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Senate Ways and Means 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 the Senate Committee on Ways and Means released its budget proposal for fiscal year 2018 (FY 18), Senate 3. 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 Nutrition

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

- **TAFDC (Transitional Aid to Families with Dependent Children, item 4403-2000),** like the House, includes language barring DTA from counting Supplemental Security Income (SSI) benefits in determining TAFDC eligibility. The Governor had proposed to cut off or drastically reduce TAFDC for families where the parent receives Supplemental Security Income (SSI) benefits because of a severe disability. Under the Governor's proposal, 4,400 families would have lost all of their TAFDC and benefits for another 1,400 would have been cut by more than half. 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 language, and the Legislature overrode the veto. The Governor claims that the plan to count SSI was "a bipartisan proposal to reform welfare," SHNS, April 10, 2017, SHNS, May 16, 2017, but the Governor has not pointed to anyone in the majority party who supports the plan.

- **Senate Ways and Means specifies the annual children's clothing allowance at $300 per year.** The clothing allowance this year is **$250** for each child who receives TAFDC. The House cut the clothing allowance to $200 a year. Both SWM and the House include the clothing allowance in the standard of need. The Governor specified the clothing allowance at $250 a year, but did not require it to be included in the standard of need. Including the clothing allowance in the standard of need makes it possible for some very low-income working families to receive the clothing allowance for their children even though they are otherwise over TAFDC's very low income limits.

- **TAFDC is funded at $166.7 million,** $5.7 million more than the House. This is $24.5 million less than the FY 17 appropriation because of the projected drop in the caseload, even though SWM assumes about $3.8 million more for the clothing allowance and more funding for Transitional Support Services (see below). The TAFDC Cap on Kids (family cap) rule denies benefits for children conceived while – or soon after – the family received benefits. The Cap on Kids causes everyone in the family to suffer – including the excluded child's older siblings. Repealing the Cap on Kids would cost about $11.7 million in FY 18, less than half of the "savings" from the decline in the caseload.

- **The SWM line item earmarks $1 million 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 FY 17 budget earmarked $500,000 for this program, but neither the Governor nor the House specified funding for it.

- **The line item includes language requiring the Governor to give 90 days' advance notice to the Legislature before cutting benefits or making changes in eligibility.** The House provided for 75 days' advance notice. As in past years, the Governor's proposal did not include this important provision. 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 SWM line item also requires 90 days' advance notice before DTA proposes any changes to the disability standard.** The House set this advance notice period at 75 days and the Governor omitted it altogether. SWM omits a provision included in past years and in the House budget requiring DTA to review its disability standards to determine how well the standards reflect current medical and vocational criteria. Advocates support updating the standards and oppose eliminating them as the Administration has said it plans to do.

- **The Employment Services Program (ESP, item 4401-1000)** is funded at $14.6 million the same as the same as the Governor and an increase of $1 million over FY 17. HWM put $1 million less in ESP, but provided $1 million in a separate Pathways to Self Sufficiency account (item 4400-1979), which SWM did not include. The final House budget added $75,000 for Good News Garage, so the House total is slightly higher than SWM. Both SWM and the House earmark $1 million for job search services for parents with limited English proficiency. Otherwise, SWM and the House have somewhat different earmarks: the House earmarks level-funding for the Young Parents Program (YPP) whereas SWM requires that funds be expended for YPP but doesn't specify a dollar amount; SWM but not the House includes earmarks for learning disability assessments, the DTA Works Program (paid internships at state agencies), transportation reimbursement for recipients who are working or in education, training or job search, and $75,000 for a South Middlesex transportation program.

- SWM does not include funding for a new job search, job training and stabilization services program called "Secure Jobs Connect" (item 4400-1020) to serve low-income families receiving Emergency Assistance, HomeBase, RAFT or MRVP assistance (see Homeless Services and Housing, below). The House funded this program at $500,000 and the Governor at $800,000.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000)** is funded at $78.6 million, the same as the House and the Governor and close to the FY 17 appropriation of $79.2 million. EAEDC 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. The SWM proposal includes language requiring 90 days' advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The House provided for 75 days' advance notice; the Governor did not provide for any advance notice at all.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) is funded at $224.4 million**, the same as the House, slightly more than FY 17, and slightly less than House 1. The Administration's proposal to count SSI for TAFDC would have required additional funds for the SSI state supplement because some families losing TAFDC would have been eligible for $84 a month more in state-funded SSI.

