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House Ways and Means FY 2019 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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Yesterday the House Committee on Ways and Means released its budget proposal for fiscal year 2019 (FY 19), House 4400. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP, Related Items Administered by DTA, and Other Nutrition Items

Account	Description	FY 18 General Appropriation*	FY 19 Gov.'s Budget	FY 19 HWM
4403-2000	TAFDC	$162.85M	$194.11M	$192.10M
4401-1000	Employment Services Program	$14.19M	$14.16M	$14.16M
4400-1979	Pathways to Self Sufficiency	$1.00M	$1.00M	$1.00M
4408-1000	EAEDC	$77.91M	$74.87M	$76.26M
4405-2000	State supplement to SSI	$220.23M	$220.47M	$220.47M
4403-2007	Supplemental Nutritional Program	$600,000	$300,000	$300,000
4400-1020	Secure Jobs Connect	$650,000	$650,000	$500,000
4403-2008	Transportation Benefits for SNAP Work Program Participants	N/A	$960,000	$1.00M
4403-2119	Teen Structured Settings Program	$10.03M	$8.81M	$8.81M
4400-1100	Caseworkers Reserve	$70.79M	$72.81M	$72.79M
4400-1000	DTA Administration and Operation	$62.34M	$62.69M	$62.65M
4400-1025	Domestic Violence Specialists	$1.56M	$1.61M	$1.61M
4401-1001	Food Stamp Participation Rate Programs	$4.38M	$4.51M	$3.26M
4400-1004	Healthy Incentives Program (HIP)	Included in 4401-1001	Included in 4401-1001	$3.50M

1. **Cash Assistance (including TAFDC, EAEDC, SSI State Supplement, Nutrition Assistance)**

    - **The House Ways and Means budget does not Lift the Cap on Kids.** The Cap on Kids – also called the Family Cap – denies TAFDC benefits to children conceived while the family was receiving assistance. Massachusetts denies benefits to 8,700 children because of the Cap on Kids. House Ways and Means also has not acted on H.85, the bill to Lift the Cap on Kids, that was filed in January 2017. One hundred eighteen organizations have endorsed the Campaign to Lift the Cap on Kids. Recently, 81 House Members signed a letter asking the Speaker to repeal the Family Cap.

    - **Asset limit raised from $2,500 to $5,000 (section 23).** This adopts the Governor's budget proposal to raise the asset limit to $5,000. Although this is a good step forward, DTA itself has recognized that it would make more sense to eliminate the asset test altogether. As DTA recently said, "States that have removed asset limits have not seen any net caseload increase either in application rates or approval rates. These states also saw no increase in [cash assistance] expenditure." DTA Report on Economic Independence Accounts (March 2018). Because applicants for and recipients of TAFDC rarely have substantial assets, the asset test adds to administrative burdens without

* Throughout the tables in this document "FY 18 General Appropriation" refers to the amount appropriated through the General Appropriations Act. These amounts do not include supplements.

reducing program costs. A recent policy brief from the PEW Charitable Trusts concludes that "[A]sset limits return no advantage to the states that use them and expend resources to administer them."

- **House Ways and Means, like the Governor, would keep the annual TAFDC children's clothing allowance at $300 (item 4403-2000).** This small payment helps low-income families provide winter clothes for their children. The children's clothing allowance is paid in September for each child receiving TAFDC. It is not paid for children excluded by the Family Cap. Last year the Legislature increased the clothing allowance from $250 to $300 a year. The Governor vetoed the increase and purported to rewrite the line item to provide for a $250 annual clothing allowance. Legal experts say the Governor does not have the power to rewrite a line item, but DTA nevertheless paid only $250 in September. The Legislature overrode the veto in October. DTA did not finally pay the $50 that was owed until March 2018, six months after it was supposed to have been paid. While $50 is a small amount, it is concerning that the Administration demonstrated such lack of regard for very low-income children as well as lack of regard for the limits of the Governor's power. As in past years, HWM also increases the standard of need in September when the clothing allowance is paid to allow very low-income working families to qualify. House 2, like past governors' proposals, says the standard of need "may" be raised in September but would not require it to be raised.

- **Transitional Support Services not specified but DTA may retain them (item 4403-2000).** House Ways and Means does not include language specifying continuation of Transitional Support Services, the program created at the Administration's initiative in FY 17 for families who lose eligibility for TAFDC because of earnings. Currently, these families are eligible for four months of transitional benefits after TAFDC ends, starting at $280 a month and reducing month by month to $70 in the fourth month. The Governor also did not specify retention of Transitional Support Service. However, DTA said that the Administration intended to retain them at a cost in FY 19 of $3.2 million. The HWM proposed line item would provide enough to cover TSS benefits at $3.2 million.

- **HWM keeps lower grants for work-required families (item 4403-2000).** Since 1995, grants for work-required families have been set at 2.75% less than grants for families who are not work-required (generally families where the parent has a severe disability and families with a very young child). For example, the maximum grant for a family of three subject to the work requirement and time limit is $578 a month, compared with a maximum grant of $593 a month for families who are exempt from the work requirement and time limit. The 2.75% grant reduction adds complexity to the program without promoting any discernible policy goal. The Governor proposed to raise the TAFDC benefits for families who are subject to the work requirement to the amounts for non-work-required families. Eliminating the differential grant amounts is a good step towards simplifying an overly complicated program and would provide a small but welcome benefit to about 7,000 families. Since DTA did not ascribe any cost to its proposal to equalize the grant amounts, it is not clear why HWM did not adopt it.

