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The Governor's FY 2018 Budget Proposal: Preliminary Analysis of Selected Cash and Nutrition Assistance, Child Care, Child Welfare, Health Care, Homelessness Services, Housing, and Legal Services Items

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Yesterday Governor Baker released his budget proposal for fiscal year 2018 (FY 18), which is referred to as House 1. 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 Programs.

1. **Cash assistance (including TAFDC, EAEDC, SSI state supplement, nutrition assistance)**

- **The Governor again proposes drastic cuts to TAFDC (Transitional Aid to Families with Dependent Children, item 4403-2000).** This time he proposes to **cut about $43 million,** reducing the line item from $191.2 million appropriated for FY 17 to $148.3 million**.** Part of the reduction would come from **cutting off or drastically reducing TAFDC for families where a member receives Supplemental Security Income (SSI) benefits because of a severe disability.** Last year the Administration made a similar proposal, which was blocked when the Legislature included language in the FY 17 budget barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase. The Governor vetoed the budget language, and the Legislature overrode the veto.

- Under the Governor's proposal, families with a severely disabled member would experience an income cut of about 40 percent. Families in private unsubsidized housing would be unable to pay rent and many would become homeless, increasing the demand for costly emergency shelter. Families with a housing subsidy would be eligible to have their rent obligation reduced, but housing authorities would have to use their reserves or cut back on services and repairs to make up the lost rent amounts.

- **The Governor's proposed amount for TAFDC would be enough to cover benefits for about 24,500 families compared with the caseload of 31,377 in December 2016, a 22 percent drop.** The day before the budget release, the Governor touted a 25 percent decline in the TAFDC caseload in his State of the Commonwealth speech. There is indeed a 25 percent drop from two years ago, but it is not clear that this is a positive development. DTA has no data showing that families have jobs or are better off now that they cannot access or maintain TAFDC. One reason for the caseload decline is that the maximum grant has been frozen for 16 years so families with low incomes are less likely to be eligible for supplemental assistance. Other reasons for the caseload decline include the two-year time limit on benefits and the way the Department of Transitional Assistance administers job search and work requirements. Only one out of three families below the federal poverty level receives TAFDC and **there are more families in *deep* poverty** (below half the federal poverty level) than there are families receiving TAFDC. The Governor's proposal would further shred what is left of the tattered safety net for very vulnerable families with children.

- **Clothing allowance amount set at $250 per child.** The Governor maintains the increase that was added to the line item for FY 2017 by the Senate and then by the Conference Committee. Current and past years' line items also increased the standard of need in September when the clothing allowance is paid to allow very low income working families to qualify. House 1, like past governors' proposals, says the standard of need "may" be raised in September but would not require it to be raised.

- **The Governor does not include funding for Transitional Support Services**, a program created last year at the Administration's request to provide a small supplement for a few months for families who lose TAFDC eligibility because of earnings.

- **The line item does not include language requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** In FY 17 the Legislature required 75 days' advance notice. 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. The line item also does not include 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 sta

- ndards. The Governor also eliminates a requirement that DTA tell recipients about their eligibility for child care.

- **The Employment Services Program (ESP, item 4401-1000) and the Pathways to Self Sufficiency line item (4400-1979) would be combined in the ESP item and funded at $14.6 million, an increase of $1 million.** The Governor does not propose any earmarks for this account. Currently, the program funds the Young Parents Program; some education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); $80 a month in transportation assistance for recipients who are working or in education, training or job search; learning disability assessments; and job search services for parents with limited English proficiency. The Governor does not include a current requirement that the Administration report on program outcomes.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $78.7 million, close to the FY 17 appropriation of $79.2 million.** The Governor does not propose any increases in the EAEDC benefit: grants were last raised 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. Like the TAFDC line item, House 1's proposed EAEDC line item does not include 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 $225.4 million,** slightly more than the FY 17 amount.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at only $300,000.** 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 FY 17 budget provided $1.2 million for this line item, which the Governor cut in December to $700,000. The Governor's proposal is not enough to provide a meaningful benefit.

- **A new program called Secure Jobs Connect (item 4400-1020)** would provide $800,000 for employment support, job training and job search services for homeless or previously homeless families through community based organizations.

