, proven programs the resources they require to continue until other sources of funding are secured.

- (3) Non-profit organizations, individuals, and public-private agencies should all be eligible to receive funding for proposals.

A good public-private partnership will make all proposals relating to children and youth eligible for consideration by the Review Committee. However, fifty percent of federal money and all of the state money appropriated for child abuse and neglect must go toward child abuse and neglect prevention programs and these must be documented in order to maintain Prevention Grant eligibility.

- (4) As funding amounts are determined, guidelines should be established on distribution as follows:
 - (A) Spend half of the funds generated each year and invest the rest to stabilize funding base.
 - (B) Establish a ceiling for the fund, invest the principal, and grant awards from the interest.

These considerations are designed to ensure a permanent source of funding for a Children's Trust Fund. Should the fund grow large enough to grant awards from the interest alone, then the Children's Trust Fund may not require legislative appropriations for new children and youth programs. However, in order to maintain eligibility for Federal Prevention Grants state appropriations must still be made to the Children's Trust Fund specifically for child abuse and neglect prevention programs.

To ensure \$400,000 per year in investment income available for new programs, assuming an eight percent return on investment (through no or negligible-risk instruments such as treasury notes), would mean capping the fund at \$5,000,000. Significant money must be secured to ensure this funding mechanism can meet even modest revenue goals.

- (5) The administration unit for expending the money should have an overall program evaluation component for the Children's Trust Fund itself and a monitoring component for programs receiving funding.

A program evaluation component would ensure that the Children's Trust Fund and the programs it is funding are accomplishing their goals and objectives. Several agencies stated that objective achievement measures are not currently used making evaluating program performance difficult. Applications for funding and appropriations would be aided by objective quantified results.

Funding Mechanisms

This section examines backgrounds, advantages, and disadvantages of proposed funding mechanisms as directed by Senate Concurrent Resolution No. 244, S.D. 1 (1992).

Tax Checkoffs

Background

This would require adding a box onto the state income tax form to indicate a donation to the Children's Trust Fund. The checkoff box would be for either a pre-determined amount or any amount written in by the taxpayer. Taxpayers would write in the amount donated and include it in the taxpayer's remittance. Tax forms and procedures would be revised by the State Department of Taxation. Adding to the administrative duties, both disbursements and donations would need to be accounted for separately in the special fund.

Advantages

- Low cost advertisement on the state income tax form,
- Initial response/donations usually high,
- Those who respond initially usually continue to do so.

Disadvantages

- Response and income tends to decline over time,
- Tax form already crowded and confusing,
- State tax office not supportive of this method of funding due to cost of administration and non-support of this as a funding mechanism for new children and youth programs.

Surcharges (Birth, Death, Marriage, and Divorce Certificates, Marriage Licenses, etc.)

Background

Birth, death, and marriage certificates may be surcharged for the Children's Trust Fund. Part of the surcharge would be kept by the administering agency to cover administrative costs. It would not be feasible to surcharge divorce certificates since the

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Family Court system does not have a fee collection cashier. The advantages and disadvantages listed below pertain primarily to a surcharge on marriage licenses.

Advantages

- Consistent source of funding (average of 20,000 marriage licenses issued per year),
- Cost of administration defrayed by collected funds,
- Large source of funds even after administrative costs.

Disadvantages

- Taxing behavior that has an association with low abuse and neglect in families,⁴
- Involuntary taxation,
- Multiple copies of birth and death certificates are often ordered. This would burden many least able to afford it.⁵

State Appropriations

Background

Federal Prevention Grant eligibility requirements state that a Children's Trust Fund must also receive state appropriations specifically for new child abuse and neglect prevention programs.

Advantages

- Largest source of revenue and funding for Children's Trust Fund and new children and youth programs,
- Most consistent source of funds,⁶
- Does not violate the Legislature's disbursement process.

Disadvantages

- Appropriations consistency depends on the Legislature,
- Appropriations are subject to political budget pressure,

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- State appropriations alone do not meet first eligibility requirement for Federal Prevention Grant money.⁷

Special License Plates

Background

Special license plates could be issued for the Children's Trust Fund (to display support of the Children's Trust Fund) at a one time only fee (\$25 or \$50). Plates can be renewed without additional charge. In other states these special license plates are typically made by inmates of correctional facilities. Maryland uses this funding mechanism for its wildlife/environment fund.

Advantages

- Low labor cost if produced by inmates of correctional facilities,
- Appeal to motorists who desire different and unusual plates,
- Tangible product easier to sell,
- Low cost advertisement.

Disadvantages

- Administrative costs,
- Cost of design and implementation,
- Amount of fund dependent on consumer demand.

Commercial Enterprise Cooperative Efforts

Background

A commercial enterprise contributes services or products in exchange for donations to the Children's Trust Fund. The enterprise would also collect and remit the donations to the Children's Trust Fund. Two examples of this are: Washington State receives donations from its children's furniture industry and the partnership between Pizza Hut Hawaii and the Family Literacy Fund.

Advantages

- Obvious public-private cooperation,
- Potential to encourage cooperation with tax breaks,
- Low/shared cost of advertisement,
- Voluntary contribution by public,
- Low administrative cost,
- Tangible product easier to sell.

Disadvantages

- Source of contribution may be inconsistent,
- Participation will be weak if affected by negative publicity (e.g., for the United Way at the national level), or "overexposure" to other fundraising efforts, however worthy, such as the Family Literacy Fund, or Hurricane Iniki relief efforts.

Interest Income/Endowment

Background

Interest and principal income generated by the fund would be used to fund new programs. Fifty percent of the principal would be used to stabilize the fund base. Investments would be similar to those of an employee retirement fund.

Advantage

- Fairly consistent source of income.

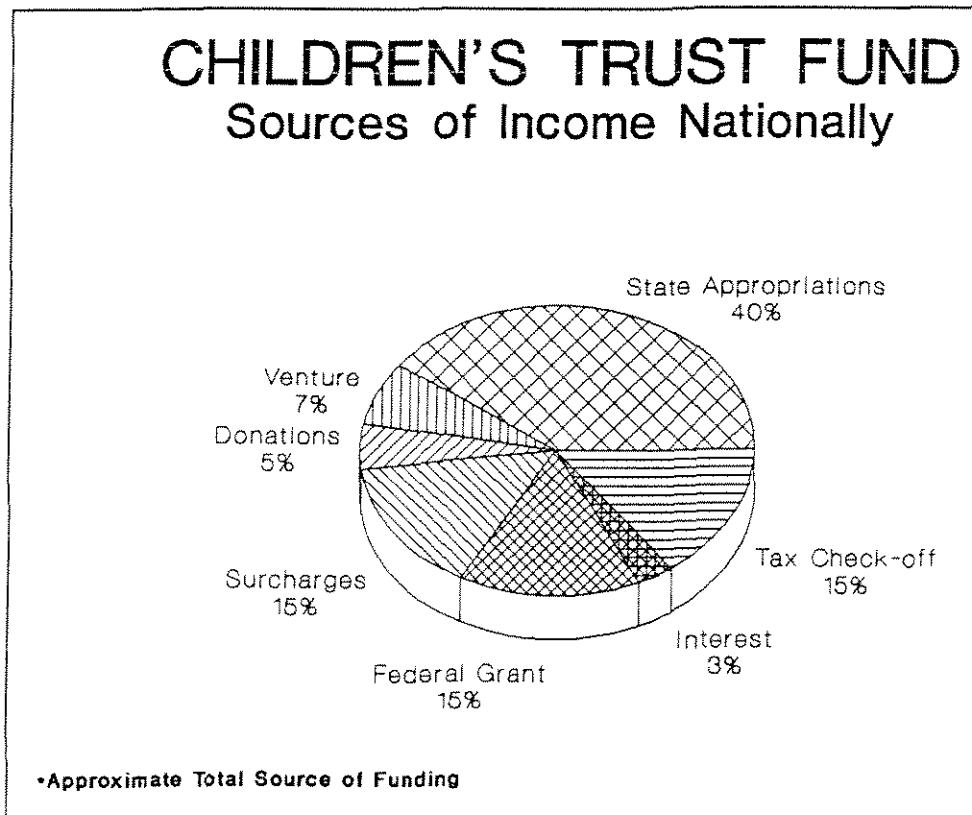
Disadvantages

- Risk/return trade off,
- Initially, return on investment (ROI) will be a small source of income compared to administrative costs,
- Available funds for new programs will be limited due to small ROI's,

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- Funds used now have a higher rate of return than funds invested for future use.