- **HWM also did not adopt the Governor's proposals changing how much earned income is counted in determining applicants' and recipients' eligibility and amount of benefits.** The Governor's proposal to disregard all of the family's earned income for 6 months after the start of employment was very positive. But another House 2 proposal would have reduced benefits after 6 months by $100 a month. And the Governor also proposed making it harder for working applicants who recently received TAFDC to requalify for benefits. HWM did not adopt the very good proposal regarding the treatment of earned income or the harmful ones.

- **HWM proposes $192.1 million for TAFDC (item 4403-2000).** According to DTA, spending for FY 18 is estimated at $192.5 million, substantially more than the appropriation of $162.9 million, primarily because the caseload is somewhat higher than projected. About $6.7 million of the increase is attributable to families escaping the hurricane devastation in Puerto Rico. A pending supplemental budget would add $25.6 million for FY 18 and DTA plans to use its transfer authority to move about $4.4 million from other accounts to TAFDC. However, HWM's caseload projection for FY 19 may be too high. After increasing slightly in the first months of FY 18, the caseload is going down again. This is consistent with DTA's expectation that most of the PR evacuees would only need short term assistance. Based on the March caseload of 29,532, the account would need $180.5 million in FY 19 for basic TAFDC benefits. According to DTA, an additional $800,000 would be needed for the improved treatment of assets, even though DTA itself says that states that eliminated their asset limits did not see an increase in expenditures. The HWM number may also be assuming that DTA will continue to pay for TSS benefits from this account ($3.1 million) as well as paying for $3.2 million in transportation benefits for TAFDC recipients because the Employment Services Program funding is in sufficient. Based on the current caseload, with these additions, the account would need $187.6 million in FY 19. About $8 million more than the HWM proposal would be needed to repeal the Family Cap.

- **The TAFDC line item (item 4403-2000) includes language requiring the Governor to give 75 days' advance notice to the Legislature making changes in benefits or eligibility.** As in past years, the Governor did not include this language. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. In FY 10, the advance notice provision was critical to giving the Legislature time to work with the Governor to come up with a solution so that children in 9,100 families headed by a severely disabled parent would not lose their TAFDC benefits. Unlike the Governor, HWM also includes last year's requirement of 75 days' advance notice before DTA proposes any changes to the disability standard, though it does expressly authorize DTA to revise the standards. Also unlike the Governor, HWM retains a requirement that DTA tell recipients about their eligibility for child care.

- **The Employment Services Program (ESP, item 4401-1000) would be almost level-funded at $14.2 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million,** the same as the Governor. HWM specifies level-funding for the Young Parents Program and $1 million for job search services for parents with limited English proficiency. Other than the $1 million in the Pathways account, HWM does not specify any amount for education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); transportation assistance for recipients who are working or in education, training or job search; or learning disability assessments. HWM, like the Governor, does not include a current requirement that the

Administration report on program outcomes. Like the FY 18 budget, both HWM and the Governor would authorize use of funds from the ESP line item for noncustodial parents with children on TAFDC. This is a worthy purpose but ESP funding is already

insufficient to provide the programs and services TAFDC parents need; diverting funds elsewhere would aggravate the funding inadequacy.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would eliminate the homeless penalty.** Currently, EAEDC recipients who are homeless get a grant of only $92.80 a month, even lower than the $303.70 a month for single people who are not homeless. HWM specifies that individuals experiencing homeless would be paid at the same rate as individuals who incur shelter costs. HWM would fund the account at $76.3 million, slightly lower than the FY 18 appropriation and slightly higher than the Governor's proposal. Because the EAEDC caseload has been going down, the account has been running a surplus. The HWM proposed appropriation therefore likely would be sufficient to cover the estimated $1.4 million cost of eliminating the homeless penalty. The next step is to raise EAEDC grants, which were last increased in the 1980s. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state would recover the cost of any grant increase for some EAEDC recipients. Unlike the Governor, HWM's proposed EAEDC line item includes language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $220.5 million,** the same as the Governor and slightly more than the FY 18 amount.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at only $300,000,** the same as the Governor, compared with $600,000 in FY 18. This program provides a small state food SNAP supplement to thousands of low-income working families who also receive federal SNAP benefits (formerly called Food Stamps). The Governor reduced the $600,000 appropriation for FY 18 to $300,000. Even though the Legislature overrode the veto, House 2 says the Administration is only planning to spend $300,000. That amount is not enough to provide a meaningful benefit.

- **Secure Jobs Connect (item 4400-1020)** would be funded at $500,000. The Governor provided level-funding at $650,000. This program provides employment support, job training and job search services for homeless or previously homeless families through community based organizations.