2. Teen Living Programs (item 4403-2119) would be level-funded at $10 million.

3. DTA administration

- **The DTA worker account (item 4400-1100) would be funded at $71.4 million, slightly** more than FY 17. 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 30 minutes – far too long, particularly for callers who have limited phone minutes. Twenty percent of SNAP cases in the most recent month reported were not processed within federal processing time limits. **Outside Section 12 would remove the 60-client caseload limit for "self-sufficiency" specialists,** staff who are supposed to work with teen parents and with adults who have greater barriers to becoming self-supporting.

- **DTA central administration (item 4400-1000) would be slightly reduced to $63.4 million.** The 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." This language would not prevent transfers even if they would create deficiencies. There is no additional funding for the costs of IT and staffing needed to close the "SNAP Gap" (Low income MassHealth recipients likely eligible for but not receiving SNAP.)

- **Funding for the SNAP processing and outreach line item (4400-1001)** would be increased slightly from $3 million for FY 17 to $3.1 million. Part of this account pays for a grant to Project Bread and other organizations that do SNAP outreach. These expenditures are matched dollar-for-dollar by the federal government.

- **DTA domestic violence workers (item 4400-1025)** would be funded at $1.6 million, compared with $1.4 million last year.

4. Nutrition Programs

- **Closing the "SNAP Gap"** As noted above, the Governor's budget does not add funding in DTA's Administrative account for IT services to implement a common application for SNAP and Medicaid recipients, nor boost the DTA caseworker line item to handle the increase in cases. Nonetheless, the Administration has publically stated that closing the SNAP Gap and expanding outreach to low-income older adults are both priorities, as stated in DTA's January 2017 Supplemental Nutrition Assistance Program FY17 Participation Report to the Legislature http://www.mass.gov/eohhs/docs/dta/snap-legislative-report-fy17.pdf (at page 4). In his State of the State address, the Governor also announced the creation of a new Council on Elders to identify the needs of older adults to remain in the community, of which access to federal and state nutrition programs will be a big part. Based on Fall 2016 zip code data, MLRI has identified the current SNAP Gap at approximately 680,000 low income Massachusetts residents receiving MassHealth (out of 1.8M) but not receiving SNAP. A SNAP Gap interactive map by city, town, zip and State Senate and House District can be found HERE.

- **The state subsidy for Elder Nutrition Programs (item 9910-1900)** would be nearly level funded at $7.258 million compared with FY 17 spending.

- **The state subsidy for the Women, Infant and Children's (WIC) Program (item 4513-1002)** would be slightly decreased to $12.2 million over FY 17, due in part to declining births. The WIC Manufacture Rebates Retained Revenue (item 4513-1012) is projected to remain at $26.8 million.

- **The Massachusetts Emergency Food Program (item 2511-0105**) is level funded at $17 million. The MEFAP program, which supplements federal TEFAP funding, is administered by the federal Department of Agriculture Resources (DAR).

Child Care

- **Child care for current and recent recipients of TAFDC and families with active cases with the Department of Children and Families (item 3000-3060) would be funded at $223.2 million, a small increase over the FY 17 appropriation of $219.4 million.** However, the Administration has set aside $1.1 million this year, preventing it from being spent. Moreover, the Department of Early Education and Care is not projecting that it will spend the funds that are available, even though many DCF-involved families are eligible for and would benefit from subsidized child care.

- **Income Eligible Child Care (item 3000-4060) would be funded at $255.4 million, about $3 million more than the final FY 17 appropriation.** Even though there are nearly 24,000 children on the wait list for income eligible child care, the Administration directed the Department to "set aside" $1.2 million from this account this year and the Department is not even on target to spend the funds that are available.

- **Item 3000-1042, titled "Center-Based Child Care Rate Increase" would provide $7 million for center-based early education and care** and for salaries**,** benefits and stipends for professional development of educators or programmatic quality improvements.

