Effectively addressing poverty is not only fundamental to the well-being of children and families in our community, it is also one of the keys to preventing the unnecessary entry of children into the foster care system. LB 508 can help address poverty and enable families to meet their children’s basic needs in their own home by increasing the maximum payment rate for families receiving Aid to Dependent Children (ADC) benefits.

The Need

One in five Nebraska children (18.2%) lives in poverty, and over half of children (58%) enter the foster care system due to neglect, which means the failure to provide for a child’s basic physical, medical, educational, and/or emotional needs.

Nebraska’s cash assistance program, ADC, helps parents meet the basic needs of their children and can help keep families together. One of the core purposes of this program under federal law is to keep children in their own home and out of the child welfare system. The ADC program therefore has the potential to help prevent children from unnecessarily entering the child welfare system.

Yet, the ADC maximum payment rate for a family is out of step with the real cost of living. For example, a single parent with a school-aged child receives a maximum of $293 per month under ADC. However, the self-sufficiency standard, or the estimate of what it actually costs in Nebraska to be self-sufficient, is $1,485 per month. Moreover, this rate has not been changed in more than 30 years.

Like the ADC program, Nebraska’s foster care payment rates have been out of step with the actual cost of providing for a child’s basic needs. The monthly base foster care rate, prior to the passage of LB 820, was $246 per month for the youngest children.

Both of these rates are among the lowest in the country and are inadequate to meet the basic needs of children.

The Opportunity

The Legislature is currently considering a bill that would implement an increased foster care rate to reflect the actual cost of providing for the basic needs of children in foster care.

We have the opportunity to make a similar commitment in the ADC program.

LB 508 would phase in an increase in the maximum monthly payment under ADC by a set percentage over the next six years. The bill also contemplates a regular rate adjustment (every two years) to better reflect the actual cost of living. In the first two years, this change will allow a single parent with one child an increase from $293 to approximately $378 per month.
Current vs. Proposed ADC Rate

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Current ADC maximum payment</th>
<th>Proposed ADC maximum rate (LB 508)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$293 per month</td>
<td>$378</td>
</tr>
<tr>
<td>3</td>
<td>$364 per month</td>
<td>$444</td>
</tr>
<tr>
<td>4</td>
<td>$435 per month</td>
<td>$514</td>
</tr>
</tbody>
</table>

Previous vs. Proposed Foster Care Rate

<table>
<thead>
<tr>
<th>Age</th>
<th>Nebraska’s previous base foster care rate (FC Pay - effective July 1, 2010) per child</th>
<th>Foster Care Reimbursement Rate Recommendation (LB 530) per child</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>$246 per month</td>
<td>$608.33 per month</td>
</tr>
<tr>
<td>6-11</td>
<td>$323 per month</td>
<td>$699.68 per month</td>
</tr>
<tr>
<td>12-18</td>
<td>$388 per month</td>
<td>$760.43 per month</td>
</tr>
</tbody>
</table>

The Benefit to Nebraskans

LB 508 can help families stay together and meet their basic needs.

Nebraska can better leverage the ADC program and help parents have the resources they need to support their children in tough economic times.

For more information contact Jennifer Carter at Nebraska Appleseed (402) 438-8853.

Notes

1 U.S. Census Bureau Data, 2010.
3 42 USC 601(a)(1).
4 Figure 1 is based upon a basic needs budget, per month, for a single parent family with a preschool aged child in Lancaster County in 2010. It excludes the cost of child care, food, and health care.
6 LB 530.
7 Most ADC recipients also receive child care and food assistance.
8 Based upon the current Standard of Need level. The Consumer Price Index would be adjusted in July 2013, potential creating different levels.
9 See Health and Human Services Committee, LR 37 Report, December 15, 2011, Chapter 9. Note that these are the rates provided by the Nebraska Department of Health and Human Services. Rates paid by contracting and subcontracting agencies vary.