- **A new line item to provide transportation benefits for SNAP Work Program participants (item 4403-2008)** would be funded at $1 million, slightly more than the Governor. Federal SNAP law imposes a work requirement on beneficiaries considered to be "Able Bodied Adults with Dependents." An estimated 20,000 SNAP recipients lost their nutrition assistance because of this law in 2016 and 2017; an estimated 8,500 are at risk of losing benefits in April and May. DTA has expanded its Employment and Training programs for these individuals, but since many of them have no income at all, lack of transportation to get to a work activity has been a barrier. Providing transportation assistance will help. Unfortunately, an even greater investment would be needed to connect all of the at-risk SNAP recipients with a work activity. The difficulty of providing SNAP beneficiaries with a work activity that will allow them to retain critical nutrition benefits should be a cautionary tale to states that are considering imposing work requirements in their Medicaid programs.

2. **Teen Living Programs (item 4403-2119) would be funded at $8.8 million**, the same as the Governor, compared with $10 million in FY 18. According to EOHHS, the reduction is because of savings from the declining caseload in the teen parenting program.

3. **DTA Administration**

- **The DTA worker account (item 4400-1100) would be increased to $72.8 million,** $2 million more than FY 18 and the same as the Governor. DTA needs additional staff to process cases timely and accurately. DTA has reduced the wait time for callers, but the average wait time is still 20 minutes – far too long, particularly for callers who have limited phone minutes. Lack of sufficient staff also contributed to a backlog of 40,000 unprocessed documents in January. Unprocessed documents cause critical nutrition benefits to be cut off or delayed. DTA does not currently have enough staff to close the SNAP gap, while also maintaining access and timely processing for the current caseload.

- **DTA central administration (item 4400-1000) would get a small increase to $62.7 million,** the same as the Governor. Like the Governor, HWM Governor proposes to retain language in the current line item that gives the Commissioner the authority to transfer funds between the TAFDC, EAEDC and SSI State Supplement accounts "for identified deficiencies." For FY 18, DTA is transferring about $4.4 million to TAFDC. While the flexibility is generally good, we would prefer the line item to bar a transfer if it would create a deficiency.

- **DTA domestic violence workers (item 4400-1025)** would be funded at $1.6 million, slightly more than FY 18 and the same as the Governor.

- **Funding for SNAP processing and outreach (item 4400-1001) would be funded at $3.3 million.** Line item 4400-1001, titled "Food Stamp Participation Rate Programs," funds the Project Bread Food Source Hotline and other DTA systems projects. For FY 18, this line item was funded at $4.4 million and included an earmark for the Healthy Incentives Program (HIP) of $1.35 million. HWM proposes a new line item for HIP (see below). The proposed $3.3 million for SNAP processing and outreach is therefore a small increase over FY 18.

- **HWM proposes a new line for the Healthy Incentives Program (item 4400-1004) of $3.5 million.** The HIP program is administered by DTA in coordination with the Mass. Department of Agriculture. It provides a dollar for dollar match, up to a capped amount, for SNAP recipients who make fresh fruit and vegetable purchases at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. Seniors make over half of all HIP purchases. SNAP benefits are so low that without the HIP subsidy, SNAP recipients cannot afford to buy locally-grown fresh fruits and vegetables. The HIP program was such a great success that it had to shut down in April of this year when it ran out of funding. A supplemental budget, which would provide $2.15 million, passed the House and is waiting for action in the Senate. If it passes soon, the HIP program could start up again during the Spring growing season.

The HWM proposal of $3.5 million is more than double FY 18 funding million but still falls short of the $6.2 million needed to sustain the program adequately in FY 19.

4. **Other Nutrition Items**

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 HWM
9110-1900	EOEA - Elder Nutrition Program	$7.27M	$7.27M	$6.52M
9110-9002	EOEA - Grants to Councils on Aging	$14.24M	$16.52M	$16.52M
4513-1002	DPH - Women, Infants and Children (WIC) Nutrition Services	$11.87M	$11.87M	$11.87M
4513-1012	DPH - WIC Program Manufacturer Rebates Retained Revenue	$26.20M	$28.40M	$28.40M
2511-0105	MDAR - Emergency Food Assistance Program (MEFAP)	$17.67M	$17.67M	$17.91M

- **The state subsidy for Elder Nutrition Programs** is lower than House 2 by nearly $750,000. The Executive Office of Elder Affairs enjoys continued support for the increase in funding for local Councils on Aging (COAs). Many COAs joined DTA's federal FY 18 SNAP Outreach plan and more are signing on this month and for federal FY 19. The COAs are increasingly working to assist older adults with filing SNAP applications – which application assistance qualifies the COAs for nearly 50% federal reimbursement through the SNAP Outreach Plan.

- **The state subsidy for the Women, Infant and Children's (WIC) Program** is level-funded at $11.87 million and the WIC Manufacture Rebates Retained Revenue is projected to remain at $28.4 million.