- **Head Start (item 3000-5000) would be level-funded at $9.1 million.**

- **EEC Central Administration (item 3000-1000) would be funded at $5.7 million, very slightly more than FY 17.** A line item created last year for **Quality Improvement (item 3000-1020) would be slightly reduced to just under $32 million. Child Care Resource and Referral Agencies (item 3000-2000) would be level-funded at $6.7 million.** Literacy and other services for parents (item 3000-7050) would be level-funded at $13.4 million.

Child Welfare: Department of Children and Families and Related Items

1. **The Governor proposes funding DCF at $985.5 million. This is an increase of $44.7 million over the FY 17 allocation, and $27 million above FY 17 projected spending.**

   - After three years of cuts in FY 10, FY 11 and FY 12, DCF funding began to increase in the FY 13 budget. During the current administration, in the FY 16 and FY 17 budgets, DCF funding has increased by $113.8 million.

   - This robust funding during two tight budget cycles has allowed DCF to gradually address a number of underlying management and workforce problems that had given rise to a sense of crisis at the agency. There is still much to be done, in particular to curb the number of children being placed out of their homes.

   - The increases in the FY 16 and FY 17 budgets primarily covered the costs of out-of-home placements for the rising number of children being removed from their homes (a $70.9 increase over the past two budgets). They also covered the costs of hiring more social workers to manage cases (a $38 million increase over the past two budgets).

- We make note here of the Governor's budget proposals for some of the most significant services needed to prevent the occurrence and recurrence of child abuse and particularly child neglect. These include: DCF Family Stabilization and Support Services (item 4800-0040), domestic violence services (transferred from DCF to DPH (item 4513-1130), Bureau of Substance Abuse Services (4512-0200), and Family Resource Centers (items 4000-0051 and 4800-0200).

2. **In House 1, the Governor proposes to increase funding for out-of-home placements by an additional $22.7 million over the FY 17 allocation:** $8.4 million more for family foster care placements (item 4800-0038) and $14.3 million more for group care placements (item 4800-0041).

- Since December 13, 2013, following a series of child tragedies, the number of children placed out of their homes has increased by 24 percent (from 7677 children to 9550 children in August of 2016.). 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.

- 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.

- House 1 also proposes to invest $250,000 for the second year in a new foster care recruitment campaign (item 4800-0058).

3. **The Governor proposes to increase crucial Family Stabilization and Support Services (item 4800-0040) by $500,000 for total funding of $47.4 million.**

- These services are needed to keep children safely in their homes and to safely reunify children who've been placed in foster care with their families. They help avoid the trauma of family disruption when possible, and the financial costs to the state of placement in foster or group residential care. In the approximately 72 percent 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.

- However, Family Stabilization and Support services would receive a disproportionately small share of DCF's services budget. As of March 2015, 89 percent of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, yet House 1 would allocate only 8.6 percent of DCF total services budget to family stabilization and support services.

4. **In House 1, the Governor proposes an additional $13.3 million for social workers**.

- DCF states that it has increased its social worker workforce by 279 social workers. It is not clear how many additional hires will be required to bring DCF caseloads to the 15:1 ratio required by DCF's contract with its union. 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.

- House 1 would increase DCF's training budget by slightly over $204,500. This comes after a cut of $44,000 in FY 17. The 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 $4.5 million to $100.1 million.** Some of this is to annualize the costs of additional hires including social work supervisors, managers and staff.

- As is typically the case, House 1 strips most of the line item language in DCF's administrative account.
- **House 1 would eliminate a longstanding requirement that DCF ensure its administrative "fair hearing" system is timely and fair, and the requirement that DCF report to the Legislature on its large fair hearing backlog.** While DCF has made progress in reducing its fair hearing backlog, it has not yet eliminated it.

- **House 1 would also strip current and longstanding reporting requirements which the Legislature requires to fulfill its oversight responsibilities**. Among these are requirements that the Department report on the services it provides to: keep children safely in their homes, support kinship families, maximize federal reimbursements available to support kinship guardianships, and identify where it refers families when it denies their voluntary requests for services. Previous Governors' budgets had also proposed to remove these requirements, but the Legislature included them.

6. **House 1 proposes a $3 million increase for the lead agency account (item 4800-0030) to bring funding to $9 million.** Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves.

