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February 6, 2015

To: Members of the Health and Human Services Committee
From: Aubrey Mancuso, Policy Coordinator – Economic Stability and Health
Re: Support for LB 89

Voices for Children in Nebraska would like to express our support for LB 89. The Aid to Dependent Children (ADC) program plays a role in helping families to be able to afford to meet their children's needs so that they can stay together. In 2013, the most common reason for cases of substantiated child abuse in Nebraska was physical neglect, which is often related to a family's economic circumstances. The ADC program can play an important role in addressing physical neglect.

The ADC program is also an important tool in trying to mitigate the consequences of child poverty. Unfortunately, the ADC program has not been able to effectively mitigate the growing number of children living in poverty in the state, in part because the maximum ADC payment falls well below the poverty level.

Attached to my testimony is data from our annual *Kids Count in Nebraska Report*. In State Fiscal Year 2013, a monthly average of 14,350 children were in the ADC Program and the average payment was \$326.17 per month. I should also note that because ADC recipients are required to participate in employment and training activities for 30 hours per week, this translates into an hourly wage of about \$2.72 per hour. A chart in the attachment also illustrates that ADC enrollment has declined significantly, but the number of children living poverty and in extreme poverty, defined as being at or below 50% of the federal poverty level, has increased.

Also included in the attachment is a chart that shows where our ADC payment ranks relative to other measures of family economic stability. In this case, we are looking at a family with 2 adults and 2 children. ADC payments fall far below the minimum wage, the poverty line, and far below the Family Economic Self Sufficiency Standard (FESS), a more comprehensive measure of family economic stability.

We also support the provision in LB 89 that would allow families to transition off of ADC at a higher income level. We need to examine our ADC program to explore ways to improve its ability to address both family preservation and child poverty. LB 89 is an important piece of this puzzle that recognizes the inadequacy of current payment rates in the program and the low income level at which families are required to transition off the program. Additionally, recent federal policy changes have opened up new opportunities to improve the program. In 2012, the federal Administration for Children and Families (ACF) released guidance to states on a new waiver opportunity available in the TANF programs. This waiver would allow states to test new ways of achieving better employment outcomes for lower income families. If Nebraska were to apply for this waiver, the state would have a new opportunity to better serve families in the ADC program in ways that promote

greater financial stability over the long term.

We hope the committee will advance LB 89 and continue look for additional ways to make our state's ADC program a stronger tool in addressing both family preservation and child poverty. Thank you.