



# LEGISLATIVE PROGRAM

## 1982 SUPPLEMENT

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COUNCIL ON THE ECONOMIC STATUS OF WOMEN

400 SW, State Office Building  
Saint Paul, Minnesota 55155

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LEGISLATIVE PROPOSALS

Proposals endorsed by the Council  
for the 1982 legislative session:

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\* The surviving spouses' estate tax proposal passed as part  
of the omnibus budget balancing bill in the week of  
January 11, 1982.

# Child Care Tax Credit . . .

1

## Background

The first child care deduction provision for federal income tax was enacted in 1954. Prior to that time no deductions for child care were allowed since they were considered personal expenses rather than ordinary and necessary business expenses. The 1954 provision allowed a \$600 maximum annual deduction that was phased out, dollar for dollar, for working couples as their adjusted gross income rose above \$4,500. In 1964, the federal law was changed by raising the maximum deduction and increasing the income level at which the deduction was phased out.

In Minnesota, the first child care deduction provision was enacted in 1969. It essentially piggybacked on the 1964 federal law. The maximum annual deduction was the same as for the federal law, and the mechanism for phasing out the deduction took the form of reducing the deduction by the amount by which the combined income of taxpayer and spouse exceeded \$6,000.

Congress made additional changes to the federal law in 1971, when the scope of allowable expenses were broadened. In 1975 the benefits were extended to middle-income families; in 1976 the deduction was replaced by a tax credit and family income limits were removed; and in 1978 the scope was again broadened. Minnesota moved to a credit rather than a deduction in 1977, but has retained the phase-out of the credit at higher income levels.

The Economic Recovery Tax Act of 1981 modified the federal child and dependent care credit for taxable years starting in 1982. For persons earning \$10,000 or less, the credit will be 30 percent of actual child-care costs -- with a maximum cost of \$2,400 for one dependent and \$4,800 for two or more dependents. The percentage will decline one percent point for each \$2,000 or fraction thereof above \$10,000, hitting 20 percent for those earning over \$28,000.

Currently in Minnesota, the credit consists of 20 percent of actual cost, with a maximum cost of \$2,000 for one dependent and \$4,000 for two or more dependents. (The maximum credit allowable is therefore \$400 or \$800.) The credit is phased out at incomes above \$15,000, effectively setting an income limit at approximately \$23,000 for one dependent and \$31,000 for two dependents.

## Purpose of Legislation

To bring Minnesota child care and dependent tax credit into conformance with federal law by increasing the amount of credit for low-income families and maintaining a sliding deduction for middle and upper income families.

## Summary of Legislation

1. Increases the amount of dependent care credit to 30 percent of cost for families with incomes below \$10,000 annually.
2. Increases the maximum allowable cost to \$2,400 for one dependent and \$4,800 for two dependents.
3. Phases out the credit by deducting from the credit 5 percent of income above \$10,000 per year. (Effective income limit is approximately \$24,000 for one dependent and \$38,000 for two dependents.)

# Sexual Harassment . . .

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## Background

Sexual harassment is now recognized as a pervasive problem which has negative effects on the economic status of women. In a 1976 Redbook magazine survey, 88 percent of the 9,000 women responding said they had been sexually harassed, and 92 percent considered sexual harassment a serious problem. A recent study of federal employees estimated that sexual harassment costs the government \$95 million per year in lost work time and turnover expenses.

The victims of sexual harassment experience economic dislocation as well as emotional strain and a high frequency of stress-related illness and injury. Those in traditional "women's jobs" such as secretaries and waitresses often leave their jobs, losing opportunities to accumulate seniority and obtain advancement. Women in non-traditional jobs such as the skilled trades testified at a Council hearing that they had been forced to leave the only job they had ever had which paid more than minimum wage, returning to more traditional employment.

Regardless of occupation, about half of the victims leave their jobs; another one-third or more are fired when they report the harassment or when their work performance is affected by the harassment. Female students in vocational schools and colleges increasingly report similar problems. Many drop out of school, losing the opportunity to be trained for higher-paying employment.

The federal Equal Employment Opportunity Commission has issued guidelines which define sexual harassment as a prohibited form of sex discrimination. The definition includes "unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature" when such behavior is a condition of employment or affects employment decisions. The Minnesota Supreme Court ruled in Continental Can (June 1980) that sexual harassment is also prohibited under Minnesota law. That ruling states that employers are responsible for sexual harassment on the part of their employees, when the employer knew of the situation and failed to take immediate corrective action.