Figure 5



Recommendation for Funding Mechanism

A Children's Trust Fund cannot replace departmental funding or legislative appropriations for new programs for children and youth currently budgeted for by a state agency. Children's Trust Funds exist to fund new programs for children and youth or for clearly definable expansion of existing programs. Should a Children's Trust Fund be established, more than one source of funding is recommended. The cost of administration as a percentage of the amount of funding collected is a prime consideration for any collection or funding mechanism.

Recommendation for funding mechanisms must take into account the objectives for establishing a Children's Trust Fund: to maintain eligibility for Federal Prevention Grant money, and to ensure a consistent and permanent source of funding for programs for children and youth. In addition to these two objectives there is another issue to consider: will state

appropriations be rerouted through a Children's Trust Fund to the same end (new children and youth programs), or will new sources of funding be found?

A representative from the Department of Human Services stated that in previous fiscal years, a separate legislative act which specifically appropriated money for child abuse and neglect prevention programs was acceptable by the National Committee on Child Abuse and Neglect (NCCAN) to meet the first eligibility requirement for Federal Prevention Grant money. However, the project officer from NCCAN indicated that eligibility requirements would be followed more closely so that a state must establish a Children's Trust Fund in order to meet the first eligibility requirement for Federal Prevention Grant money.

If the only source of funding for new programs is state appropriations this would effectively reroute current dollars for new neglect and prevention programs through a Children's Trust Fund rather than existing agencies. Rerouting existing appropriations would add complexity and administrative expense to an already unfocused and non-comprehensive child abuse prevention effort.⁸ Conversely, no new funding mechanisms would also mean no new funds for new programs for children and youth.

In order to meet this objective (a new source of funds for a Children's Trust Fund) another funding mechanism besides state appropriations must be created. This would produce a steady source of funds other than appropriations, federal grants, and unsolicited donations, bequests, or contributions. The key to developing a successful funding mechanism as a consistent source of funds is to develop a system which will not suffer declining or reduced revenues in the future.

Two methods should be considered by decision-makers to assure the consistency of funding mechanisms. The first method is to tax behavior that is directly attributable to child abuse and neglect. This should deter child abuse and reduce the need for prevention activities. The second method is to create a real benefit for people (other than the beneficence of giving) to contribute their time, energy, and money to prevention activities.

The placement of the Children's Trust Fund will also determine which of these funding mechanisms can be used. If the Children's Trust Fund is placed with an existing private, non-profit organization then the funding mechanisms should be varied, determined, and administered by the private, non-profit organization. The funding mechanisms will be determined by the structure and policies of the particular organization.

Should a Children's Trust Fund be established and placed within a state agency, one funding mechanism which is recommended for a Children's Trust Fund for Hawaii is a commercial enterprise cooperative effort. An existing example of this is Pizza Hut's support of the Family Literacy Fund effort. Pizza Hut "sells" a Pizza Hut Literacy Fund card for \$10 which entitles the member to "buy one pizza, get one free." The entire amount collected for this card (\$10) is remitted to the Hawaii Pizza Hut Literacy Fund. Pizza Hut then donates

some of its proceeds directly to the Family Literacy Fund. Pizza Hut gains by advertising its community volunteerism and by, hopefully, selling more pizzas.

Placement of Children's Trust Fund

This section describes the placement for a Children's Trust Fund, as Senate Concurrent Resolution No. 244, S.D. 1 (1992), directs. This section is based on information supplied by the National Center on Child Abuse and Neglect, the National Center for the Prevention of Child Abuse (NCPCA), PREVENT Child Abuse Hawaii, and interviews conducted with representatives of state and federal agencies between August and October 1992. Determining the most appropriate organization and funding mechanism for the prevention of child abuse and neglect for the State of Hawaii is a policy decision for legislators. In arriving at this decision the following guidelines may be helpful.

Readers should not infer that a Children's Trust Fund is the best method for funding programs or preventing child abuse and neglect in Hawaii. Nor should readers infer that because many states use a Children's Trust Fund that this is appropriate for Hawaii. Evidence suggests that Hawaii's youth are unique and have different needs than youths from more homogeneous cultures.⁹ Based on Hawaii's population size and cultural characteristics, replicating another state's Children's Trust Fund model is not advised.

States place Children's Trust Funds with various agencies:

- Departments of Human or Social Services
- Governor's Executive Office
- Family Service Divisions
- Department of Economic Security
- County Boards of Supervisors
- Departments of Children & Youth Services
- Private agency

Selecting an appropriate agency for managing and administering the fund is critical to its effectiveness. Placing the fund within an agency that has neither the staff nor the knowledge to administer it would seriously handicap a Children's Trust Fund's effectiveness. Likewise, locating a nascent fund within a large organization with bureaucratic administrative procedures would also limit its effectiveness. Conversely, placing the Children's Trust Fund with a small private group would grant that organization substantial power to control new programs for children and youth in the State. The placement decision is likely to have the largest impact on success.

To ensure the success of the Children's Trust Fund, specific structures regarding its mission, organizational goals, and measures of success need to be developed. Organizational success is continually fulfilling the mission and regularly meeting goals and

objectives at a continually reduced cost of operation. This definition allows the Legislature to measure the success of a Children's Trust Fund by how often it meets its objectives as stated in the trust fund's charter. If a Children's Trust Fund is established without a mission, specific goals, objectives, or measures to evaluate success then it will add to, rather than reduce, the current perceived need for additional resources in dealing with the needs of children and youth.¹⁰ A sample mission statement, developed by the researchers, is included in Appendix D.

The Legislature's goal in establishing the Children's Trust Fund should be to create an environment of growth and opportunity for the children and youth of Hawaii. One goal of the Children's Trust Fund should be to eliminate child abuse and neglect for the citizens of Hawaii. A second goal is to create opportunities for children and youth to grow in assertiveness (a key to avoiding abuse and neglect).¹¹ Currently, children and youth are a 260,000-member constituency whose needs are dealt with in what appears to be an unfocused manner (there are seven agencies that deal with just child abuse and neglect problems--many of these have overlapping duties).¹²

Minor goals should be to maintain eligibility for Federal Prevention Grant money and to provide constant sources of funding for new programs. One consistent theme discussed by members of Hawaii's social services groups and confirmed by a report of the United States General Accounting Office was that children and families drop out of the service system net when transferred from one agency to another.¹³ Focusing primarily on goals other than preventing child abuse and neglect (such as maintaining eligibility for federal funds or having constant sources of funding) may lead to administrative behavior which is detrimental to the targeted consumers of the services (children and youth of Hawaii).¹⁴

Criteria for Placement of a Children's Trust Fund

The placement criteria for a Children's Trust Fund are based on concepts in Senate Concurrent Resolution No. 244, S.D. 1 (1992). Considerations include funding programs for the benefit of the entire youth population, coordination of new programs for Hawaii, and keeping administration costs low. Since attaining eligibility for Federal Prevention Grants can be done by either private or state agencies, it need not be a placement criteria. Placement criteria for a Children's Trust Fund should include:¹⁵

- (1) Ability to objectively measure and rank performance of proposed programs.
Requires:
 - ability to evaluate outcomes,
 - neutral decision making ability.
- (2) Knowledge of new programs for children and youth.

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- (3) Ability to work with a public-private partnership (e.g., a review committee).
- (4) Ability to solicit private donations and lobby for state appropriations.
- (5) Ability to keep administrative costs low.

Discussion of Placement Criteria

- (1) Ability to objectively measure and rank performance of proposed programs.
Requires:
 - ability to evaluate outcomes,
 - neutral decision making ability

Administrators of the Children's Trust Fund must be able to recommend or present potential programs objectively to an advisory council or review committee. Objectivity is difficult to measure and lack of it will lead to charges of partiality. Because the Children's Trust Fund may become the primary source of funding for many private agencies it is essential that impartiality be maintained. Hence, a wide variety of programs should be considered to reach all segments of the State's youth. The Children's Trust Fund should educate, strengthen, support, nurture, invest in, and prepare Hawaii's youth for the future. Therefore, in placing a Children's Trust Fund agencies which have a preference for abuse prevention programs over youth development programs, as well as other, more obvious biases like race, economic priorities, or location preferences should be avoided.¹⁶

- (2) Knowledge of new programs for children and youth.