7. **House 1 would fund the domestic violence line item, now in DPH's budget, at $31.3 million.** This is an increase of $613,406 over the current allocation, but only $142,934 above FY 17 projected spending.

- The account for services to victims of domestic violence (item 4800-1400) was transferred out of the DCF budget and into the DPH budget in FY 17 (item 4513-1130). The costs of DCF's domestic violence specialists and some shelter costs that were covered by DCF line item 4800-1400 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 pays for DCF domestic violence staff. These services can 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 $2 million over the FY 2017 allocation (item 4512-0200).** The Governor cut BSAS funding by $1.9 in mid-year 9C cuts, so this proposal is an increase of $3.9 million above estimated FY 17 spending. 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.

9. **House 1 would cut funding for Family Resource Centers by $197,782 (from a total of $10.5 million to $10.3 million).**

- Through mid-year FY 17 9C cuts, the Governor eliminated one of the two line items that fund Family Resource Centers (item 4000-0051). House 1 would again eliminate item 4000-0051 and would restore a portion of the funding from that line item by slightly increasing funding in the remaining item (4800-0200). Line item 4000-0051 funded the administrative component of Family Resources Centers and was in the EOHHS Secretary's budget. The Governor's elimination of that line item suggests that Family Resource Centers would now be administered by DCF.

- 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 $8,000 to $808,000.** This appears to be a decrease of $186,149 from FY 17 projected spending.

11. **House 1 includes an outside section to fund a study of Committee for Public Counsel Services (CPCS) funding.** CPCS provides attorneys to represent parents and children in Court proceedings in which DCF is a party. DCF's increased filing of petitions to remove children from their parents has placed a strain on CPCS' resources which has resulted in delays in Court proceedings.

Health Issues in MassHealth, ConnectorCare and the Health Safety Net.

1. **The Governor's budget builds on the Affordable Care Act**

   - With uncertainty about how and when the Affordable Care Act (ACA) will be repealed and replaced and whether the Medicaid program may be fundamentally changed through block granting or other means, the Governor's budget necessarily builds on the current state of federal law. His budget makes clear how much Massachusetts has benefited from the ACA when he states his proposed $997 million increase in gross MassHealth spending represents only $140 million in state spending net of federal revenue. MassHealth spending for adults eligible under the ACA's Medicaid expansion will be federally reimbursed at the rate of 89.6 percent in 2018. Thirty-two states and D.C. have expanded Medicaid under the ACA.

2. **The Governor proposes to address MassHealth enrollment growth by increasing more affordable employer-sponsored coverage**

   - Enrollment growth will account for $600 million of the increased MassHealth spending in FY 18, and much of this enrollment growth is based on expanded eligibility for adults under the ACA. MassHealth enrollment is expected to reach 2 million in FY 2018 providing coverage for 30 percent% of Massachusetts residents.

   - According to the Secretary, MassHealth enrollment data shows that MassHealth members who are employed have grown from 162,000 in 2011 to 379,000 in 2015. The Governor's plan for addressing this growth looks to increase the affordability of commercial insurance, ease administrative burdens on employers, and reintroduce an employer contribution for employers not offering insurance.

   - The Governor proposes a series of initiatives designed to reduce insurance costs for employers including capping certain provider growth rate (**Sections 50, 51, 52 and 54),** putting a moratorium on new mandates (**Section 70),** and increasing price transparency (**Section 11)**.

   - The Governor also proposes to impose an employer shared responsibility contribution on employers with 11 or more full time employees who do not offer a minimum level of health coverage to their full-time employees (**Section 46).** In a letter to Congressional leaders last month the Governor expressed interest in seeking a waiver from the ACA's federal employer contribution (which applies to employers with 50 or more employees but has not yet taken effect) and replacing it with a state contribution. The state had enacted a shared responsibility contribution from employers with 11 or more full time employees as part of its 2006 health reform law (chapter 58) but repealed it in light of the ACA provision.