As one result of these legal advances, the number of sexual harassment charges filed with the Human Rights Department has more than doubled in the past year. However, a number of problems remain. Many employers still have no written policy or procedure on sexual harassment. Both women and men are unsure what behavior is prohibited and what legal recourse is available. Women who file charges may face retaliation from coworkers, may have difficulty proving their cases, and may face a lengthy investigation and enforcement process. Women who leave their jobs due to sexual harassment have been considered "voluntary quits" and ineligible for unemployment compensation.

## Purpose of Legislation

To provide legal recourse for victims of sexual harassment and public education on the issue, by including a definition and specific prohibition in state statutes.

## Summary of Legislation

1. Amends the Human Rights Act to include a specific definition of sexual harassment as a prohibited form of sex discrimination in employment and education.
2. Amends the unemployment compensation law to include sexual harassment among other "good causes" for leaving a job, to allow victims who can prove sexual harassment to qualify for unemployment compensation.

# Child Support . . .

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## Background

Traditionally the term "family" conjures up an image of a mother, a father, and several children. Today, however, one-parent families are the fastest growing family group. While the number of married-couple families with children under 18 has actually declined since 1970, the number of single-parent households has almost doubled in the same period. Currently, 80 percent of the households containing children are maintained by a married couple, 2 percent are maintained by the father, and 18 percent are single-parent households maintained by the mother.

The increase in single-parent households has resulted in what has sometimes been called the "feminization of poverty." Nationally, about one-half of all families below the poverty level in 1980 were maintained by women with no husband present. The poverty rate for such families was 32.7 percent, compared with 6.2 percent for married-couple families and 11.0 percent for families with a male householder. The poverty rate for female-headed families with at least one child at home was 42.9 percent, accounting for almost 7 million children who are poor.

It is a fundamental right of children to be supported by both parents to the greatest extent possible. Mothers who head families and taxpayers have borne a disproportionate share of the personal and economic burden of these families. A recent Census Bureau report showed that about two-thirds of women with children whose father is absent received no child support from the father. Less than one-quarter of the families received the full amount due.

For women who do receive child support payments from an absent father, the amounts are likely to be small. Child support accounts for only one-fifth of the total income of women receiving such payments. The average annual payment amounted to \$1,800 in 1978, and about four out of five mothers in father-absent homes had incomes under \$8,000 in that year. About one-quarter of all mothers in these families rely on Aid to Families with Dependent Children (AFDC),

In response to the growing number of families receiving AFDC, Congress in 1975 enacted Title IV-D of the Social Security Act which created the Child Support Enforcement Program. The purpose of the program is to locate parents who have deserted their families, establish paternity of children born out of wedlock, establish a legal obligation on the part of the absent parent to support that child, and enforce the obligation. The program provides these services to families who receive AFDC and is also available to families not receiving public assistance.

Nationally the program has proven to be cost effective. During Fiscal Year 1980 \$1.5 billion was collected, \$3.40 for each dollar spent in administering the program. There continues, however, a need to tighten up the child support enforcement system. Of the \$6.9 billion which was due nationally for child support in 1978, about \$2.4 billion of these payments were not made. Obtaining and enforcing court orders for support provides the single-parent family with an income which may make the difference between welfare dependency or financial independence.

## Purpose of legislation

To improve the economic status of single-parent families and to reduce welfare dependency by improving the child support and collections system.

## Summary of legislation

Amends current statutes to allow expanded child support services to non-public assistance parents; establishes procedures for setting equitable levels of child support; establishes additional procedures to enforce support collections for both current payments and arrearages; and provides that fee payments be equitable.



# Estate Tax . . .

## Background

Since women are increasingly likely to outlive their husbands, the tax treatment of property inherited by a widow upon the death of her husband is a significant economic issue for women. Recent changes in both state and federal estate taxes can have a significant impact on the economic security of widows.

Prior to 1979, Minnesota inheritance tax required a surviving spouse to demonstrate a contribution in "money or money's worth" to assets in order to obtain a partial exemption from the inheritance tax. Although this requirement applied equally to widows and widowers, women have historically been less likely to make financial contributions and therefore had more difficulty than men in documenting their contributions of time and labor. Limited marital deductions were allowed, which eased the tax burden for surviving spouses who inherited smaller estates. However, the proven-contribution requirement meant that widows inheriting larger farms or businesses were often forced to sell all or part of the property in order to pay inheritance taxes.