The agency administering and responsible for the Children's Trust Fund must have an understanding of the State's system of programs for children and youth, abuse and neglect prevention, protection, and treatment programs. This should include an understanding of the future plans and long-term objectives of the State with regard to programs for children and youth.¹⁷ The administering organization must be able to sufficiently coordinate new programs for children and youth with public and private agencies to avoid duplication of programs.

- (3) Able to work with a public-private partnership (e.g., an advisory council).

The administering agency must be capable of working with the general public and private sectors to ensure community input into the program selection process and fund raising efforts.

- (4) Able to solicit private donations and lobby for state appropriations.

Maximizing non-state sources of funding is a key placement criteria for the Children's Trust Fund. The ability and experience to solicit private funding is necessary to maintain a true public and private partnership. While Federal Prevention Grants may be applied for by both public (California, Arizona) and private agencies (South Carolina) which administer Children's Trust Funds most states obtain funding from corporations, individuals, and foundation grants as well.

(5) Low administrative costs.

Some states use existing administrative support structures to minimize costs to the fund. Unfortunately this hides the actual administration cost. It is recommended that all administrative costs of setting up and maintaining a special fund be considered. This includes consideration of costs associated with fee collection, auditing performance, tax separation, and personnel management. As a benchmark of performance, financial trust funds keep administrative management costs between one and three percent of the fund's size.¹⁸ Well-run publicly held corporations in the service industry keep administrative costs below ten percent of revenues and constantly strive to lower those costs. Of course the lower the administrative costs the better. Maximum administrative management costs of the Children's Trust Fund as a percentage of revenues collected in the fiscal year should be established and a goal of continuously reducing those costs should be established. Every dollar not spent on administration can be spent on the targeted recipients--children and youth. Consideration should be made to adopting a Total Quality management structure and philosophy to assure effectiveness.¹⁹ Appendix E displays the placement criteria.

Two criticisms of charitable organizations threaten future private donations. The first criticism is that too much money is spent on administration that could be spent on the beneficiaries. Recent disclosures on the salaries and operational costs of the national United Way clarify the need to continually reduce administrative costs. Aloha United Way (AUW) currently advertises that its administrative costs are between thirteen and fifteen percent. While these costs may appear too high they are deemed acceptable by AUW and social services agencies which themselves are rarely required to show a performance-cost relationship to their work. Restrictions on administrative costs will eliminate from consideration many public and private agencies or departments that cannot keep administrative costs low relative to service value.

The other criticism of child abuse and neglect programs is that proof of program effectiveness is lacking.²⁰ Several Children's Trust Funds spend over twenty percent of annual revenues on administration.²¹ Yet, the annual reports show the diversity of, and how many, programs that are funded rather than evidence of results in eradicating child abuse. Objective measures for placement should reduce or eliminate charges of favoritism and support for ineffective programs of special interest groups.

Trust Fund Placement

The obvious advantage of setting up a Children's Trust Fund is to meet the current eligibility requirement (as of May 1992) for Federal Prevention Grant money. Less obvious advantages and disadvantages for determining agency placement are listed below. Much of this material was provided by, and reflects the beliefs of, the Hawaii Children's Trust Fund Coalition which is composed of representatives from private and state social service providers. This group is strongly in favor of the Children's Trust Fund concept. Generally, this group believes it will be easier to access public funds (state appropriations and federal grants) with a trust fund since the legislative appropriations process is perceived as cumbersome and difficult to access.²²

Department of Human Services

Advantages

- May be able to use existing administrative support (accounting, payroll, secretarial), to save costs,
- Can use all of budget for programs,
- Department of Human Services currently applies for Federal Prevention Grants.

Disadvantages

- Part of large bureaucracy (over 15,000 staff) which is not currently running well,
- Veto power over other departments' backed programs,
- Cannot raise funds from the private sector,
- Staff time unfocused on trust fund duties,
- Complex and cumbersome contracting of services system.

Office of Children and Youth

Advantages

- Has recent experience with public-private trust fund development with Family Literacy Trust Fund,
- Role in government is children's advocacy,

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- Supports start-up of new programs.

Disadvantages

- Generally spins off service programs,
- Already working on several new projects such as child care, block grant, family centers, Open Doors Project; therefore, perhaps unable to commit to lead on Children's Trust Fund,
- Cannot solicit private donations,
- As governmental office, private community may not "buy" into state-run Children's Trust Fund.

Department of Health

Advantages

- Child abuse and neglect prevention is assigned to Department of Health,
- Access to families targeted to family support programs available through Family Health Services Division and Child and Adolescent Mental Health Division,
- Birth certificate and marriage license surcharges, some methods of funding Children's Trust Funds, located in same department,
- Prevention, family support, and infant mortality are targeted in administrative package.

Disadvantages

- Family Health Services and Child and Maternal Health Divisions under reorganization,
- Private community may not support a government agency,
- Bureaucratic structure,
- Cumbersome dispersal process,
- Lack of focus on Children's Trust Fund,

- May not raise funds from the community.

Private, Non-profit Agency

Advantages

- Provides a private-public partnership that addresses child abuse and neglect prevention and funds new programs,
- Low start up costs (administrative costs would vary depending upon the degree of involvement by the agency),
- Have appeal of non-profit organization,
- Less bureaucracy,
- Removes political pressure of being located in a public office,
- Fund-raising expertise.

Disadvantages

- No direct ties to funding (as Department of Health),
- Discomfort Legislature may have with releasing control of state funds.

The advantages and disadvantages of placing a Children's Trust Fund with a state or a non-state agency are described in the following sections.

State Agency

In order to maintain eligibility for Federal Prevention Grant funds, the minimum that would be required would be to establish a Children's Trust Fund with state legislative appropriations as its only funding mechanism. However, one of the objectives for establishing a Children's Trust Fund is to develop new sources of funding and the state agency's inability to raise private funding would be a strong reason to recommend against placement of the fund with a state agency. Another reason for recommending against placing administrative duties with a state agency is the general inability of agencies in a number of other states to keep administrative costs at a level consistent with trust fund management. However, at least a minimum of state agency involvement would be required for purposes of control.

Non-state Agency

A private agency may be able to work with the private sector and an advisory council better than a state agency. Keeping administrative costs low is potentially a big advantage with this type of organization. However, starting an agency for the sole purpose of administering a Children's Trust Fund would be too costly. Therefore, placing administration of the Children's Trust Fund with an existing private, not-for-profit organization seems appropriate.

An organization like the Hawaii Community Foundation should be considered. This type of foundation's prime objective is to raise and administer funds for worthy causes. An example of this type of placement is the Family Literacy Fund which is set up as a public-private cooperative effort against illiteracy in Hawaii. This is a combined effort of the Office of Children and Youth and the Hawaii Community Foundation. Experience in administering this type of public-private fund provides a strong argument for placing the Children's Trust Fund with the Hawaii Community Foundation. An agency like the Department of Health, a leader in the Family Preservation Initiative, could be the government partner.

Should a Children's Trust Fund be placed with a private, non-profit organization, the structure described in the "Structure for a Children's Trust Fund" section is highly recommended. At a minimum, the three objectives for establishing a Children's Trust Fund should be considered.

Summary

An existing private, non-profit organization should be contacted regarding administration of the Children's Trust Fund. Initial contact with the Director of the Hawaii Community Foundation was positive. Regardless of which agency the Children's Trust Fund is placed with, a lead member or chairperson from the Review Committee should be chosen (perhaps by majority vote of the Review Committee or the Director of the administering agency). Placing the Children's Trust Fund solely with a state agency to accomplish all objectives of a Children's Trust Fund is not advised because of high administrative costs, an inability to secure private funding and, community input into spending decisions may be limited.

The ultimate goal, however, should be one of carrying out program goals in an efficient manner while keeping administrative costs to a minimum. Accordingly, however valuable the involvement of a private agency may be for its own sake, the final decision on whether to involve a particular organization should turn on whether the same level of performance can be maintained at a lower cost.