- **The Massachusetts Emergency Food Program (MEFAP) has a slight increase over to $17.9 million.** This program, which supplements federal TEFAP funding, is distributed by the Mass Department of Agriculture Resources (MDAR) to the regional food banks in Greater Boston, Western Mass, Merrimack Valley and Worcester County. Many of the food banks are still anticipating increased demand during FY 2019 beyond the proposed funding, especially as more recipients lose SNAP due to the expansion of the 3-month time limit on childless individuals, possible federal SNAP cuts and the additional food needs from Hurricane Maria evacuee families that remain in Massachusetts.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 HWM
	Department of Children and Families	$976.75M	$998.33M	$989.48M
4800-0015	Clinic Support Services and Operation	$98.38M	$102.65M	$102.37M
4800-0030	DCF Local/Regional Management of Services	$5.35M	$6.67M	$0
4800-0038	Services for Children and Families	$289.96M	$297.01M	$297.01M
4800-0040	Family Support and Stabilization	$47.64M	$48.91M	$49.41M
4800-0041	Congregate Care Services	$278.59M	$285.76M	$285.76M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$250,000	$250,000	$250,000
4800-0091	Child Welfare Training Institute Retained Revenue	$2.67M	$2.68M	$2.68M
4800-0200	DCF Family Resource Centers	$9.73M	$10.06M	$7.78M
4800-1100	Social Workers for Case Management	$236.81M	$236.81M	$236.81M
0930-0100	Office of the Child Advocate	$800,000	$1.00M	$1.00M
4000-0051	Family Resource Centers	$500,000	$0	$0
4512-0200	Bureau of Substance Addiction Services	$132.58M	$136.12M	$137.17M
4513-1130	Domestic Violence and Sexual Assault Prevention/Treatment	$31.36M	$34.11M	$34.11M

1. **House Ways and Means would fund DCF at $989.5 million.**

    - This is an increase of $13.2 million over the FY 18 allocation and $8.7 million less than the Governor proposed. $14.6 million of the increase over the current allocation would cover the additional costs of out-of-home care for the children being removed from their homes. The reduction from the Governor's proposal is mostly HWM's elimination of funding for lead agencies (item 4800-0030).

    - After three years of cuts in FY 10 through FY 12, DCF funding began to increase in the FY 13 budget. This year's HWM budget would represent an increase of $252.4 million in DCF's budget since FY 12, a 34% increase since the FY 12 low mark.

2. **The increases in DCF's budget from FY 16 to FY 19 primarily cover the costs of out-of-home placements for the rising number of children being removed from their homes.**

    - Since December 13, 2013, following a series of child tragedies, the number of children placed out of their homes has increased by 25% (from 7677 children in 2013 to 9598 children in September of 2017). This steep increase in out-of-home placements is due in part to increased vigilance at DCF, in part to the impact of the opioid crisis on families and children, and in part to the fact that funding for prevention of child neglect (substance use, mental health, domestic violence, family homelessness services) as well as funding for family stabilization and support services to prevent the recurrence of child neglect, has not kept pace with the need.

- Out-of-home placements (family-based care and congregate care) would be funded at $582.8 million (line items 4800-0038 and 0041). This would bring the total increase in spending, since FY 12, to place children outside of their homes to $146.4 million.

- HWM would fund family-based foster care (item 4800-0038) at approximately the same level as the Governor: $297 million. This is $7.4 million above the current allocation.

- HWM and the Governor would both fund congregate care at $285.8 million, which is $7.2 million more than the current allocation. According to EOHHS, this total increase of $14.6 million for out-of-home care includes $5.6 million for rate-driven increases including the annualization of chapter 257 rate increases, planned foster care rate increases, and chapter 766 school rate increases for FY 19, and it includes $8.9 million in projected caseload growth.

- For the foster care account (4800-0038), according to EOHHS, $2.8 million of the $7.4 million increase would cover the foster care rate increase and an increase to the clothing allowance to the USDA-recommended 2015 levels of the Cost of Raising a Child. Although fewer children are placed in congregate care than in family foster homes, congregate care is significantly more expensive. According to DCF, on average each 10 children in congregate care cost DCF over $1 million a year.

- HWM would also invest $250,000 for the third year in a new foster care recruitment campaign (item 4800-0058).

3. **Family Stabilization and Support Services (item 4800-0040) would be increased by $1.8 million for total funding of $49.4 million. This is $500,000 more than the Governor proposed.**

    - These are the preventive services needed to keep children safely in their homes and safely reunify children with their families after they've been placed in foster care. They help avoid the trauma of family disruption when possible as well as the financial costs to the state of placement in foster or group residential care. In the approximately 75% of all DCF cases in which the Department is involved because of neglect and not abuse, many children can remain safely at home with the appropriate services. Family Stabilization and Support services are less expensive than out-of-home placements, and greater investment in these services to keep and return more children safely at home reduces the need for out-of-home placements.

    - The administration states that this increase is entirely to cover cost increases resulting from the January 1, 2018 Chapter 257 rate increase for providers. It is therefore unlikely to result in increased availability of services.

    - When the family stabilization and support line item was first created in FY 11, it was funded at $41 million. Gradual increases in this line item over the years, up to and including HWM's proposed increase for FY 19, total $8.4 million. These have been important. At the same time, these increases must also be measured in comparison to the huge increases in foster care funding which a more robust investment in prevention could have reduced. During the same period, investments in foster care funding have increased by $133.8 million.

- Under the HWM budget, Family Stabilization and Support services would continue to receive a disproportionately small share of DCF's services budget. As of September 2017, 87% of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, yet House 2 would allocate only 7% of DCF's total services budget to the family stabilization and support services that these children are supposed to be receiving. Federal Title IV-E funds which will be available under the Federal Family First Prevention Services Act funding which will become available in October of 2019 will make it easier for MA to more robustly fund family stabilization and support services to keep children safely at home.