   - Prior to the ACA, Medicaid eligibility for working age non-disabled adults was largely limited to parents. Under its 1115 demonstration MassHealth expanded coverage to chronically unemployed adults in Basic and Essential but had little to offer the working poor. In 2006 Commonwealth Care filled the gap for the poor and for those up to 300 percent of the poverty level but was generally not available to employees who were offered employer coverage even the working poor who could not afford it. With the ACA, Medicaid finally became available to all poor adults (those with income up to 133 percent of the poverty level, $15,800 for one person in 2016). Under Medicaid if a worker has an offer of employer coverage, Medicaid rules may require him or her to take it, if it's cost effective, but will reimburse the costs. At higher income levels up to 300 percent of poverty, ConnectorCare, like Commonwealth Care, denies eligibility to most workers offered employer coverage.

3. Most MassHealth line items would see an increase over FY 17 spending levels

- The MassHealth Managed Care account 4000-0500 would increase from $5.3 to $5.5 billion. The MassHealth Fee for Service account 4000-0700 would go from $2.5 to $2.7 billion. The ACA Expansion account 4000-0940 would increase from $2 billion to $2.25 billion. The MassHealth Senior Account 4000-0600 which accounted for $3.54 billion in spending in FY 17 was transferred to two new accounts, 4000-0601 funded at $3.52 and a new Community Choices account under Elder Affairs at 91110-0600 at $225 million with language preventing eligibility and benefits from being reduced below 2017 levels. One of the few line items to be funded at a lower amount for FY 18 is the CommonHealth account 4000-0430 which is funded at $164 million when FY 17 spending was $170 million. No reason for the reduction was apparent in House 1.

- The Governor's summary states that MassHealth spending would grow by $997 rather than $1.228 billion in FY18 with the reforms filed in this budget. This means there may be $231 million of savings initiatives assumed in the various line items. However, the Administration has not yet provided any breakdown on the source of these savings. Some items are described in broad terms such as "more efficient management of services."

4. The Governor would cut eyeglasses from the CarePlus program

- **Section 72** authorizes MassHealth to reduce vision services including eyeglasses, contact lenses and other visual aids in the CarePlus program in FY 18 "notwithstanding any other law." The other law is G.L.c. 118E, § 53 which was enacted by Chapter 58 in 2006 and restored all optional adult services covered by MassHealth as of 2002. CarePlus is the Medicaid expansion program for adults under the ACA and provides coverage to over 300,000 adults with income up to 133 percent of the poverty level ($15,800 for one person in 2016). In 2018 almost 90 percent of the spending in CarePlus will be reimbursed by the federal government. We do not yet know the net savings attributed to this cut or what effect uncorrected vision problem may have on the job prospects of the working age adults in CarePlus.

5. Funding for the Children's Medical Security Program (4000-0990) would be cut by $5 million

- CMSP would be cut from $17.4 million in FY17 to $12.4 million in FY18 based on a reform not described in H-1. According to the MassHealth agency the savings are based on cancelling the contract with Unicare, the vendor that has been administering the CMSP benefit, and bringing the administration in-house. It is disappointing that the savings are being used to reduce the appropriation rather than to expand the benefits of this program. CMSP provides services to children not eligible for MassHealth or other affordable coverage but its benefits are severely limited. For example, there is a $200 cap on prescription drugs, a $200 cap on durable medical equipment, and a 13 visit annual cap on outpatient mental health services. These limits are long overdue for reform.

6. The Governor proposes "up to" $15 million for the Health Safety Net

- In **Section 71** the Governor proposes a fund transfer of "up to" $15 million for the Health Safety Net Fund which leaves to the Administration the discretion whether to transfer a lesser amount or nothing at all. In FY 17 the Governor reduced eligibility of uninsured and underinsured residents to the Health Safety Net and proposed to eliminate the $30 million fund transfer to the Health Safety Net Trust Fund. The Fund reimburses hospitals and health centers that serve a disproportionate share of eligible uninsured and underinsured residents.

7. The Governor proposes licensure of Home Health Agencies.

- **Section 39** authorizes the Department of Public Health to license home health agencies. This follow a sharp spike in MassHealth spending on home health in 2015, a moratorium on entry of new home health agencies in MassHealth, and the investigation and prosecution of several home health agencies in 2016.