ENDNOTES

1. Senate Concurrent Resolution No. 244, S.D. 1, Sixteenth Legislature, Regular Session of 1992, State of Hawaii, p. 1, paragraph 3.
2. Children's Trust Fund Coalition Committee, Expenditure Committee, Child Abuse and Child Neglect Prevention Programs: Hawaii Children's Trust Fund (Honolulu: 1991), p. 1.
3. Peter Scholtes, The Team Handbook, Joiner Associates (Wisconsin: 1988), pp. 6-17.
4. U.S., General Accounting Office, "Child Abuse: Prevention Programs Need Greater Emphasis," Report to the Subcommittee on Oversight of Government Affairs, GAO Report HRD-92-99 (Washington, D.C.: August 1992), pp. 55.
5. Interview with Alvin Onaka, Director, Office of Vital Statistics, Department of Health, September 22, 1992.
6. Lack of consistent state appropriations is cited by supporters as the main reason to set up a Children's Trust Fund, yet most other mechanisms show declining ability to raise funds as the CTF matures.
7. Even specific, separate acts of appropriation for new child abuse and neglect prevention programs, in lieu of a Children's Trust Fund, will not meet the first federal eligibility requirement.
8. GAO Report HRD-92-99, pp. 41-42.
9. Interview with Conrad Chow, Administrator, Planning Office, Department of Human Services, Debbie Lee, Administrator, Family and Adult Services Division, Department of Human Services, and Lynn Fallin Assistant Director, Department of Human Services, September 21, 1992.
10. SMS Research, Report on Community Support for Child Abuse and Neglect Prevention Programs in Hawaii (Honolulu: February 1992), pp. 3-11.
11. Senate Concurrent Resolution No. 244, S.D. 1, pp. 2-7.
12. GAO Report HRD-92-99, pp. 41-42. This assertion comes from the researchers' research for this project. The GAO report merely confirms the assertion not its validity.
13. GAO Report HRD-92-99, pp. 50-60; Chow, et al. interview, September 21, 1992.
14. W. Edwards Deming, Out of the Crisis (Cambridge: MIT Productivity Press, 1986). This reference details the problem of setting inappropriate objectives for managers to follow.
15. These were developed by the researchers from a consensus of interviews and materials from other states programs. As such they are, with the exception of the researchers' judgement, admittedly arbitrary.
16. Senate Concurrent Resolution No. 244, S.D. 1, p. 1, paragraphs 3-5.
17. Ibid., p. 1, paragraph 5; p. 2, paragraph 3.
18. The best performers in this respect are mutual funds for investments. The best example is the group of funds managed by the Vanguard Group in Valley Forge, Pennsylvania. They operate at least seven different funds at a half percent (0.5%) of revenues or less.
19. U.S., General Accounting Office, "Management Practices: U.S. Companies Improve Performance Through Total Quality Efforts," GAO/NSIAD-91-190 (Washington, D.C.: May 1991), pp. 1-9.

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20. GAO Report HRD-92-99, pp. 18-27.
21. U.S., Department of Health and Human Services, Clearinghouse on Child Abuse and Neglect, Children's Trust Fund: Creative Financing for Child Abuse and Neglect Prevention (Washington, D.C.: November 1988), pp. 5-8.
22. Interview with Sarah Izen, Executive Director, PREVENT Child Abuse Hawaii, August 3, 1992.

Chapter 5

POSITIONS OF AGENCIES AND INTERESTED PARTIES

Senate Concurrent Resolution No. 244, S.D. 1, directed that several types of revenue raising mechanisms be reviewed as means to fund a Children's Trust Fund. Those mechanisms are reviewed in this chapter. Each is reviewed in terms of the linkage, or lack thereof between the service provided (upon which the charge would be imposed) and child abuse and neglect programs. Ideally, a direct link should exist between the action, program, or service upon which the charge is imposed, and the means by which the funds are to be used. Again, ideally, the programs to solve a particular problem would be funded by imposing special fees on charges upon those who are causing the problem. If there is little or no connection between the activity being charged and the purpose for which the funds are to be used, then it may be more appropriate to fund the expenditure through general appropriations rather than special fees and charges.

Department of Health

The Office of Vital Statistics of the Department of Health oversees the current system of collection of fees on marriage licenses, and birth and death certificates. Collecting surcharges on these fees is a popular funding mechanism for Children's Trust Funds because of the potential for a large and steady source of funds. The Department of Health currently charges fees on certified copies of birth and death registrations (\$2) and marriage licenses (\$16). The Department of Health maintains these records manually, which is both time-consuming and tedious. When registered copies of a resident's vital statistics are requested, the records are photocopied and validated by Department personnel. Nearly eight hundred requests for these services are processed per day. Current staffing for these duties is adequate.

The Department of Health estimates that to change its current accounting process to accommodate surcharges on birth, death, and marriage registrations would initially cost the Department \$30,000 for modifying the current system and training personnel, and \$15,000 per year thereafter, for maintenance of the system. This does not include additional personnel needed to handle the additional accounting work. This estimate also does not include employee-hours spent explaining new surcharges to residents requesting services. California spent \$70,000 in setting up the heirloom birth certificate program (a type of surcharge), and never recouped the initial expenditure.¹

The cost of implementing surcharges would also negatively affect businesses in Hawaii. Examples of this include: a surcharge on birth registrations would increase hospitals' administration costs; a surcharge on death certificates would increase mortuaries' administration costs; and a surcharge on marriage licenses would tax tourists.² Surcharges

on certificates and registrations would charge non-perpetrators, and non-users of child abuse prevention services and programs for child abuse and neglect programs.

According to the Office of Vital Statistics, there is little correlation between the number of births per year and the number of requests for certified copies of birth certificates. This is because birth certificates are rarely issued to newborns. Certificates are more likely to be obtained for children entering school, obtaining Social Security documents, and proving Hawaiian ancestry. There is currently no charge for registration of newborns which is done by hospital administrations.

The chief reasons for requesting and purchasing copies of birth certificates are: proof of genealogical history; obtaining a passport, state identification, or driver's license; for Social Security purposes; welfare eligibility; school enrollment; and employment identification. The majority of requests for certified copies of birth registrations are not related to children. Only one-quarter of requests to the Office of Vital Statistics are for persons under the age of eighteen. Residents typically request multiple certified copies of birth registrations. Increased fees to fund the Children's Trust Fund could financially burden these parties, some of whom are merely trying to prove Hawaiian ancestry.

It would be inappropriate to apply a surcharge to marriage registrations, and birth and death certificates given the large quantity of these documents that people need to purchase (of ancestors and themselves) to prove genealogy. Certified copies of death registrations are also purchased in large quantities for use by mortuaries and personal representatives of estates. Out of approximately seven thousand deaths in Hawaii in 1991, four were attributed to child abuse.³ The limited correlation between births (and deaths) and the issuance of certified copies of birth (and death) certificates, gives further strength to this argument against surcharges.

Marriage licenses are sold by private contractors who retain fifty percent of marriage license fees (\$8 of \$16) for administrative purposes. Many non-residents, who will not or are not likely to use child abuse and neglect resources in Hawaii would be charged.

Some states which have had surcharges, including the sale of heirloom birth certificates, are terminating these funding mechanisms due to the administration cost of these programs. California and Illinois have ended the heirloom birth certificate programs because high administration costs and too few sales make it unprofitable, even for a good cause.

Yet, the Department of Health would support surcharges on these fees if part of the money collected would go to improving and automating their system of service delivery. As an example, Oregon's Registrar Office collects half of the proceeds from the sale of heirloom birth certificates (\$12) and uses this money to supplement the office's budget. This program contributes less than \$10,000 per year to Oregon's Children's Trust Fund.⁴ Yet, the additional cost of having the Governor sign 3,000 birth certificates each year is not counted. Without a financial contribution to modernizing the Department of Health's recordkeeping

system it could not administer the collection of surcharges without detrimental effect upon other services. It makes little sense to fund a modernization plan for the Department of Health by collecting fees intended for the purpose of children and youth development.

Department of Human Services

The Department of Human Services administers a wide variety of child protection, child abuse treatment, and community based family resource programs. The current goal of the Department of Human Services with respect to child abuse and neglect is to protect the child and keep the child with the family. The Department of Human Services in conjunction with the Department of Health, the Center for Mental Health, the Department of Education, the Office of Youth Services, the Office of Children and Youth, and the Family Court division of the Judiciary branch have recently started a Family Preservation Initiative (FPI). The goal of FPI is to unify these offices as a single entry point for keeping the family unit intact.

The Family Preservation Initiative should create access to the wide, and increasing, variety of social services offered. The goal is to increase service and reduce the cost of child abuse and neglect treatment as well as other family-oriented services. One problem with the current system is that children in Hawaii are institutionalized three times more often than the national average. This signals that the current system is biased toward institutionalization and incarceration. This places a burden on foster care services, youth correctional facilities, and leads to overworked social agents. The effects on Hawaii's children of the bias toward institutionalization should be considered in the design of a comprehensive response to child abuse, neglect, and youth development.⁵

Most people needing child abuse and neglect prevention programs are from single-parent and financially troubled (poor) families.⁶ These families often receive Aid to Families with Dependent Children (AFDC) benefits. The Department of Human Services' view is that the best way to prevent child abuse and neglect is to make these families economically self-sufficient. As much as eighty percent of child abuse and neglect is believed to be directly attributable to family economic stress.⁷ The Departments of Human Services, Health, and Labor and Industrial Relations are jointly working on the JOBS program to alleviate economic stress on Hawaii's families by targeting the unemployed family for increased interaction with agencies.