4. **The social workers' account would be level-funded; the Training Institute would get a $10,500 increase to $2.7 million which is still below projected FY 2018 spending.**

- HWM would level-fund the social workers account, the administration plans to use surplus funding from FY 18 to continue to hire more social workers during FY 19.

- According to its most recent publicly available reports, DCF increased its social worker workforce by 375 social workers from February of 2016 to March of 2017. DCF also reported that as of June 2016 it needed 478 additional social workers to meet the caseload ratios it had agreed to with its union. This suggests that as of March 2017, DCF needed to hire at least 100 additional social workers. It is unclear how many workers DCF needs at this time. Social workers need the time to adequately monitor families, intensively manage those that present risk factors, and make sound decisions about whether a child can remain safely at home or needs to be removed.

- Both HWM and the Governor would increase DCF's training budget by $10,500, however this is $150,000 less than FY 18 projected spending. The funding increase will be needed to train not only the many new DCF hires, but also all DCF employees on the many new regulations and policies DCF is currently implementing.

5. **DCF's administrative account (item 4800-0015) would be increased by $4 million to $102.4 million, just slightly less than what the Governor proposed.**

- Much of this increase is to cover the costs of new employees, and $2.6 of the increase is for leases.

- Important reporting requirements are included to ensure that DCF maintains a timely independent and fair administrative hearing system, prioritizes and supports kinship caregivers, and provides services to keep children safely at home and out of foster care

6. **All funding for lead agencies is eliminated in HWM.**

    - Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves. They are currently funded at $5.3 million. The Senate generally includes lead agency funding.

7. **HWM would fund the domestic violence line item, formerly in DCF's budget and now in DPH's budget, at $34.1 million.**

    - This is an increase of $2.8 million over the current allocation.

    - The costs of DCF's domestic violence specialists and some shelter costs that were covered by DCF's domestic violence line item are now covered under other DCF line items.

    - Domestic violence services include beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pay for DCF domestic violence staff. These services help prevent abuse and neglect. Often, the domestic violence shelter system is full and must turn away many domestic violence survivors who then turn to the Emergency Assistance program for shelter for themselves and their children.

8. **Funding for the Bureau of Substance Abuse Services (BSAS) would be increased by $4.6 million over the FY 2018 allocation to $137.2 million (item 4512-0200).**

    - This exceeds both the Governor's proposal and FY 18 projected spending by $1 million.

    - BSAS funds treatment for parents with substance use disorders. This can prevent the occurrence or recurrence of child neglect and enable parents to keep children safe at home.

    - In addition to the funding in the BSAS line item, the administration noted that it expects to spend $30 million in FY 19 from the off-budget "Substance Use Disorder Federal Reinvestment Trust Fund" established under Chapter 110 of the Acts of 2017.

9. **HWM would reduce funding for Family Resource Centers by $2.4 million to $7.8 million.**

    - Currently family resource centers are funded by two different line items. The larger line item is in DCF's budget (4800-0200) and the smaller is in the EOHHS Secretary's budget (4000-0051). HWM would eliminate the EOHHS item, as the Governor proposed to do, and would reduce the DCF line item. The EOHHS line item currently funds the administrative component of Family Resources Centers. The elimination of the EOHHS line item suggests that Family Resource Centers would now be administered by DCF, and the reduction suggests Family Resource Centers would be scaled back.

- These centers provide one of the few means by which families in crisis can voluntarily receive services to prevent neglect of their children. They connect families to voluntary community and state services, educational programs and peer support. They also provide a mechanism for the juvenile court to refer families to community-based services in order to fulfill the requirements of recent legislation (the "CRA" law) which replaced the former CHINS program with a system of community-based services for families in need.

10. **The Office of the Child Advocate (item 0411-1005), would be increased by $200,000 to $1,000,000, as the Governor also proposed.**

    - This is a major increase for the Child Advocate's office which has a broad and growing set of responsibilities to oversee the Commonwealth's services to and protection of its children.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 HWM
4000-0009	Office of Health Equity	0	0	$100,000
4000-0700	MassHealth Fee For Service Payments	$2,187.90M	$2,625.18M	$2,640.23M
4000-0500	MassHealth Managed Care	$5,553.25M	$5,557.01M	$5,759.01M
4000-0940	MassHealth ACA Expansion Populations	$2,238.69M	$2,070.68M	$2,138.68M
1595-5819	Commonwealth Care Trust Fund	$0	$130.77M	$45.77M

1. **HWM rejects Governor's proposal to end MassHealth coverage for 140,000 low-income adults**

- In House 2 the Governor proposed ending MassHealth coverage for 140,000 non-disabled adults under 65 with income between 100% and 133% of the poverty level and shifting them to ConnectorCare. House Ways and Means does not include this proposal in its budget recommendations.

- The Governor originally proposed the population shift last June for inclusion in the FY 18 budget subject to federal approval. After a full day of testimony expressing concerns over the higher consumer costs, reduced benefits and other differences between ConnectorCare and MassHealth, the legislature soundly rejected the idea in FY 18. It fares no better with HWM for FY 19.