8. No change in funding for the state's ConnectorCare Program

- **Section 59** authorizes a transfer of up to $110 million from the Commonwealth Care Trust Fund (CCTF) to the General Fund. The same provision was included in the GAA for FY 16 and FY17 and reflects reduced state spending needed for ConnectorCare in light of federal tax credits and subsidies available through the ACA. ConnectorCare provides coverage to about 180,000 people not eligible for MassHealth or other affordable care. Under the recently approved amendment and extension of the state's 1115 demonstration, federal reimbursement at the 50 percent matching rate will be available for more of the state's spending for ConnectorCare in the latter half of FY 17 and FY 18.

9. The MassHealth Dental Program would remain at the levels set for the end of FY 17

- **Section 74** maintains the scope of dental services for adults in MassHealth at the same level in place at the end of the 2017 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.

Homeless Services

1. **Emergency Assistance (item 7004-0101) for homeless families with children would be funded at $164.69 million, approximately $14 million less than projected FY 17 spending.**

   - The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are homeless and whom the Department of Children and Families verifies have no other safe place to stay. In FY 13, the Department of Housing and Community Development (DHCD) implemented restrictions on access to shelter so that many families with children must first become so desperate that they have slept in a place not meant for human habitation before they are eligible for shelter.

   - House 1 would continue these restrictions, despite strong demand by medical providers and others working with homeless families to provide shelter to those "within 24 hours of staying in a place not meant for human habitation" so that children do not have to sleep in cars, emergency rooms, or other inappropriate places before receiving shelter.
   - House 1 omits important language barring eligibility or benefits restrictions except after 60 days' advance notice to the Legislature. In previous years this language has been critical to giving the Legislature time to ensure that access to emergency shelter for children and families is not unduly restricted. House 1 also proposes to eliminate quarterly reporting requirements to the Legislature about what is happening to families, including those denied shelter.

2. **HomeBASE (item 7004-0108) would be funded at $31.08 million, a decrease of nearly $900,000 from initial FY 17 appropriations.**

   - This program was created in FY 12 to provide short term rental assistance instead of shelter to homeless families. Under House 1, as in FY 17, the maximum level of assistance in a 12-month period would be $8,000.
   - As with EA, House 1 proposes to eliminate the Administration's obligation to provide the Legislature with 60 days' advance notice before new eligibility restrictions or benefits reductions are imposed and its obligation to provide timely reports to the Legislature.
   - House 1 would allow DHCD to expend up to $300,000 on HomeBASE for families in domestic violence and substance abuse shelters, as originally proposed in an FY 17 pilot program. As compared with FY 17, DCF shelters are no longer defined as eligible under this funding. While the scope of this proposal remains unclear in that only families in these shelters who meet all the eligibility requirements for EA shelter could be assisted, the FY 17 language imposing a requirement that spaces vacated in domestic violence and substance abuse shelters be filled by dually-eligible families has been removed. DHCD would develop guidance to clarify how this program will operate.

3. **The End Family Homelessness Reserve Fund (1599-0017), created in FY 16, would be funded at $1 million.** We have very little information on the outcomes of this fund.

4. **Shelters and services for homeless individuals (item 7004-0102) would be funded at just over $45 million,** a slight decrease as compared to the initial FY 17 appropriation. The **Home and Healthy for Good program (item 7004-0104)**, which provides housing for chronically homeless individuals, **would be level funded at $2 million**.

5. **The DHCD homelessness administrative account (item 7004-0100) would be funded at $5.16 million,** a slight decrease from the initial FY 17 appropriation.

6. **The Residential Assistance for Families in Transition (RAFT) program (item 7004-9316),** a homelessness prevention program for families with children, **would be level-funded at $13 million as compared to the FY 17 appropriation.**

   - As in FY 17, RAFT would provide up to a maximum of $4,000 in assistance, but no family could receive from HomeBASE and RAFT more than a total of $8,000.

   - House 1 would eliminate RAFT reporting requirements to the Legislature that were included in the FY 16 and earlier budgets.