It is the position of the Family and Adult Services Division of the Department of Human Services that improved management of current services would lead to much greater efficiency and effectiveness in the prevention of child abuse and neglect. It is their position that a Children's Trust Fund would be beneficial for increased coordination of services for the prevention of child abuse and neglect in the private sector. The Deputy Director stated an interest in administering the Children's Trust Fund through the Family and Adult Services Division.

Office of Youth Services

The Office of Youth Services was contacted regarding the services and programs it offers for youths at risk. The Office of Youth Services' was created with the responsibility of preventing the delinquency of children and youth in Hawaii.⁸ These children and youth are not necessarily abuse victims but are deemed likely to start or continue anti-social behavior. This office purchases services through the Boys and Girls Clubs, YMCA and YWCA, community centers, and private outreach services. The Office would like to see the Children's Trust Fund expanded to include programs benefitting all youth, not just abuse and neglect victims:⁹

...the CTF should reach a broader target audience...prenatal, pregnant teens, birth control, drug abuse, and how to care for children. It should not be focused on the specifics of parent/child relationships.

This office is in favor of a Children's Trust Fund which establishes a permanent funding source for new programs for children and youth. This office also indicated a willingness to administer the Children's Trust Fund. They are, however, unsure of the mechanisms of trust fund administration especially with regard to the authorization of funding programs.

Department of Education

The Department of Education was contacted regarding its role in offering primary prevention programs for child abuse and neglect. The Office of Instructional Services currently trains teachers and school staff for recognition of child abuse and neglect symptoms in students. The training program consists of an identification package to train teachers in identifying child abuse and neglect victims and make referrals to Child Protective Services.

One thing lacking now is resources available for in-service training for personnel to alert them to child abuse and neglect... and provide training in usage and submission of forms. Additionally, alerting teachers to child abuse and neglect prevention resources in the community.... We need to improve the quality of training materials especially pictures that show teachers what marks to look for and behavior of child abuse and neglect victims.¹⁰

This office is in favor of establishing a Children's Trust Fund with the focus remaining on the prevention of child abuse and neglect. It hopes to gain funding and support for

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increasing the quality and quantity of training materials and staff for the prevention of child abuse and neglect.

Office of Children and Youth

The Office of Children and Youth was contacted regarding the coordination of and advocacy of children and youth services as well as a position statement on the establishment of a Children's Trust Fund. While the Director thought the Children's Trust Fund was a positive idea, she had no specific concerns on administration or the Office's role in the fund.¹¹

Department of Labor and Industrial Relations

The Department of Labor and Industrial Relations was contacted regarding programs to enhance employment opportunities for families that have experienced job uncertainty or layoffs. This is a critical issue in relieving family stress and consequently, the prevention of child abuse and neglect. There are three types of programs to increase employment opportunities which are administered in conjunction with the Department of Health and Department of Human Services. These are the JOBS, employment and training, and the general assistance work programs.

This Department is in favor of establishing a Children's Trust Fund but is wary of any funding mechanism which increases economic insecurity for families.

The Judiciary

The Family Court was contacted regarding the collection of additional fees on divorce decrees and other court orders as a means of funding a Children's Trust Fund. The Judiciary's position is that surcharges should not be levied on divorce decree filings. The Family Court would need to hire extra staff to collect, separate, and submit surcharges to a special fund. Unlike Traffic Court, the Family Court does not have collection cashiers. The Family Court did not comment on the appropriateness of establishing a Children's Trust Fund.¹²

Department of Taxation

The Department was contacted regarding a tax checkoff as a potential funding mechanism for a Children's Trust Fund. The tax checkoff allows taxpayers to easily participate in funding a special cause. However, the Department is not in favor of establishing a Children's Trust Fund as a means of funding child abuse and neglect

prevention programs. The Department of Taxation gave several reasons why a Children's Trust Fund should not be established using the current guidelines for funding.¹³ The argument against a tax checkoff also has a philosophical component: should the State offer free advertising, a no- or low-cost collection system, or shoulder administrative costs for some charities and not others?

Revenues raised by a tax checkoff often level off or decrease from the time it is implemented.¹⁴ A tax checkoff is an inappropriate funding mechanism for a charitable organization because it increases the complexity of the tax forms which leads to increased administrative costs for separation of funds, and taxpayer mistakes; all of which increase the cost of revenue collection. Also legislatures tend to stop appropriating money to a special fund if it has a steady source of income.¹⁵ If a tax checkoff was the sole source of state funds it could limit Hawaii's eligibility for Federal Prevention Grants. Declining revenues, difficulty in preparing tax forms and reduced legislative appropriations as a result of tax checkoffs have occurred in other states for a wide variety of special funds.¹⁶

The Department of Taxation cited a Legislative Auditor's Office report stressing that special funds, such as a Children's Trust Fund, subvert the appropriations process and can do long-term harm to the general fund. The report on special funds concludes:¹⁷

As larger sums of money are set aside in this way and not lapsed to the general fund, there can be a cumulative effect on the overall financial condition of government. Special funds can give agencies full control of their unappropriated cash reserves, provide a way to skirt the general fund expenditure ceiling, and over time erode the general fund. The experts say that special funds are likely to hamper budget administration. From a legislative perspective, they are less desirable because they are not fully controlled by the appropriations process and thus lessen the legislature's control of the budget.

The Department of Taxation opposes not only the use of a tax checkoff as a funding mechanism but also the establishment of a Children's Trust Fund for funding child abuse and neglect prevention programs.

County Police Departments

The Police Department of each county were contacted regarding the investigation of incidents of child abuse and neglect. The Maui, Honolulu, and Hawaii County Police Departments cited no observable trend of increasing reports of child abuse and neglect over the last three years. They noted that alcohol or drug abuse seemed to be one factor in child abuse and neglect cases. They did not have an opinion on the effectiveness of child abuse and neglect prevention programs. No opinions were given on the establishment of a

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Children's Trust Fund. The Kauai County Police Department was not contacted because of Hurricane Iniki's effects on that Department's services.

University of Hawaii

Two offices from the University of Hawaii were contacted regarding education or research on child abuse and neglect.

Center for Youth Research

The Center for Youth Research has a library of information on existing research for child abuse and neglect prevention. The Center's position on the Children's Trust Fund is supportive. While the Center is understaffed, it would like to assist in a substantive way with the design or administration of a Children's Trust Fund. They recommended reviewing the British Social service agencies' methods of contacting and visiting every family with a newborn child to offer constructive advice on child rearing and prevention of abuse. This methodology for child abuse and neglect prevention is already used by Hawaii's Healthy Start program.

School of Nursing

The School of Nursing supports the establishment of a Children's Trust Fund. Concern was expressed regarding the complexity of the application process which may preclude applications for research grants from the fund and recommended a simple proposal process.

Summary of Agency Interviews

Public agencies that deal with child abuse and neglect are in favor of a Children's Trust Fund but recognize that funding from a Children's Trust Fund would not immediately help their organizations. There was also concern about which department would bear the cost of administering a Children's Trust Fund. Agencies expressed a need for more funding to support existing programs in their specialty areas before providing additional services.

Two agencies (the Department of Human Services and the Office of Children and Youth) expressed an interest in administering the Children's Trust Fund out of, or as a separate division within, their agencies. Every representative contacted voiced support for the prevention of child abuse. However, this should not be construed as complete support for a Children's Trust Fund.

The Department of Taxation and the Auditor's Office specifically warned against the start-up of a special funding mechanism for a Children's Trust Fund. The Department of

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Health's Vital Statistics Office concurred for related, although not exactly the same, reasons. The reasons for opposing a Children's Trust Fund were fairness in assessing charges, administrative costs, costs to collect and disburse fees and taxes, and future legislative and budgeting integrity.

