



Pete Ricketts
Governor

STATE OF NEBRASKA

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April 29, 2015

Mr. President, Mr. Speaker, and
Members of the Legislature
State Capitol
Lincoln, NE 68509

Dear Mr. President and Members of the Legislature:

I am returning LB 89 and LB 89A without my signature and with my objections.

Clearly, the bill is well intentioned. The issues some proponents have described to me about the ADC funds have merit. However, this bill is unsustainable. LB 89 creates an ongoing and increasing liability that exceeds the amount of federal block grant funds the state receives. The bill will exhaust the Temporary Assistance for Needy Families Block Grant (TANF) reserve by 2020.

Under current law, those who qualify for cash assistance under the ADC program can be paid a maximum of \$300 per month for a family of two plus \$75 per month for each additional household member. LB 89 not only increases the maximum payments but also permanently indexes future payments to not less than 70% of a Standard of Need calculation which itself is an indexed factor.

Supporters of the bill assert that ADC benefit payments should be paid from the Temporary Assistance for Needy Families Block Grant (TANF). Our state already uses TANF for ADC cash benefit payments.

The benefit enhancements made by LB 89 will cause a budget funding shortfall. Beginning in FY 2020-21, existing TANF balances will be exhausted and nearly \$19 million in General Funds will be required each year to maintain the ADC payments authorized in LB 89. As demonstrated in the attached chart, this is unsustainable. Future Legislatures will have to solve the problem these bills create today by adding new General Fund spending in the amount of nearly \$38 million in each biennial budget or cutting assistance under this program.

As to the argument that the ADC benefit has not been raised in many years, it is important to note the context of the funding expansion proposed by the bill. Families who qualify for the ADC benefit also qualify for food stamps, subsidized child care services, job and education training programs. In addition, ADC families who become ineligible for cash assistance due to an increase in pay can become eligible for extended ADC assistance which also includes six or more months of Medicaid program coverage.

I remain open to a solution that will provide continuing and lasting support for families. The broad expansions proposed by LB 89 come at a time when our state faces potential budget uncertainties. Now is not the time to enact such a broad expansion of public assistance benefits.

The bill is not sustainable nor does it consider a comprehensive view of assistance to families. Those are my goals in having an effective, efficient, and accountable health and human services delivery system.

While I am vetoing this bill, I recognize the merit of working toward a long-term solution. I would sign a similar bill this session with a four year sunset provision. That would give the executive and legislative branches time to work together to find a mutually agreeable and sustainable solution to this issue.

For each of these reasons, I respectfully urge you to sustain my veto of LB 89 and LB 89A.

Sincerely,

A handwritten signature in black ink that reads "Pete Ricketts". The signature is written in a cursive, slightly slanted style.

Pete Ricketts
Governor

TANF BLOCK GRANT
Impact of LB 89 on TANF Balances and General Fund

		Change in Year-End Balance from Prior Year
TANF Balance - Sept 30, 2014	\$ 68,933,229	
FFY 15 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
Child Care Adjustment for FY13 and FY14	\$ (8,000,000)	
LB 89 impact (9/5/15 - 9/30/15)	\$ (570,739)	
FFY 15 TANF Balance - Sept 30, 2015	<u>\$ 57,696,268</u>	\$ (11,236,961)
TANF Balance - Oct 1, 2015	\$ 57,696,268	
FFY 16 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 16 LB 89 Impact	\$ (8,332,800)	
FFY 16 TANF Balance - Sept 30, 2016	<u>\$ 46,697,246</u>	\$ (10,999,022)
TANF Balance - Oct 1, 2016	\$ 46,697,246	
FFY 17 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 17 LB 89 Impact	\$ (8,332,800)	
LB 89 increase (7/1/17 - 9/30/17)	\$ (948,600)	
FFY 17 TANF Balance - Sept 30, 2017	<u>\$ 34,749,624</u>	\$ (11,947,622)
TANF Balance - Oct 1, 2017	\$ 34,749,624	
FFY 18 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 18 LB 89 Impact	\$ (12,127,200)	
FFY 18 TANF Balance - Sept 30, 2018	<u>\$ 19,956,202</u>	\$ (14,793,422)
TANF Balance - Oct 1, 2018	\$ 19,956,202	
FFY 19 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 19 LB 89 Impact	\$ (12,127,200)	
LB 89 increase (7/1/19 - 9/30/19)	\$ (1,004,400)	
FFY 19 TANF Balance - Sept 30, 2019	<u>\$ 4,158,380</u>	\$ (15,797,822)
TANF Balance - Oct 1, 2019	\$ 4,158,380	
FFY 20 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 20 LB 89 Impact	\$ (16,144,800)	
NEW GENERAL FUND APPROPRIATION	\$ 14,652,642	
FFY 20 TANF Balance - Sept 30, 2020	<u>\$ -</u>	\$ (4,158,380)
TANF Balance - Oct 1, 2020	\$ -	
FFY 21 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 21 LB 89 Impact	\$ (16,144,800)	
NEW GENERAL FUND APPROPRIATION	\$ 18,811,022	
FFY 21 TANF Balance - Sept 30, 2021	<u>\$ -</u>	-
TANF Balance - Oct 1, 2021	\$ -	
FFY 22 TANF Grant Award	\$ 56,833,778	
Estimated Expenditures	\$ (59,500,000)	
FFY 22 LB 89 Impact	\$ (16,144,800)	
NEW GENERAL FUND APPROPRIATION	\$ 18,811,022	
FFY 22 TANF Balance - Sept 30, 2022	<u>\$ -</u>	-

Estimating the SON for July 1, 2017 using the CPI increases from the most current increase, the average increase in the payment maximum in 2017 would be \$51. Applying that to a caseload size of 6200, the increased cost would be \$3,794,400 annually. This assumes the CPI won't increase and the caseload won't increase or remain on assistance longer. The maximum payment increase in 2020 is estimated to be \$54, resulting in an annual increase of \$4,017,600, maintaining continuation of caseload and CPI assumptions.