



March 13, 2025

To: Chairperson Hardin and members of the Health and Human Services Committee

From: Anahí Salazar, policy coordinator for Voices for Children in Nebraska

Re: LB 588, Require the maximum level of monthly assistance to be tied to the annual inflation factor for Aid to Dependent Children

Children must have their basic needs met to develop and succeed. For those growing up in poverty, every additional dollar can make a significant difference in a family's financial stability. Families living at or near the poverty line are better positioned to thrive when parents can work or further their education and find jobs that pay a living wage, while receiving temporary assistance from programs like Aid to Dependent Children (ADC). This program provides crucial support for necessities such as housing, food, healthcare, clothing, childcare, and transportation, offering stability and opportunity for both parents and children. Voices for Children strongly supports LB 588, as it takes an essential step toward ensuring Nebraska families, especially children—have the financial security they need to grow and prosper.

Nearly 60,000 children in Nebraska are living in poverty, with close to 25,000 experiencing extreme poverty.¹ The ADC program was created to address this very issue. Not only does it provide a small amount of cash support for families facing financial hardship, it helps parents secure stable employment that allows them to transition out of the program and achieve long-term financial stability. However, the formula used to determine ADC benefit levels has remained unchanged since 2015, leaving many families without the support they need.

LB 588 aims to adjust ADC calculations to better reflect the real financial needs of families. These changes will make a difference in the lives of Nebraska's children by ensuring families are not left behind due to outdated numbers in statute.

Voices for Children supports LB 5882 because it:

- **Is a Strong Child Welfare Prevention Strategy:** Investing in public benefit programs is a powerful strategy for preventing child welfare involvement and promoting family stability. An estimated 85% of families investigated by child welfare agencies earn below 200% of the federal poverty line. Each additional \$1,000 that states spend annually on public benefit programs per person living in poverty is associated with 4.3% reduction in child maltreatment reports, 4% reduction in substantiated child maltreatment, 2.1% reduction in foster care placements, and more.² Analysis suggests it also reduces racial disproportionality in CPS involvement. The National Academy of Sciences (NAS) found that cash assistance

¹ U.S. Census Bureau, 2022 American Community Survey 5-year Estimates, Table B17001.

² Puls, H. T. (2021). State Spending on Public Benefit Programs and Child Maltreatment. National Library of Medicine. <https://doi.org/10.1542/peds.2021-05068>

could reduce CPS investigations by 11 to 20% annually with up to 29% reduction in CPS involvement for kids of color.³ This would be good news both for Nebraska children and the Nebraska general fund, which covers most of the cost of child welfare.

- **Encourages Economic Mobility** By updating calculations, LB 588 ensures that families are not unfairly penalized for modest income increases. This allows parents to pursue better job opportunities without the fear of losing necessary support too quickly, ultimately helping them move toward long-term financial self-sufficiency.
- **Maximizes Federal TANF Funds for Nebraska Families:** Nebraska receives federal Temporary Assistance for Needy Families (TANF) funds to assist low-income families, and LB 588 ensures that these funds are used effectively and in a way that best serves all families equitably. By aligning ADC adjustments with actual cost-of-living increases, the state can better serve the families who need it most and avoid unspent dollars adding to a rainy-day fund. It is also the most geographically equitable of the possible state uses for TANF: by using the funds to directly assist families, rather than funneling through nonprofits located only in certain areas of the state, ADC has the potential to spread the benefit of this federal block grant to families regardless of where they live.

LB 588 is a necessary policy change that prioritizes the well-being of Nebraska's children. By making ADC benefits more responsive to economic realities, we can help ensure that families have the support they need to provide a stable and nurturing environment for their children. Thank you, Senator Conrad, for introducing this pro-kid policy. I respectfully urge this committee to support LB 588 and to invest in the future of Nebraska's children.

³ Pac, J., Collyer, S., Berger, L., O'Brien, K., Parker, E., Pecora, P., Rostad, W., Waldfogel, J., & Wimer, C. (2023). The effects of child poverty reductions on Child Protective Services involvement. *Social Service Review*, Advance online publication. <https://doi.org/10.1086/72321>