ENDNOTES

1. Internal Memorandum from Dr. Alvin Onaka, Assistant Chief and State Registrar, Department of Health, January 29, 1992. Attached to testimony of Dr. John Lewin, Director of Health, on H.B. No. 2542, Sixteenth Legislature, Regular Session of 1992, State of Hawaii.
2. Dr. Alvin Onaka, stated in a September 25, 1992 interview that forty percent of marriage licenses are sold to non-residents.
3. Hawaii, Department of Human Services, Family and Adult Services Division, and Planning Office, "A Statistical Report(s) on Child Abuse and Neglect in Hawaii," 1980-1991, September 1992, p. 118. There is conflicting evidence on the confirmed deaths statistic. The highest estimate was used.
4. Telephone interview with Edward Johnson, Registrar of Oregon, September 28, 1992.
5. Interview with Conrad Chow, Administrator, Planning Office, Department of Human Services, Debbie Lee, Administrator, Family and Adult Services Division, Department of Human Services, and Lynn Fallin, Assistant Director, Department of Human Services, September 21, 1992.
6. "A Statistical Report(s) on Child Abuse and Neglect in Hawaii," 1980-1991. Various years and citations.
7. Interview with Sarah Izen, Director, PREVENT Child Abuse Hawaii and Pat Farstrup, Chief, Department of Health, Maternal and Child Health Branch, August 3, 1992.
8. Hawaii Rev. Stat., secs. 352D-1 and 352D-2.
9. Interview with Lucille Calderon, Assistant Director, Office of Youth Services, September 18, 1992.
10. Interview with JoAnn Swearingen, Administrator-CAN, Office of Instructional Services, Department of Education, September 18, 1992.
11. Telephone interviews with Kathleen De Silva, October 1 and 2, 1992.
12. Telephone interview with Kenneth Ling, September 22, 1992.
13. Telephone interview with Richard F. Kahle, Jr., Director, Department of Taxation, September 18, 1992. Similar views were expressed by Dallas Weyand, Assistant Auditor, Office of the Auditor, in a telephone interview on September 10, 1992.
14. Angela Mimms, "Checking Off Taxes" (*The Council of State Governments*: April 1992), pp. 9-10.
15. Ibid., p. 10.
16. Jeffrey L. Katz, "Tax Checkoffs: Novel No Longer," Governing, July 1991, p. 33.
17. Hawaii, Auditor, Overview on Special and Revolving Funds, Report No. 92-11, April 1992, p. 1.

Chapter 6

FINDINGS AND CONCLUSIONS

Findings

1. Federal Prevention Grants fund programs for children and youth and child abuse and neglect prevention.

2. Federal Prevention Grants have spending restrictions. At least fifty percent of the funds must be spent on primary and secondary child abuse and neglect programs not funded by existing budgets.

3. Federal Prevention Grant eligibility guidelines will be followed more closely in the future. Specifically:

(1) A Children's Trust Fund must be established; and

(2) State appropriations must still be made.

4. The allotment formula for the grants has changed:

(1) Fifty percent is based on the proportion of youths in the State compared to the national population of youths;

(2) Fifty percent is based on twenty-five percent of the State's total collections specified in the previous year for child abuse and neglect prevention.

5. Hawaii received a grant for fiscal year 1992 but does not have a Children's Trust Fund established. This eliminates Hawaii from future grant eligibility.

6. Federal Prevention Grants supplement approximately six percent of Hawaii's budget for child abuse and neglect prevention.

7. The Children's Trust Fund concept was developed by a national organization to ensure consistent funding for child abuse and neglect prevention;

8. Children's Trust Funds are trademarked products of the National Committee for the Prevention of Child Abuse (NCPCA) and have three distinctive features:

(a) Funding which is distinct from the general fund;

(b) An administration that is distinct from child protective services;

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- (c) Funded programs are for child abuse and neglect prevention rather than protective services.¹

9. Other states' Children's Trust Funds vary from NCPA guidelines in structure, placement, and administration.

10. Structure, placement, and funding mechanisms are dependent upon the objectives yet to be determined by the Legislature.

11. The primary objectives of the Children's Trust Fund are currently viewed as:

- (a) To maintain eligibility for Federal Prevention Grant money;
- (b) To ensure a permanent and consistent funding source for programs for children and youth; especially, to start new, or expand existing programs for which no money is in existing agency budgets; and
- (c) To encourage a public-private partnership for the funding, control, and establishment of programs for children and youth.

12. Conflict between the objectives and implied goals of the Senate Concurrent Resolution No. 244, S.D. 1 (1992), for a Children's Trust Fund exist but are not insurmountable.

Conclusion 1: Maintaining Federal Prevention Grant Eligibility

In order to maintain eligibility for Federal Prevention Grant money, a Children's Trust Fund must be established for funding new programs for children and youth in Hawaii. The minimum that needs to be done is to establish a Children's Trust Fund with state appropriations specifically for new child abuse and neglect prevention programs. Eligibility can be maintained even though appropriations are the only funding mechanism. At a minimum, the Children's Trust Fund would be placed with and administered by a state agency. Should Hawaii not establish a Children's Trust Fund it will lose eligibility for new Federal Prevention Grants as a source of funding. In 1991, this grant source amounted to approximately a six percent supplement to state expenditures on child abuse and neglect.

Conclusion 2: Rerouting Existing Funds

Should only this minimum be implemented, the effect is that the same amount of money would go to child abuse and neglect prevention programs through a different route since the money would already be designated as such by both federal and state guidelines.

FINDINGS AND CONCLUSIONS

Control over appropriations for children and youth programs would remain with the Legislature; however, no new source of money for the Children's Trust Fund would be established and there would be little if any public-private joint effort towards programs for children and youth.

Conclusion 3: Ensuring a Consistent Source of Funding

As long as the Legislature deems it necessary and proper to appropriate moneys to the Children's Trust Fund at a level necessary to enable the State to remain eligible for Federal Prevention Grants, then legislative appropriations will provide a consistent source of funding. None of the other funding mechanisms reviewed in the course of this study appeared to be particularly well suited to serve as a funding source for a Children's Trust Fund. To the extent that the Legislature decides that funding for child abuse and neglect prevention programs is insufficient, additional funds can be appropriated from the general fund without resorting to "earmarking" or designating revenues (and the administrative costs required to implement the designations) from specific sources. Further, as worthy as child abuse and neglect prevention programs undoubtedly are, there does not appear to be any compelling justification to exempt funding for these programs from the legislative scrutiny applied to other worthy programs such as education, health insurance, or affordable housing.

Conclusion 4: Private-Public Partnership

If the Legislature decides to establish a Children's Trust Fund, the agency charged with administering the fund should be authorized to contract with or otherwise enter into working relationships with private organizations for purposes of fundraising, and, if appropriate, administering certain aspects of the program--but only if so doing will reduce administrative costs as a percentage of revenues. Under the right circumstances, a private-public partnership could be advantageous because private organizations may be better prepared to raise funds from the private sector while state agencies will have better access to the appropriations process.

Legislators should consider how the three most often cited objectives for establishing a Children's Trust Fund fail to mention eradicating child abuse or creating a supportive environment for the development of children and youth. It would be detrimental to accomplishing those objectives if the Legislature enacts another program or even an entire agency without establishing measures of effectiveness for these objectives. Unfortunately, this is what proponents from both public and private agencies are asking the Legislature to do. Yet, this is a common mistake in trying to change a system with a new program(s).² It leads instead to more administrative complexity while not increasing service to the clients. In this case that means not reducing levels of child abuse and neglect significantly.

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The solution is in attacking the root causes of an environment that is too often unfriendly to Hawaii's children and their oftentimes single parents. An objective management audit of the State's approach to child abuse and neglect prevention and protection efforts would illustrate areas where savings could be made and better service provided.

The basic policy question facing the Legislature is whether a Children's Trust Fund should be established at all. On the one hand, a CTF is a necessary condition for the State to qualify for Federal Prevention Grants. On the other hand, because it is a fiscal mechanism rather than an actual program, the establishment of a CTF in and of itself does not reduce child abuse or neglect. Establishment of a CTF at anything beyond the basic level (trust fund funded solely by general fund appropriations) will tend to increase the management complexity and administrative costs of the State's fiscal system while reducing legislative control. Other states have experienced difficulty keeping administrative costs down.

Ultimately, whether or not a Children's Trust Fund is established, the Bureau believes that the best course of action for the Legislature is to continue funding child abuse and neglect programs through appropriations from the general fund, either directly as is done at present, or at most rerouting those same appropriations through a Children's Trust Fund.

