

April 1, 1980

LB 789

person. The impact of the bill, as you know, has a general fund requirement as it now stands of \$4,015,000. The amendment would reduce that to a \$1,788,000...a reduction of \$2,227,000 general fund money. It also would require as it is set \$362,000...little over, for cash funds which are county funds and would reduce that amount to a hundred thousand, 136 or approximately 262,000 dollar reduction. There is also a reduction in federal funds but the federal funds follow with whatever the state standard is and is automatic. As you will all recall, 789 is based upon a difference between the last time that ADC payments were adjusted and currently by the amount of increase in the Consumer Price Index. What I am offering is an amendment that reduces these payments and essentially what I am offering would reflect what was contained in LB 596 last session, which required...requested the Department of Welfare to make a comparison of the poverty guidelines established by the Federal Office of Management and Budget with the payments that we are making. I am suggesting that perhaps the use of the Consumer Price Index is not totally appropriate because there are items included in the index for the Consumer Price Index that perhaps should not be considered in determining what or how much these minimum payments should be increased, or maximum payments should be increased. One of these that would be increased is medical costs, as you know anyone eligible for ADC automatically receives free medical care through Medicaid and as a result that portion of the index that has...of the Consumer Price Index it increases the percentage that perhaps that portion shouldn't be used. A couple of other examples perhaps is the cost of buying homes, a part of the Consumers Price Index, and while it is true about 14 percent of the individuals who are receiving aid to dependent children are buying homes by and large that would not be the case. There also is an entertainment allowance which at some amount was appropriate but it is a little more broad as it is used in determining the Consumer Price Index than perhaps is necessary. Another index is that of the cost of food. The index for the cost of food under the Consumer Price Index does not carry the impact of food stamps that aid to dependent children families could receive at no cost, and if that is not to take into account in effect you have almost a double allowance for food, the cost, by not acknowledging the fact that they are eligible for food stamps. Another index that can properly considered is that relating to utilities. There are those federal programs now which permit assistance to low income people, specifically those on ADC that... which they are subsidized by a percentage increase in their

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