2. **HWM rejects Governor's MassHealth pharmacy proposals**

- In House 2 the Governor made two proposals to control MassHealth pharmacy spending. HWM does not include either of these proposals in its recommendations for FY 2019.

- One of the Governor's pharmacy proposals was to seek federal approval for a closed drug formulary. This was also one of the MassHealth changes the Governor originally proposed for the FY 18 budget and which the legislature rejected at that time. In addition to concerns that a closed drug formulary would deny MassHealth members access to vital medications, there was considerable uncertainty whether the federal Medicaid agency had the legal authority to allow a closed drug formulary. HWM again rejects this proposal for FY 2019.

- However, House 2 also included a second drug pricing initiative to allow MassHealth to negotiate supplemental rebate agreements directly with drug manufacturers. It would require disclosure of drug pricing information and impose sanctions on manufacturers who do not negotiate in good faith or engage in unfair pricing. This proposal was based on a similar law in New York that has shown promising results in negotiating lower drug costs. The second proposal would not require federal approval or a closed drug formulary and was supported by many of the consumer groups that opposed the closed drug formulary. Nonetheless, it was not among the HWM recommendations.

3. **HWM proposes an Office of Health Equity (Section 7)**

   - Section 7 creates a new office of health equity to examine policies adversely impacting health outcomes by examining the policies of executive agencies, both inside and outside of EOHHS. Last year, both the House and Senate passed bills creating an Office of Health Equity, but final passage was not accomplished because of disagreements between the House and Senate over whether to limit the review to issues involving just race and ethnicity, or whether to include other types of discrimination, such as gender and disability. Section 7 specifies a focus on racial and ethnic minorities. A new line item, **4000-0009**, appropriates $100,000 for the Office of Health Equity.

4. **HWM provides $16.210 billion for MassHealth and supports ongoing reforms**

   - HWM provides sufficient funding for 1.9 million MassHealth members and supports the ongoing program integrity and payment and delivery system reforms implemented by EOHHS. The **4000-0500** managed care account requires MassHealth to file a report with the House and Senate Ways and Means Committees by March 1, 2019 regarding quality outcomes for Accountable Care Organizations, a new type of managed care arrangement for about 1 million MassHealth members that began enrollment on March 1, 2018.

5. **$45.77 million transferred to the Commonwealth Care Trust Fund**

   - **1595-5819** authorizes an operating transfer of $45.77 million to the Commonwealth Care Trust Fund (CCTF). This is substantially lower than the $130 million transfer in House 2 that assumed a population shift from MassHealth to the Connector pursuant to the Governor's proposal. The CCTF provides supplemental state funding for the ConnectorCare program. There were about 178,000 members enrolled in ConnectorCare in January 2018.

6. **The MassHealth Dental Program would remain at the levels set for the end of FY 18 (Section 42)**

   - **Section 42** maintains the scope of dental services for adults in MassHealth at the same level in place at the end of the 2018 fiscal year. This includes coverage of fillings and dentures that were cut in 2010 and restored in FY 15 and FY 16, but does not represent a full restoration of all dental services cut in 2010, such as periodontal services.

   - The **4000-0700** Fee for Service account also includes a proviso requiring MassHealth to file a report by March 1, 2019 with the House and Senate Ways and Means Committees on MassHealth dental coverage and costs.

Homeless Services

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 HWM
7004-0101	Emergency Assistance	$155.88M	$160.62M	$148.61M
7004-0108	HomeBASE	$30.15M	$30.15M	$32.00M
7004-0099	DHCD Administration	$8.16M	$6.74M	$6.74M
7004-0100	Operation of Homeless Programs	$5.09M	$5.37M	$5.19M
7004-0102	Homeless Individual Shelters	$45.77M	$45.18M	$45.18M
7004-0104	Home and Healthy for Good Program	$2.04M	$2.04M	$2.24M
7004-9316	Residential Assistance for Families in Transition	$15.00M	$15.00M	$17.00M

1. **Emergency Assistance (7004-0101) would be funded approximately $12 million dollars below the Governor's proposal.** The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

    - HWM would continue restrictions on access to EA shelter that force many families and children to prove they slept in a place not meant for human habitation before they can be eligible. Advocates continue to push for a more humane policy so that children must not first sleep in cars, emergency rooms, or other inappropriate places before they are eligible for shelter.

    - HWM adds new language providing that families not be terminated from EA shelter for exceeding the income limit (115% of the federal poverty level) unless and until the income exceeds the limit for a "sustained and consecutive period of 90 days."

    - HWM adds new language allowing DHCD to use other entities to conduct "health and safety" risk assessments. Currently only the Department of Children and Families (DCF) is authorized to conduct the assessments.

    - HWM includes language requiring DHCD to provide the Legislature with 90 days' advance notice before imposing any new eligibility or benefits restrictions. In previous years this language has been critical to giving the Legislature time to ensure that access to EA for children and families is not unduly restricted.

    - HWM includes language requiring DHCD to report quarterly to the Legislature data about what is happening to families, including numbers of applications, diversions, and those denied shelter.

    - HWM retains new language first proposed by the Governor in House 2 specifying that funds be used for "homelessness prevention, diversion and strategic re-housing, and contracted family shelters." It is unclear how these terms are defined or why they were inserted, but it raises concerns about EA funds potentially being shifted towards non-EA shelter services.