In 1977, the Council on the Economic Status of Women endorsed a legislative proposal that would automatically eliminate inheritance tax on one-half the value of property held in the names of both husband and wife, eliminating the requirement that a contribution be demonstrated. ("Joint tenancy" is the technical term for property held in both names.) This proposal became law in 1979, as part of a bill which also eliminated the inheritance tax and the gift tax, substituting an estate tax in conformity with federal estate tax law.

In Minnesota, a surviving spouse is now automatically exempted from estate tax on one-half the value of any property owned in joint tenancy when the other spouse dies. However, the survivor is still required to pay estate tax on the other half of the property, less any additional deductions.

The federal estate tax law was changed by the Economic Recovery Tax Act of 1981. Beginning January 1, 1982, there will be no estate tax on property inherited by a widow or widower upon the death of the other spouse. The new federal law reduces the cost of administering the estate tax, simplifies the process of computing deductions for surviving spouses, and recognizes marriage as an equal economic partnership.

## Purpose of Legislation

To provide consistency with federal estate tax law and to protect both spouses in a marital partnership against the loss of property when one spouse dies, by changing the state estate tax law.

## Summary of Legislation

Eliminates estate tax on property owned by husband and/or wife upon the death of either spouse.

# Pay Equity . . .

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## Background

The State of Minnesota is a major employer, with a current workforce of about 14,000 women and 18,000 men. A witness at the Council's first public hearing in 1976 said that "The State should be a model employer because it has as its purpose the good of all its citizens, including the citizens who work for it." For these reasons, the Council has monitored the status of state-employed women for five years.

State-employed women earn less than state-employed men, and the gap between the average salaries of men and women is increasing rather than decreasing. In 1976, the average woman employed by the state earned \$9,480 and her male counterpart earned \$13,670 -- a gap of \$4,190. In 1980, the average state-employed woman earned \$13,021 while her male counterpart earned \$18,034 -- a gap of \$5,013.

Job segregation accounts for a major portion of this gap. Almost half of state-employed women (45 percent) are clerical workers, compared with only 3 percent of state-employed men. Almost one-fourth of state-employed men (22 percent) are craft workers, operatives, or laborers, compared with only 2 percent of state-employed women. In July 1980, average earnings were \$11,378 for all clerical workers and \$15,434 for all craft workers, operatives, and laborers.

To integrate the state workforce, more than 6,000 women and an equal number of men -- more than one-third of the total workforce -- would have to change jobs. State turnover is relatively low, and male employees would undoubtedly be reluctant to accept lower-paying "women's jobs." Female employees have suggested a different approach to equalizing the average pay of women and men: to examine how jobs are evaluated and pay on the basis of this evaluation, within the limits of the collective bargaining process for establishing pay.

State jobs are now evaluated under a "Hay point system" which assigns numerical values to jobs based on know-how, problem-solving, accountability, and working conditions required for each job. For example, "delivery van driver" and "clerk typist 2" are each valued at 117 points. All state delivery van drivers are men, and the maximum yearly salary for this job is \$16,584. Ninety-nine percent of the clerk typist 2's are women, and the maximum yearly salary for this job is \$13,380. This pattern of lower pay for female-dominated jobs is remarkably consistent throughout state employment. Clearly, if state jobs were paid on the basis of Hay points, a significant portion of the earnings gap would disappear.

## Purpose of Legislation

To eliminate disparities in pay rates for male and female state employees by establishing equal pay for jobs rated equally by the state job evaluation system.

## Summary of Legislation

1. Provides that a policy be established in Minnesota law that comparable worth, as measured by skill, effort, responsibility, and working conditions, shall be the primary consideration in establishing salaries for those job classes which are at least 70 percent female.
2. Provides for a set-aside within the state salary appropriation to target job classes which are at least 70 percent female to be brought up to salaries for other jobs with comparable value under the state job evaluation system.