2. **Teen Living Programs (item 4403-2119) are level-funded at $10 million**, the same as the amount proposed by the House and the Governor.

3. **DTA administration**

   - **The DTA worker account (item 4400-1100) is funded at $71.3 million**, the same as the House and the Governor and slightly more than FY 17. DTA needs additional staff to process cases timely and accurately. Fourteen percent of SNAP cases in the most recent period reported were not processed within federal processing time limits. Without additional funding, it is even more critical that

DTA work "smarter." Among other things, DTA needs to reduce excessive demands for verification that create more work for DTA staff, slow down processing, and make it harder for low income families to get the benefits for which they are eligible.

- **DTA central administration (item 4400-1000)** would funded at $63.3 million, the same as the House, slightly less than the Governor, and a small reduction from FY 17. SWM, unlike the House, includes current language that gives the Commissioner the authority to transfer funds between the TAFDC, EAEDC and SSI State Supplement accounts "for identified deficiencies." This language would allow transfers even if they would create deficiencies.

- **Funding for the SNAP processing and outreach line item (4400-1001)** is increased slightly from $3 million for FY 17 to $3.1 million, the same as the House and the Governor's proposal. 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, the same as the House and the Governor, compared with $1.4 million for FY 17.

4. Nutrition (Programs Administered by DTA and by Other Agencies)

- Closing the "SNAP Gap" through a Common Application with MassHealth: The Senate Ways and Means budget creates a new line item, 4000- 0328, with a $100K appropriation and language expressly directing the Executive Office of Health and Human Services (EOHHS) to "publish a plan to implement a "modern, digital and integrated eligibility determination processes " by March 15, 2018. The line item language directs EOHHS to identify the capital and resources needed to address two key goals: a) an "integrated enrollment and common application for benefits" between multiple agencies including the Health Connector, the Department of Medicaid, Transitional Assistance (DTA), Early Education and Care (DEEC), and the Housing and Community Development (DHDC); and b) a strategy to "implement interim solutions to integrate applications between the department of Medicaid and department of transitional assistance, provided further, that the office of Medicaid and the department of transitional assistance shall prioritize aligning their benefit application processes as a step toward the development of a common application." In other words, closing the state's "SNAP Gap." MLRI has projected over 500,000 MassHealth individuals qualify but are not receiving SNAP. The Gap can be viewed by city/town and House and Senate District in an interactive SNAP Gap map. The Ways and Means budget, however, does not include specific language directing the Administration to close the SNAP Gap.

- **The state subsidy for Elder Nutrition Programs (item 9910-1900)** is funded at $7.25 million, about $750K higher than the FY18 House Budget of $6.5M. The President's federal FFY18 Blue Print or "skinny budget," however, proposed cuts to a number of federal nutrition programs including the Meals on Wheels program which Massachusetts and other states would not be able to absorb.

- **The state subsidy for the Women, Infant and Children's (WIC) Program (item 4513-1002)** is funded at $12.2 million, the same level as the House FY18 budget. This is less than FY17, largely due to an anticipated decline in births. The WIC Manufacture Rebates Retained Revenue (item 4513-1012) is authorized to expend up to $25.8 million from federal cost containment initiatives, such as infant formula rebates.

- **The Massachusetts Emergency Food Program (MEFAP) (item 2511-0105) is funded at $16.5M**, $500K lower than the House FY18 budget of $17 million. This program, which supplements federal TEFAP funding, is administered by the state Department of Agriculture. MEFAP and the federal TEFAP may play an even more important role if Congress succeeds in any federal cuts or block granting to SNAP, in addition to the fact that thousands of Massachusetts residents lost their SNAP since the federal federal three-month SNAP time limit, was implemented in January 2016. We note that the current state labor surplus waiver exempting residents in the counties of Hampden, Berkshire, Dukes and other high unemployment pockets of the state) may expire in January 2018.

- **The Nutrition Benefit Program for low-income workers (item 4403-2007) is funded at $1.2 million.** The FY 17 budget also provided $1.2 million but the Governor cut it in December to $700,000. The Governor and the House proposed **only $300,000,** which is not enough to provide a meaningful benefit.

