

March 6, 2013

Senator Kathy Campbell, Chairperson
Health and Human Services Committee
State Capitol
P.O. Box 94604
Lincoln, NE 68509

Dear Senator Campbell:

I am writing to oppose LB 368, which would create a subsidized employment pilot program within the Department of Health and Human Services. Other states that have developed subsidized employment programs have experienced difficulties funding the programs in an ongoing basis due to the cost involved. Creating a wage subsidy program that may not have future funds available could create a false expectation to the recipients. There is also no guarantee that employers would retain our clients as employees once the wage subsidy ends.

It is estimated that approximately 200 individuals could be served at the cost of \$1 million that the bill would allocate for each of the next four years. Once administrative costs are taken into consideration, the number served could be less.

Once again, the Department has concerns with this and three other Legislative Bills introduced this session. In addition to this bill, LB 236, LB 508, and LB 555 all contain new appropriations of TANF block grant funds totaling \$8.6 million each year.

TANF is not an entitlement program. It is a block grant, meaning that Nebraska receives a specific amount of federal funding for the program. In past years, the Department did not fully expend the TANF Block Grant and, therefore, a balance accumulated. In Fiscal Year 2011, the Department requested, and the Legislature approved, using some of these funds for TANF-funded programs in the Department that had previously been funded with State General Funds.

Beginning in fiscal year 2011, the Department expended more than the annual Block Grant Award of \$57.5 million and has continued that level of spending during the current biennium, and in the budget requested for the next biennium.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Pristow', enclosed within a large, loopy oval shape that extends to the right with a long horizontal stroke.

Thomas D. Pristow, MSW, ACSW, Director
Division of Children & Family Services
Department of Health and Human Services

cc: Senator Crawford