# Aid to Families . . .

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## Background

Aid to Families with Dependent Children (AFDC) is a federal-state program established under the Social Security Act in 1935 to "encourage care of dependent children in their own home" and to "help maintain and strengthen family life." A dependent child is defined as one who is "found to be deprived of parental support or care by reason of death, continued absence from the home, or physical or mental incapacity of a parent . . ." During most of the 46-year history of the AFDC program, the predominant deprivation factor has been the continued absence of a father.

Divorce has been the major cause of the father's absence, with "not married to mother" a distant second. In recent years, however, the rate of unwed parents has increased. Currently about 40 percent of the children in AFDC families have fathers never married to their mother.

To be eligible for AFDC, a family must meet a "standard of need" income level. Currently, the standard of need for a caretaker with two children is an income of \$5,352 per year. In addition, there are restrictions on the value of the property an AFDC family may possess. Another requirement for receiving aid is registration for employment services through the Work Incentive Program (WIN). Except for a person caring for a child under age 6, or those who reside a great distance from a WIN project, all AFDC adults must register for employment.

In March 1979 in Minnesota, about 127,700 persons received AFDC. Of these, about 85,600 were children, 38,000 were mothers, and 3,800 were fathers or other relatives. The average age of an AFDC child was 8 years old, although more than a third were pre-schoolers. About half of the AFDC children were only children, and most of the others had only one sister or brother.

The AFDC caretaker was most likely a mother in her twenties -- the median age in 1977 was 28 years. Only about 7 percent of the mothers were in their teens. Currently about a third of the mothers are employed, with a substantial majority of these working full-time. Overall, the "typical" AFDC family in Minnesota has an absent father and is headed by the mother. She is likely to be in her late twenties, has one or two children, is divorced or separated, and lives in rental housing in an urban area. The average payment per person for AFDC in 1980 was \$119.71 per month.

In August 1981, Congress made substantial changes in the AFDC law, requiring states to implement these changes in order to continue eligibility for federal funds. Substantive changes included additional limitations on resources, revision of income determination, limitation of the earned income disregard, and ineligibility for striking parents.

## Purpose of Legislation

To bring Minnesota AFDC law into conformance with federal requirements while retaining work incentives, retaining assistance for pregnant women, and strengthening child support collections procedures.

## Summary of Legislation

Amends Minnesota statutes as required or authorized by federal law; changing eligibility standards; changing income, resource, and disregard provisions; specifying coverage and extending medical assistance for pregnant women; establishing the standard of need and payment amount; specifying the amount of stepparent income in determining need and repealing a general stepparents' duty to support stepchildren; and further specifying public agency responsibilities regarding support or maintenance orders.



# LEGISLATIVE SUMMARY 1981

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The following proposals endorsed by the Council passed in the 1981 session:

**Council Refunding:** Removes the sunset date to continue the existence of the Council. Appropriates \$191,000. Chapter 356

**Battered Women:** Provides continued funding for shelters and related services. Appropriates \$3,728,800. Chapter 360

**Marriage License Fee:** Increases the marriage license fee by \$15 (and the marriage dissolution fee) to help fund battered women's and displaced homemaker programs. Chapter 360

**Probable Cause Arrest:** Removes the restriction that an arrest take place in the offender's residence. Chapter 273

**Displaced Homemaker:** Provides continued funding for programs and related services. Appropriates \$786,000. Chapter 360

**Sexual Assault:** Provides continued funding for statewide coordination and administration and for grants to local communities. Appropriates \$822,000. Chapter 360

**Part-Time Students:** Continues funding of financial aid for financially needy students enrolled part-time in post-secondary institutions. Appropriates \$600,000. Chapter 359

**University of Minnesota Women's Athletics:** Continues funding for women's intercollegiate athletics in order to provide equal opportunity to female students. Chapter 359

**Family Planning:** Continues funding for family planning projects. Appropriates \$2,000,000. Chapter 360

**Volunteer Services:** Continues funding for the Governor's Office of Volunteer Services. Appropriates \$270,000. Chapter 356

**Child Care Sliding Fee:** Continues the program which provides a sliding scale subsidy for child care services to low-income parents. Appropriates \$1,636,200. Chapters 355,360

**Pension Notification:** Requires notification to the spouse of a Minnesota public employee of the employee's annuity options and of the option chosen. Chapter 68

**Programming for Women Offenders:** Requires counties to provide programming for women offenders comparable to that provided for male offenders. Appropriates a minimum of \$122,000 for two model programs. Chapter 360