Child Care

- **Preschool expansion (item 3000-6025) would get $15.1 million** to expand pre-kindergarten and preschool opportunities for four-year-olds. This was one of the priority recommendations of Kids First, the Senate's initiative to foster strong and resilient children. The proposal is modeled on the federal Preschool Expansion Grant (PEG) system, which provides incentives for school districts, private early education providers and community based organizations to collaborate in developing high quality preschool education services. Neither the House budget nor the Governor's proposal included this funding.

- **Child care for current and recent recipients of TAFDC and families involved with the Department of Children and Families (item 3000-3060) is funded at $223.2 million**, the same as the House and the Governor's proposal. This is a small increase over the FY 17 appropriation of $219.4 million. Both SWM and the House include a longstanding provision that TAFDC recipients – whose incomes are far below the poverty level – will not be charged fees. Both SWM and the House also provide that "all children eligible for services under this item shall receive those services" and that families who were involved with DCF are eligible for child care under this line item for a year after the DCF case closes. These provisions are also in the FY 17 line item, but DCF only reluctantly approves child care after the DCF case closes and routinely denies a full year of care. Similarly, although the line item states that child care “shall be available to recipients” of TAFDC, DTA refuses to authorize child care for grandparents and SSI parents who are receiving TAFDC for their children and not for themselves.

- **Income Eligible Child Care (item 3000-4060) is funded at $255.4 million,** the same as the House and the Governor’s proposal. This amount is about $3 million more than the final FY 17 appropriation. SWM also says that $18.8 million appropriated for this item in FY 17 and not spent shall not revert but may be spent for Income Eligible Child Care, for current and former TAFDC and DCF families, or for rate increases (see below). SWM should be applauded for proposing to preserve these funds for child care, but it is concerning that families were unable to access care while the account was being underspent. In January, there were 24,000 children on the waitlist for care.

- **Child care and other rate increases (item 1599-6903 and 3000-1042).** SWM, like the House and the Governor, proposes $39.7 million in item 1599-6903 for rate increases for low-paid human services workers. SWM also proposes $10 million in item 3000-1042 for rate increases for center-based providers, compared with $20 million in the House and the Governor’s proposal of $7 million. However, it appears that most of these increases are not new money but money that the Administration failed to spend in FY 17. The FY 17 budget provided $31.2 million for the human services rate increases but the Governor in January projected spending of only $14.7 million. Two months later, the Governor announced that he had “found” $28.6 million that will be used for a 6 percent increase in the rates paid to child care agencies and family day care homes. Governor’s Press Release, Mar. 29, 2017. The money was apparently “found” by making low-wage workers wait another year for the increases they were promised or by failing to spend monies intended to provide child care for low-income families.

- **Head Start (item 3000-5000) would be increased to $9.5 million.** The House level-funded Head Start at $9.1 million.

- **EEC Central Administration (item 3000-1000) would be funded at $5.7 million**, the same as the House and the Governor’s proposal. Some central administration functions are funded through a line item for Quality Improvement (item 3000-1020) (see below).

- **Quality Improvement (item 3000-1020),** a line item created in the FY 17 budget, would be **funded by SWM at $31.8 million,** slightly less than last year and about $1.1 million more than the House. Funds from this line item are used for many different purposes, including program quality improvements, licensing and inspection staff, curriculum development, and grants for universal pre-kindergarten and inclusive learning environments. The House provided $2.5 million for mental health consultation services in a separate line item (item 3000-7065). SWM says these services “shall” be funded from the Quality Improvement line item. The Governor said Quality Improvement funds “may” be used for mental health consultation and similarly made most of the other uses of the funds optional.

- **Child Care Resource and Referral Agencies (item 3000-2000) are level-funded at $6.7 million**, the same as the House and the Governor's proposal.

- **Services for parents through community networks (item 3000-7050) would be funded at $13.4 million,** the same as the Governor and slightly less than the House.

- **Reach Out and Read (item 3000-7070) is not funded.** The House provided $1 million. This program works to equip parents with tools and knowledge to ensure that their children are prepared to learn when they start school. The Legislature funded it at $1 million in for FY 17, the Governor vetoed the appropriation, and the Legislature overrode the veto. Then the Governor used his 9C authority to eliminate the program altogether in FY 17 and did not include it in his FY 18 proposal.

Child Welfare: Department of Children and Families and Office of the Child Advocate

1. **SWM funds DCF at $987.3 million for FY 18. This is $41.3 million more than the current FY 17 allocation (including all supplements and cuts during the year). It is $2.1 more than the Governor proposed and $12 million more than the House allocation.**

    - The difference between SWM funding for DCF and the current level is due in large part to an increase of $21 million for the costs of out-of-home placements for children removed from their parents. Both the Governor and the House proposed similar increases. The other big component of the increase over FY 17 is an additional $13.3 million for social workers.

