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EB/CAP/89/5
Supplement 3

December 8, 1989

To: Members of the Committee on
Administrative Policies

From: The Committee Secretary

Subject: Eligibility of Staff Members' Dependent
Children for Certain Benefits (EB/CAP/89/5)

Attached for the consideration of the Committee are (i) the draft of the Acting Chairman's summing up of the discussion at Meeting 89/6 of 12/7/89, that would be entered into the Committee's minutes (Attachment I); (ii) a revised paragraph (EB/CAP/89/5, Supplement 2) dealing with the justification for the \$7,500 limit on earnings, which would be incorporated into EB/CAP/89/5 (Attachment II); and (iii) a proposed recommendation of the Committee to the Executive Board (Attachment III).

In the absence of an objection from a member of the Committee by noon, Tuesday, December 12, 1989, the summing up together with EB/CAP/89/5, Supplement 2 and the proposed recommendation will be deemed to have been approved, and the recommendation will be submitted to the Executive Board for its approval on a lapse-of-time basis.

Att: (3)

Other Distribution:
Members of the Executive Board

12/15/89

See:
Sup. 2, on pag. 2
Sup. 2 has been
integrated with
Sup 3.

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Draft Acting Chairman's Summing-up of the Discussion
of the Committee on Administrative Policies of EB/CAP/89/5:
Eligibility of Staff Members' Dependent Children
for Certain Benefits

I understand from the discussion of the Committee that members are prepared to recommend that the Executive Board adopt the staff proposals incorporated in EB/CAP/89/5. There have been concerns expressed on the rationale for the proposed limit of \$7,500 on a child's earnings and the staff will revise the relevant section of the paper to show that this figure can be justified on the basis of the experience in implementing those aspects of the existing policy that require assessments of the costs of parental support to children. There has also been some concern about the staff's proposals for exceptions in those few cases of full time students where earnings might exceed \$7,500 but nevertheless the staff members are providing more than half the child's support. Committee members asked that the staff report back to the Committee after a year on the operation of the new criteria and give particular attention to the incidence of any such exceptions. Finally, in response to some continuing doubts on the part of one Committee member on the relationship of the proposed cut-off age to eligibility under the education policy, in particular in relation to the exception for military service, it was agreed that this relationship would be looked at when the Committee next considered the policy on education allowances.

EB/CAP/89/5
Supplement 2

December 8, 1989

Proposed Revision of EB/CAP/89/5

It is proposed that the following paragraph be added after subparagraph (ii) on page 3 of EB/CAP/89/5, to be reissued as EB/CAP/89/5/Revision 1.

In proposing the figure of \$7,500, the staff examined carefully what might reasonably be regarded as the typical total costs of supporting a child in the 19 to 24 age bracket. Over the years, in order to determine dependency, there have been numerous individual cases in which the Administration Department has been required to go into detail with staff members on the various forms of financial support they provide to their children. Clearly, depending on family income and the existence of significant expenditures such as tuition and board at universities paid for by the staff member, there is some degree of variation in the amounts of parental support. Nevertheless, in the age bracket from 19 to 24, the experience has shown that the typical dependent child of a staff member, living at home or dividing his time between home and university, gives rise to a range of total costs that center on an amount of about \$15,000, with some staff members (particularly with children pursuing graduate studies) being able to demonstrate the provision of significantly more than this amount. Accordingly, with the basic principle of dependency being that the parent provide more than half annual support, a normal limit on the child's earnings of half the \$15,000 seemed reasonable. Thus, if the earnings of children were below \$7,500, there would be a very strong presumption that the parent was providing more than half of annual support. 1/

1/ Additional justification for a figure of the order of \$7,500 was also provided by data reported by staff members on the earnings of children who are full-time students. These tend to fall in lower part of a range from \$5,000 to \$8,000.

DRAFT

Recommendation of the Committee on
Administrative Policies to the Executive Board

The Committee on Administrative Policies has considered the proposals regarding the Eligibility of Staff Members' Children for Certain Benefits contained in EB/CAP/89/5 (10/31/89) as well as Supplement 2 dated 12/8/89. On the understanding that the staff will report to the Committee on experience with the proposed new criteria after one year, the Committee recommends that Executive Directors endorse the proposals set out in EB/CAP/89/5, Revision 1.