**Withholding Support:** Allows for a more speedy court procedure for withholding wages of a non-paying spouse or parent and expands the definition of income from which support may be withheld. Chapter 360

**Cost of Collection:** Authorizes the child support enforcement program to add administrative costs to the amount of court-ordered support collected on behalf of families not currently receiving public assistance (rather than charging the cost to the custodial parent). Chapter 360

**Job-Sharing:** Continues the job-sharing pilot program. Appropriates \$31,300. Chapter 356

**State Employees Training:** Continues a requirement that state agencies allocate training funds to clerical employees proportional to their numbers in each agency, but not to exceed 50 percent of training funds. Chapter 356

**Human Rights Enforcement Process:** Allows for damages for mental anguish or suffering. Increases the ceiling on punitive damages to \$6,000. (Chapter 364) Clarifies the meaning of reprisal. Permits the filing of a charge directly in district court. Grants the commissioner the authority to prioritize the caseload. (chapter 330)

**Human Rights Contract Compliance:** Allows the department to revoke a state contract if the contractor does not have an approved affirmative action plan. Chapter 326

**Driver's License Name:** Allows a married applicant to use a family name prior to marriage a middle name on a driver's license. Chapter 363

**Discriminatory Language:** Eliminates statutory language referring to members of one sex only in a number of statutes and substitutes inclusive language. Chapters 25,31,58

The following proposals endorsed by the Council were introduced in the 1981 session:

**Zoning for Shelters:** Defines shelters for battered women as permitted single-family or multiple family residential use for zoning purposes. HF 178 Simoneau/SF 151 Frank

**Surviving Spouse Pension Benefits:** Amends the Public Employees Retirement law to allow the surviving spouse of an employee who dies before reaching retirement age to claim a 50 percent annuity. Removes a provision that benefits to surviving spouses terminate upon remarriage. HF 348 Sarna/SF 753 Peterson, C.

**Women in Correctional Facilities:** Provides continued funding to the Department of Corrections for planning renovation and/or construction of a new women's prison. HF 1400 Rees/SF 1342 Solon

**Court Rules:** Establishes a committee of judges and other interested persons to establish guidelines for awarding maintenance, child support, and disposition of property in dissolution, legal separation, and maintenance proceedings. HF 304 Peterson, W./SF 246 Sietoff  
HF 929 Peterson, W./SF 214 Sietoff

**Maintenance Awards:** Amends the divorce law to include provision for permanent maintenance (alimony) and specifies consideration of the extent to which a spouse's earning capacity is permanently diminished because education or employment was subordinated to homemaking or childrearing. HF 450 Wynia/SF 378 Berglin

**Public School Employment:** Requires school districts to establish affirmative action plans. Establishes an internship program for administrative positions. SF 1217 Dieterich

The following proposals endorsed by the Council were not introduced in the 1981 session:

**Higher Education Women's Programs:** Supports continued funding to public post-secondary schools for supportive services such as women's centers, career clinics, women's studies, and continuing education.

**Homemaker Tax Credit, Child Care Providers:** Amends current law providing a tax credit for unemployed homemakers caring for children to include providers of licensed family day care services.

**Insurance Discrimination:** Prohibits unfair discriminatory practices in the sale, underwriting, and rating of insurance policies on the basis of sex, marital status, or occupation as a homemaker.

**Divorced and Widowed Spouses Conversion:** Extends the "grace period" for divorced spouses to claim conversion privileges from 30 to 90 days after divorce. Establishes conversion privileges for widowed spouses. Establishes a procedure for notification to divorced spouses when coverage is terminated.

**Homemaker Services, Automobile Insurance:** Increases the maximum insurance benefits payable to a nonfatally injured homemaker to \$200 per week, the same maximum benefit now allowable to the survivors of a deceased homemaker.

**Divorce Statistics Reporting:** Provides funds for the Minnesota Center for Health Statistics, Department of Health, to participate in the national divorce registry system. Adds items about economic provisions of dissolution to the form currently used.

**Women's Coordinator:** Provides one full-time equivalent staff position in the Department of Labor and Industry to provide information, resources, and referral services to apprenticeship programs and to women interested in apprenticeship careers.

**Age Discrimination:** Requires the Department of Labor and Industry and/or the Department of Human Rights to establish methods of enforcing the law prohibiting age discrimination in apprenticeship.