ENDNOTES

1. It is unknown if NCPCA has a fee schedule for use of the "Children's Trust Fund" name.
2. M. Beer, R. Eisenstat, B. Spector, The Critical Path to Corporate Renewal (Harvard Press, Boston: 1990), pp. 23-45.

SENATE CONCURRENT RESOLUTION

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO STUDY THE MOST APPROPRIATE STRUCTURE, PLACEMENT, AND FUNDING MECHANISM FOR THE ESTABLISHMENT OF A CHILDREN'S TRUST FUND FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT IN THE STATE OF HAWAII.

WHEREAS, children are the most precious resources in Hawaii and ensuring their healthy development deserves the highest priority; and

WHEREAS, since the future of our State will be in the hands of today's children, we must strengthen, educate and support the family in its most important task which is to nurture and prepare our future parents, workers, and leaders; and

WHEREAS, it is in the best interest of the State, its economy, and its future, to meet the needs of its children and families to ensure their healthy development and to prevent the abuse and neglect of those children; and

WHEREAS, investing today in children and families is not only in keeping with the traditional Hawaiian community spirit of aloha and ohana, but is also an investment in the future of Hawaii; and

WHEREAS, in 1989, the most recent year for which comprehensive statistics are available, over 2,289 children were abused or neglected, including 7 children who died (more than triple the previous year) and 3 children who were permanently disabled; and

WHEREAS, according to a recent study, two-thirds of Hawaii residents feel that child abuse and neglect is a major problem, and eighty per cent feel that the government should spend more money to prevent child abuse; and

WHEREAS, the importance of the availability and accessibility of a variety of prevention efforts to meet the needs of parents and caretakers and their children from birth through the teen years is well accepted; and

WHEREAS, it is well-established that the best methods for reducing the tragic occurrence of child abuse and neglect in families is through primary and secondary prevention; and

WHEREAS, forty-eight states nationwide have established models of children's trust funds for prevention of child abuse and neglect; and

WHEREAS, this Legislature believes that it is in the best interest of Hawaii residents to maximize all available non-state dollars to help fund prevention programs; and

WHEREAS, the commitment of community and state resources to a children's trust fund for the prevention of child abuse and neglect provides a powerful private/public partnership for the promotion of healthy children and families; and

WHEREAS, the needs of children are related to the communities in which they live and can only be met through community input, awareness; and involvement; and

WHEREAS, the purpose of a children's trust fund would be to establish a mechanism for the permanent funding of community based programs for the primary and secondary prevention of child abuse and neglect, and to enhance state eligibility for federal, state and private moneys designated for the prevention of child abuse and neglect; and

WHEREAS, the State of Hawaii has been receiving challenge grant funds since 1986, and these funds have been used to seed innovative child abuse prevention programs such as the Parent Line, Phone-A-Friend, Baby Hui, Keiki Play Mornings from mobile units for isolated and at-risk families, and parenting education for chemically dependent pregnant women; and

WHEREAS, eligibility for receiving challenge grant moneys as mandated in P.L. 100-294, and amended by P.L. 101-126, P.L. 101-226, and P.L. 101-645, stipulates that states receiving funds must have collected funds for child abuse and neglect prevention activities through a trust fund or other funding mechanism, including appropriations, to be available only for child abuse and neglect prevention activities; and

WHEREAS, in order to maintain eligibility for challenge grant moneys, a stable and regular source or sources of new money reportedly must be collected by the State for the express purpose of the prevention of child abuse and neglect activities; and

WHEREAS, the National Center on Child Abuse and Neglect of the Administration for Children, Youth and Families, United States Department of Health and Human Services, the agency that administers the challenge grant, reportedly has given notice of its intention to limit eligibility for challenge grant moneys to states having children's trust funds; and

WHEREAS, while Hawaii is probably not in danger of losing challenge grant money this year, Hawaii faces the danger of losing funds next year should a children's trust fund not be established, if pending legislation in Congress is passed; and

WHEREAS, the 48 states that have established children's trust funds use one or more of the following funding mechanisms for the collection of state dollars: tax checkoffs (16 states); surcharges on marriage licenses (15 states), birth certificates (12 states), divorce filings (7 states), death certificates (2 states); legislative appropriations (14 states); and the sale of heirloom birth certificates (4 states); and

WHEREAS, the children's trust fund moneys would be used to fund activities proposed by community groups and organizations through a request for proposals process, thereby increasing community involvement in the prevention of child abuse and neglect; now, therefore,

BE IT RESOLVED by the Senate of the Sixteenth Legislature of the State of Hawaii, Regular Session of 1992, the House of Representatives concurring, that the Legislative Reference Bureau (LRB) is requested to study issues relevant to the establishment of a children's trust fund for the primary and secondary prevention of child abuse and neglect; and

BE IT FURTHER RESOLVED that in conducting this study, the LRB is requested to:

- (1) Determine whether it is necessary to establish a children's trust fund in order to maintain eligibility for challenge grant monies;

- (2) Review children's trust fund models from other states, including the scope of those programs;
- (3) Interview representatives of agencies and interest groups named in this Concurrent Resolution to obtain views, information, and data;
- (4) Recommend an appropriate mechanism for providing an on-going source of state funds;
- (5) Recommend the structure and placement of such a fund to allow for the acceptance of public and private moneys;
- (6) Recommend a mechanism to ensure community input into the allocation of funds;
- (7) Recommend a structure and placement to allow the establishment of an endowment fund to ensure a permanent funding source for prevention of child abuse and neglect;
- (8) Recommend whether the scope of the fund should be limited to child abuse and neglect, or whether it should be expanded to other programs which benefit children and youth; and
- (9) Recommend a structure for and placement of a children's trust fund to ensure a true partnership of the public and private sector including the community, private agencies, and corporations to prevent child abuse and neglect through family support and preservation;

and

BE IT FURTHER RESOLVED that the following agencies and organizations are requested to provide full cooperation and support to the LRB in the implementation of this study, by, among other things, providing data, position papers, and other information requested by the LRB in a timely manner, and by designating representatives who are authorized to speak for their agencies with respect to any of the issues involved in this study:

- (1) The Department of Health, particularly with respect to issues concerning prevention of child abuse and neglect, and the collection of fees from birth and death certificates and marriage licenses as potential funding sources;
- (2) The Department of Human Services, particularly with respect to child protection, child abuse treatment services, community based family resource centers, and the JOBS program;
- (3) The Office of Children and Youth, particularly with respect to coordination of and advocacy on behalf of children and youth services;
- (4) The Office of Youth Services, particularly with respect to direct services and programs for youth at risk, including prevention programs;
- (5) The Department of Education, particularly with respect to primary prevention programs that contribute to the prevention of child abuse and neglect;
- (6) The Department of Labor and Industrial Relations, particularly with respect to programs to enhance employment opportunities (a critical issue in relieving family stress);
- (7) The Department of Taxation, particularly with respect to tax checkoffs as a potential funding source;
- (8) The Judiciary, particularly with respect to the collection of fees for divorce decrees and other court orders as potential funding sources;
- (9) The Police Department of each county, particularly with respect to the investigation of incidents of child abuse and neglect;
- (10) The University of Hawaii, particularly to the extent that the School of Public Health, the Center for Youth Research, and the School of Nursing, among others, are

involved in education or research concerning child abuse and neglect; and that the community colleges are involved in job training;

- (11) PREVENT Child Abuse Hawaii, as the point of contact for all of the organizations in the Hawaii Children's Trust Fund Coalition; and
- (12) Any other agencies that the LRB may identify which benefit children and youth;