- HWM restores language requiring DHCD to expend funds for hotels when contracted shelter beds are unavailable, instead making such use of funds optional, as proposed by the Governor in House 2.

2. **HomeBASE (7004-0108) would be increased by approximately $2 million over the Governor's House 2 proposal.** HomeBASE was created in FY 12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

   - HWM maintains the maximum assistance level of $8,000 in a 12-month period. Advocates have called for HomeBASE to be made available for an extended period for eligible families, and that the amount be increased to better reflect housing costs and increase families' chances at self-sufficiency.

   - HWM restores language providing that families not be deemed ineligible for a single violation of a self-sufficiency plan. HWM removes language that families headed by elder or disabled individuals not be denied HomeBASE assistance.

   - HWM restores language requiring DHCD to provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions. HWM also restores language requiring DHCD to provide timely reports to the Legislature.

   - HWM would restore language providing that assistance funds be advanced monthly based on the prior month's expenditures.

   - HWM would continue allowing DHCD to expend up to $300,000 on HomeBASE for eligible families in domestic violence and residential treatment programs (4512-0200 and 4513-1130), as originally proposed in an FY 17 pilot program, and includes sober living programs. Only families in these shelters who meet all the EA eligibility requirements could receive assistance, and DHCD would develop guidance to clarify how this program will operate.

3. **DHCD Administrative line item (7004-0099) funding would match the Governor's House 2 proposal.**

   - HWM restores the requirement that DHCD promulgate and enforce regulations, by September 4, 2018, to clarify that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years, including the enacted FY 18 budget.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be increased by $2 million.** RAFT is a homelessness prevention program for families with children.

   - As in prior years RAFT would provide up to a maximum of $4,000 in assistance, but no family could receive assistance from HomeBASE and RAFT above a maximum of $8,000.

- HWM would eliminate language that broadens the definition of "family" to include unaccompanied youth, elders, persons with disabilities, and other households. Advocates will work to ensure this definition is expanded.

- HWM would restore the obligation that DHCD provide quarterly data reports to the Legislature, which was included in previous budgets.

Housing

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 HWM
7004-9005	Public Housing Operating Subsidies	$64.50M	$64.50M	$65.50M
7004-9007	Public Housing Reform	$950,000	$950,000	$950,000
7004-9024	Massachusetts Rental Voucher Program	$92.73M	$97.47M	$100M
7004-9030	Alternative Housing Voucher Program	$5.00M	$4.60M	$6.15M
7004-3045	Tenancy Preservation Program	$500,000	$500,000	$500,000
7004-9033	Rental Subsidy Program for DMH Clients	$5.55M	$5.55M	$5.55M
7004-4778	Housing Preservation and Stabilization Trust Fund	$0	$1.48M	$0
0336-0003	Housing Court Expansion	$1.00M	$2.60M	$1.5M

1. **Public Housing Operating Subsidies (item 7004-9005):** HWM would provide **$65.5 million in funding for public housing operating expenses, an increase of approximately $1 million from** FY 18 and the Governor's FY 19 budget of $64.5 million. Public housing advocates have requested that this line item be increased to $72 million.

    - Public Housing is a critical source of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 45,600 state public housing units, with 30,250 units for seniors and people with disabilities, 13,450 units for families, and 1,900 for people with special needs. Data shows that 81% of the households in state public housing are extremely-low-income with incomes of less than 30% of area median income.

    - HWM continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less. With family homelessness on the rise, it is critical to rehabilitate family public housing and bring apartments back on line.

    - HWM includes language which was included in the FY18 budget that would require housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in H. 2.

2. **Public Housing Reform (item 7004-9007):** HWM **would level-fund the public housing reform line item at $950,000**. The line item funds costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014). It specifically references funds for "the creation and implementation of an information technology platform for state-aided public housing," which is a centralized waiting list for public housing applicants. Other reforms in the 2014 law in need of continued funding include technical assistance training for resident commissioners and tenant organizations. Last year a Public Housing Training Program was successfully launched by the Mel King Institute, based at the Massachusetts Association of Community Development Corporations and accomplished in partnership with the Department of Housing and Community

Development, Mass Housing Partnership, Massachusetts Union of Public Housing Tenants, MassNAHRO, and Massachusetts Law Reform Institute. The training helps residents participate and engage as leaders in their Housing Authority contributing to the stronger public housing communities.

3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024)** provides long-term rental subsidies to low-income tenants in the private housing market. HWM **would increase MRVP funding from $92.7 million in the FY18 budget to $100 million**. Advocates welcome the proposed increase, but remain aware that MRVP vouchers often are not successful in many areas of the state because the subsidy and the ceiling rents are too low to allow households to find housing or landlords that will accept the vouchers. The HWM budget, like previous budgets, does not address these programmatic shortcomings

   - HWM continues the provisions in the FY18 budget setting MRVP income limits at 80% of area median (low-income) and allowing DHCD to require administering agencies to target up to 75% of the vouchers to extremely low-income households (incomes not more than 30% of area median). Although there was some initial concern about this provision, we believe that this change has had very little effect on the income profile of MRVP tenants.