    - The higher level of funding in SWM versus the House budget is due to SWM's funding lead agencies (item 4800-0030) at $6 million, which the House did not fund at all. Also, SWM allocates $2.6 million more than the House to critically needed but very underfunded family stabilization and support services (item 4800-0040)

2. **SWM increases crucial family stabilization and support services (item 4800-0040) by $3.1 million for total funding of $50 million.** This is $2.6 million more than both the Governor's and the House budgets. These services have been significantly underfunded and are greatly needed to keep children safely in, or return them safely to, their homes. 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 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. However, **family stabilization and support services receive a disproportionately small share of DCF's services budget**.

    - Funding for Family Stabilization and Support Services currently comprises only 7.8% of DCF's services budget. The SWM allocation would bring that to 8.04%. This is a small, but important step towards adequate funding for this important account.

3. **SWM's increase of $21 million over current funding for two accounts that fund out-of-home placements for children** (item 4800-0038: foster care and adoption and item 4800-0041: group residential care) is primarily to cover the costs of the enormous spike in removals of children from their homes and their placement in foster or group residential care that has taken place since December of 2013. **There are over 1800 more children in out-of-home placements now than at the end of 2013. This represents a 23% increase in out-of-home placements during the past four and a half years.**

    - **Funding for out-of-home placements (line items 0038 and 0041) has risen dramatically** over the past several years as DCF has relied more and more heavily on placing children in foster care. **SWM's proposal represents an increase of more than $116 million in funding for out-of-home placements since FY '14. In contrast, SWM's increase to family stabilization and support services to keep children safely at home and out of foster care represents an increase of only $5.4 million over that time period.**

    - **SWM increases funding for family foster care (item 4800-0038) by $6.8 million over FY 17.** This is $952,500 less than in the House budget. **In addition, like the Governor and the House, SWM would continue funding for a foster care recruitment campaign to address the current shortage of foster homes (item 4800-0058).** SWM proposes $275,000, a $25,000 increase over current funding and over what the Governor and House proposed.

    - **SWM increases group residential care services for children who have been removed from their families (item 4800-0041) by $15.3 million.** This is $1 million more than the Governor proposed, and only $24,800 more than what the House allocated. 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.

    - SWM would also continue to authorize DCF to transfer funds among its three services accounts. (This is line item language in DCF's administrative account, 4800-0015).

4. **SWM increases spending for social workers (4800-1100) by $13.3 million over the FY 17 allocation.** This is the same amount the Governor and the House proposed.

    - More social workers are needed to reduce caseloads. 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.

    - To train the large number of new hires, SWM would increase DCF's training budget by $205,0000 as both HWM and the Governor proposed.

5. **SWM increases DCF's administrative account (item 4800-0015) by $4.5 million to $100.1 million as the Governor and the House did.**

- **SWM maintains a longstanding requirement in its administrative line item that DCF report on the backlog in its administrative "fair hearing" system.** The Governor had proposed to strip these requirements. While DCF has made progress in reducing its fair hearing backlog, it has not yet eliminated it.

- **HWM maintains longstanding reporting requirements which the legislature requires to fulfill its oversight responsibilities.** The Governor had proposed to strip these requirements. 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 DCF denies their voluntary requests for services.

6. **SWM does not include the child welfare data task force that the House budget included in outside section 116**. This task force would make recommendations to the legislature about how best to rationalize and improve child welfare data reporting so that greatly needed data would be available to the public and the legislature including basic caseload data and child outcomes data. The task force would also recommend which reports are no longer needed and could be eliminated to reduce DCF's reporting burden.

7. **DCF's domestic violence account** was previously transferred **into the DPH budget (item 4513-1130)**. SWM would fund this account at $31.5 million, an increase of $808,400 over the current allocation, and the same increase the House allocated.

- The DPH domestic violence account provides beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pays for DCF domestic violence staff. These preventive services can help prevent abuse and neglect from happening in the first place. 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.

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

8. **SWM funds Family Resource Centers (items 4800-0200 and 4000-0051) at almost $13.2 million. This is $5.4 million more than the House allocation and would increase funding by $3.2 million over its current level.**

- These centers connect families to 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.