Housing

1. **Public Housing Operating Subsidies (item 7004-9005),** which provide housing authorities with operating funds for state public housing, would be **level funded** under House 1 at **$64.5 million.** Advocacy organizations are requesting $72 million to be able to maintain state public housing, which is a critical resource for extremely low income families, seniors, and people with disabilities. 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. House 1 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. In addition, the FY17 budget required housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in House 1.
2. **Public Housing Reform (item 7004-9007)** for costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014) would be **increased from $800,000 in FY17 to $1,172,132**. Reforms in the new law include new capital assistance teams, a centralized waiting list, training for public housing authority commissions, technical assistance training for resident commissioners and tenant organizations, new performance benchmarks and residents surveys.

3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024**), which provides critically needed long-term rental subsidies to low-income tenants in the private housing market, would **be increased by $10.9 million from $86.5 million in the final FY 17 budget to $97.5 million**. Advocates are pleased with the proposed increase, but remain aware that MRVP vouchers often don't work well in many areas of the state

because the subsidy and the ceiling rents are too low to allow households to rent and pay 30%-40% of income.

- The Governor's budget makes several changes to MRVP. Most importantly, House 1 increases income eligibility from 50 percent of area median (Very Low Income) to 80 percent of area median (Low Income) and targets up to 75% of the vouchers to Extremely Low Income households (incomes not more than 30% of area median). These changes should mitigate the "cliff effect" problem in this housing subsidy program by allowing more families to increase their incomes without losing their vouchers,

- The Governor's budget does not require, as did the FY17 final budget, that DHCD report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the commonwealth.

- Advocacy groups are proposing some needed changes to MRVP that would better align it with the federal Section 8 voucher program so that the state vouchers will be worth more, ceiling rents will be higher, and in general the program will be more useful and the failure rate much lower.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** would be **level-funded at $4.6 million**. Advocacy organizations requested $7.5 million to be able to increase this essential rental assistance program for non-elderly, disabled households. House 1 omits 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.

5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a housing court-based homeless prevention program which helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, would be **level-funded at $500,000.** Advocates are seeking an increase of $500,000 which would provide an additional 200 households with TPP services and could increase consultation services to 600 additional households. TPP is a highly successful homelessness prevention program based in housing courts across the state. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets. In FY16, 480 cases were closed by TPP and homelessness was prevented in 442 of those cases (92 percent homelessness prevention rate). TPP staff also provided consultation services to an additional 2,369 households ineligible or waitlisted for services. For FY16, the cost per TPP case (total statewide budget/total number of households directly assisted) was $2,214. In comparison, DHCD estimates on average a homeless family stays in a shelter for 324 days at a cost of $37,908 per family.

6. **DHCD Administrative Account (item 7004-0099) is increased by $1.2 million - from $7.7 to $6.9 million.**

7. **Department of Mental Health Rental Subsidy Program (item 7004-9033),** which provides rental subsidies to eligible clients of the Department of Mental Health, would be **level-funded at approximately $5.5 million**.

8. **Housing Services and Counseling (item 7004-3036),** which provides grants to nine regional housing consumer education centers for housing services and counseling, would be **level funded at $2.29 million**. Advocacy organizations are seeking a modest increase to $2.64 million.

9. **Housing Preservation and Stabilization Trust Fund (HPSTF) (item 7004-4778) is level funded at $5 million** for this flexible fund. This fund helps to build affordable housing, provide supportive services, and is used for other purposes to assist low income families and individuals with housing needs.

10. **Housing Court Expansion (item 0336-0003)** would appropriate $1 million for costs associated with the expansion of the housing court statewide. Two bills have been filed to authorize the expansion, *An Act relative to the geographical jurisdiction of the Housing Court Department*, Senate Docket 1224 and House Docket 177. These bills would expand the housing court from five to six divisions. Housing Courts have special resources and expertise to address prevent homelessness and address housing issues, including Housing Specialists who mediate housing cases, the Tenancy Preservation Program (see item 5 above), and Lawyer for the Day tables for both tenants and landlords. Over 130 organizations and a growing list of municipalities support the statewide housing court expansion.

Legal Services

1. For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, House 1 recommending an appropriation of $18.18 million, a one percent increase from FY 17. 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 House 1 summary, contact Margaret Monsell (mmonsell@mlri.org), who will direct your question to the appropriate advocate.