   - HWM continues the policy in previous budgets requiring tenants to pay not less than 30%, and not more than 40% of income for rent. Advocates had worked to keep these rent limits and are pleased that the Governor's proposal, which removed the 40% of income cap after initial occupancy, was not adopted by HWM. The rent limits in the HWM budget is similar to that in the Section 8 program.

   - The HWM budget, unlike the Governor's budget, continues to require DHCD to report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030):** HWM would increase this line item from $5 million to $6.15 million. Advocacy organizations are requesting $7.7 million to increase this essential rental assistance program for non-elderly, disabled households. HWM includes the requirement that DHCD must submit an annual report to the Secretary of Administration and Finance and the Legislature on the number of outstanding vouchers and the number of types of units leased. H. 2 omitted this requirement.

5. **Tenancy Preservation Program (TPP) (item 7004-3045):** HWM would **level-fund TPP at $500,000**. TPP is a homeless prevention program which helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, TPP, which is available only in Housing Court, needs to undergo a parallel expansion as the Housing Court expansion (see below). Advocates are requesting a modest increase of $800,000 for a total of $1.3 million in order to fund 12 full time TPP providers to serve the 84 additional cities and towns covered by the Housing Court's statewide expansion.

   - TPP, which is coordinated by MassHousing, is supported by both landlords and tenants. Landlords like the program because they retain tenants, recoup rent arrearages, and do not have to pay the costs associated with evictions.

- For FY17, the cost per TPP case (total statewide budget/total number of households directly assisted) was $2,339. In comparison, DHCD estimates on average a homeless family stays in a shelter for 324 days at a cost of $37,908 per family.

- MLRI's updated conservative estimates show that TPP potentially saved the state approximately $5 million in shelter costs and could save an estimated additional $2.5 million as TPP is expanded into the new areas covered by the Housing Court.

- The most recent data from FY17 shows that 93% of TPP cases closed statewide resulted in homelessness being prevented - 652 cases were closed and homelessness was prevented in 607 of those cases.

  - 39% of the households who were directly assisted were families with minor children.

  - 71% of the households directly assisted by TPP were households living in public and privately owned subsidized housing, this includes tenants with vouchers. If these households lose their housing it could be years before they could replace such assistance, and depending upon the reason for the eviction they could also be barred from Emergency Assistance shelter. Their options become streets, cars, and couches.

  - 35% of households were directly assisted by TPP before the landlord filed a case. Pre-court or "upstream" resolution of disputes enables landlords and tenants to resolve matters before they become legal adversaries, before landlords incur court costs, and before tenants are branded with a public eviction record that can hurt their chances to find new housing.

6. **Department of Mental Health Rental Subsidy Program (item 7004-9033): HWM** would **level-fund this line item at approximately $5.5 million.** This line item provides rental subsidies to eligible clients of the Department of Mental Health.

7. **Housing Court Expansion (item 0336-0003): HWM** would **appropriate partial funding in the amount of $1.5 million for costs** associated with the expansion of the housing court statewide. In H.2 the Governor proposed $2.6 million which would be full funding for the expansion.

   - Last year, statewide Housing Court expansion was achieved through the FY 18 budget which established statewide jurisdiction retroactively as of July 1, 2017. As a result, 2 million people in 84 communities who did not previously have access to a Housing Court now have access.

   - In FY 18, $1 million in start-up funding was provided. This allowed the process to bring on two of the five new judges authorized by the expansion to begin. It is hoped that these two new judges will be in place soon which will enable the new Metro South Division and the Southeast Division to start implementation.

   - In the Northeast Division, the Housing Court Department has established a new sitting in Woburn. In the Eastern Division, covering Boston, Cambridge, and other communities, a new sitting has been established in the Cambridge District Court which is based in

Medford. Cases from Framingham, Malden, and other areas new to the Housing Court are being filed in Housing Court and transferred from District Court to Housing Court.

- Housing advocates are seeking $2.6 million to fully fund housing court expansion which would enable the Housing Court to complete the expansion so that the Housing Court can bring on new Housing Specialists, staff, and the three remaining Housing Court judges authorized. For more information go to: www.HousingCourt4All.org.

Income Supports

1. **State Earned Income Tax Credit (EITC).** The EITC is a wage support program, funded by both the federal and state governments, that primarily helps low-income families with children. **In Section 16**, HWM proposes, as did the Governor's budget, to increase the state EITC from the current amount, which is 23 percent of the federal EITC, to 30 percent. The state EITC was last increased (from 15 percent to 23 percent) for tax year 2016. The HWM budget does not include an effective date for this increase; Governor's budget proposed to make the increase effective on January 1, 2019.

Legal Services

Account	Description	FY18 General Appropriation	FY19 Gov.'s Budget	FY19 HWM
0321-1600	MLAC	$18.00M	$18.18M	$20.00M

1. **For the Massachusetts Legal Assistance Corporation (item 0321-1600),** which supports grants for civil legal aid programs for low-income residents of Massachusetts, HWM is recommending an appropriation of $20 million, an 11 percent increase from FY 18. MLAC is seeking a $5 million increase (to $23 million) to help meet the growing statewide demand for civil legal services.

For more information on our HWM summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.