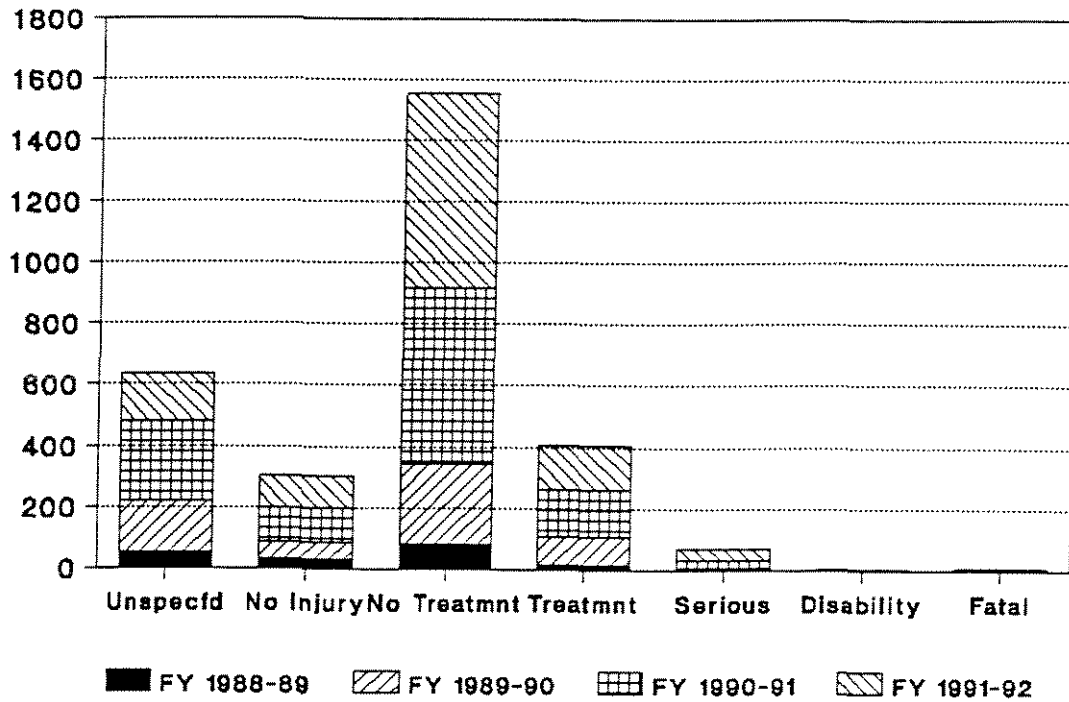
and

BE IT FURTHER RESOLVED that the LRB is requested to report findings and recommendations to the Legislature twenty days before the convening of the Regular Session of 1993; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Directors of Health, Human Services, Labor and Industrial Relations, and Taxation; the Superintendent of Education; the Directors of the Offices of Children and Youth, and Youth Services; the Administrative Director of the Courts; the President of the University of Hawaii; the Chief of Police of each county; the Director of the Legislative Reference Bureau, and PREVENT Child Abuse Hawaii, which in turn is requested to transmit copies to all members of the Hawaii Children's Trust Fund Coalition.

Appendix B

SEVERITY OF CONFIRMED REPORTS



Source: Dept of Health

Appendix C

Funding Mechanisms Used

- **Tax Check-offs**
- **Surcharges**
 - Marriage & Divorce**
 - Birth & Death Certificate**
 - Visa Card**
- **State Appropriations**
- **Federal Prevention Grants**
- **Manufacture of Goods**
 - License Plates**
 - Furniture**
 - Toys**

Source Trust Fund Annual Reports

Appendix D

Sample CTF Mission Statement

The Legislature, with a view towards making the environment safe for the children and youth of Hawaii and encouraging towards their development, has deemed the Children's Trust Fund of Hawaii as the source for coordinating and funding agencies to meet this end.

Our Goal is to eliminate child abuse and neglect because every child should have the opportunity to grow without the fear of physical or emotional harm from family members and friends.

Our mission is to educate parents, children and the community on the effects of child abuse; to provide funding opportunities for deserving programs for the development of children and youth; and to research methods of effective service delivery for these programs.

This is the Children's Trust Fund's mission. To do this we will continually reduce the cost of administering these services, while continually improving the service delivery to our customers: the future citizens of Hawaii.

Source: researchers

Appendix E

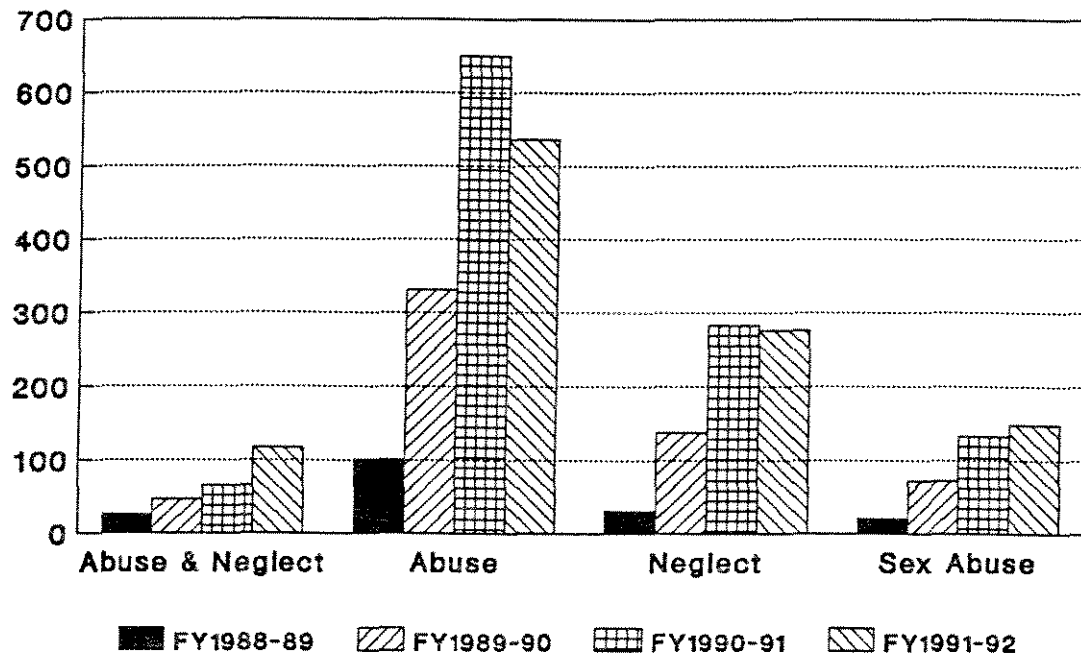
Placement Evaluation Criteria

- 1. Objectivity in Evaluating Potential Programs**
- 2. Knowledge of Child Abuse and Neglect**
- 3. Workable Public/Private Partnership**
- 4. Ability to Solicit Private Donations**
- 5. Low Administrative Costs**

combination of best practices seen in CTF's

Appendix F

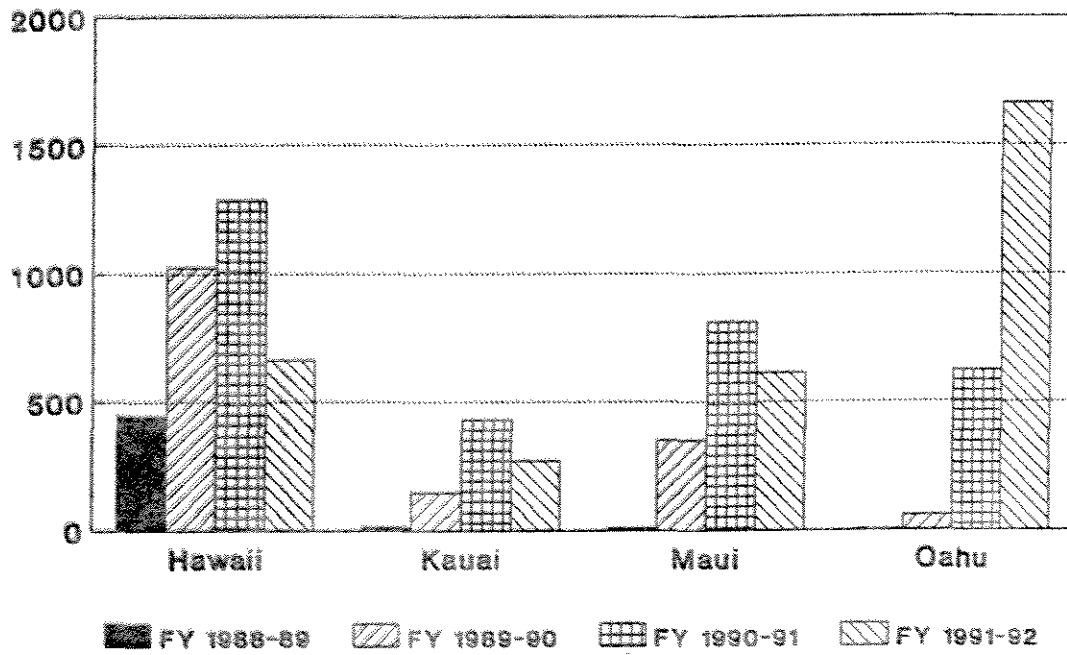
CONFIRMED CHILD ABUSE REPORTS Statewide



Source: Dept. of Health

Appendix G

CHILD ABUSE & NEGLECT REPORTS By County



Source: Dept. of Health