9. **The Office of the Child Advocate (item 0930-0100)** is funded at $810,000. This is an increase of $2,000 over current funding, and over the House allocation.

Health Issues in MassHealth, ConnectorCare and the Health Safety Net

1. **SWM builds on the Affordable Care Act**

   - SWM, like the Governor and the House, builds its proposed budget on the assumption that Congress will not weaken key provisions of the Affordable Care Act and reduce funding for Medicaid through block grants or per capita caps. According to Governor Baker, the American Health Care Act passed by the US House of Representatives May 4 would cost Massachusetts $1 billion or more. The US House bill now faces an uncertain fate in the US Senate.

2. **SWM authorizes a temporary employer contribution to help pay for increased MassHealth spending (Sections 96-99 and 110).**

   - SWM authorizes an additional employer contribution to help pay for increased health spending but takes a somewhat different approach than the Governor or the House. (**Section 96**). In a major concession to employer interests, it authorizes only a temporary 2-year assessment. (**Sections 98 and 110**). SWM leaves to the Secretary of Administration and Finance the decision whether to increase an existing employer assessment or create a new assessment along the lines proposed by the Governor and the House on employers who do not offer a minimum level of health coverage to their full-time employees. In either case, the assessment must be designed to raise $180 million in FY 18.

   - The Governor estimated his proposed employer assessment of $2000 per full time employee would bring in $300 million in additional revenue. The details of the House employer assessment were left to the Commissioner of Revenue, but House leaders stated that they sought to raise $180 million from the new assessment. Apparently both the House and SWM are relying on lowered projections for MassHealth enrollment in 2018 than the projections used by the Governor at the time of House 1.

   - SWM was no more receptive than the House to the Governor's proposal to reduce insurance costs for employers by capping rate increases for higher cost hospitals. No such provision is in the SWM budget.

3. **SWM retains eyeglasses in the CarePlus program but incorporates other savings initiatives assumed in House-1**

   - SWM, like the House, appears to go along with the Governor's savings initiatives to reduce MassHealth maintenance spending in FY 18 by about $230 million but it has added certain provisos to prevent certain initiatives from taking effect. In **4000-0940**, which provides funding for the ACA Medicaid expansion (CarePlus) for adults with income up to 133 percent of the federal poverty level, SWM, like the House, adds a proviso requiring the same level of vision services for expansion adults in FY 18 as

FY 17. This proviso would prevent the Governor from going forward with plans to eliminate this benefit in CarePlus in FY 18. The reason the overall amount of the 4000-0940 account is less in the SWM bill than in House 1 is the lower projection of MassHealth enrollment in FY 18.

- Among the savings initiatives in House 1 that are also assumed in the SWM and House budget bills is elimination of non-emergency transportation benefits for adults in the CarePlus program (except for travel to substance use disorder services). Currently, MassHealth arranges rides for about 14,000 adults in CarePlus who don't have access to public transportation to get to necessary medical appointments. MassHealth would require a waiver from CMS to implement such a change, and filed its intent to seek such a waiver on May 12, with a 30 day period ending June 12, 2017 for comments to MassHealth about its proposal.

- Other savings initiatives incorporated in **400-0940** and **4000-0700**, include $31 million in reduced spending due to a change in the income verification rules for adults in MassHealth that will delay enrollment for eligible applicants until more paperwork is processed by already overwhelmed MassHealth workers. This change too requires an amendment of the MassHealth 11115 demonstration, and has a comment period ending June 12, 2017.

4. SWM adds new provisos for studies of lead paint and integrated eligibility

- **4000-0300** is the MassHealth administrative account and a favorite spot for provisos. SWM includes a proviso requiring MassHealth and DPH to develop a plan to expand lead testing and follow up services with a report to the legislature due Dec. 1, 2017. SWM also gives the Administration transfer authority among most MassHealth line items. SWM omits the House proviso to set up a direct phone line for court employees in the specialty courts such as the drug courts.

- **4000-0328** is an administrative account for health care system reform. It was funded at $50,000 in FY 17, but neither the Governor nor House continued the appropriation in FY 18. SWM adds $100,000 to be used apply for one or more of six initiatives and direct EOHHS to submit a plan by March 15, 2018 to achieve an integrated eligibility system among MassHealth, DTA and other programs. We discuss in the Cash Assistance and Nutrition section how this account may help to close the SNAP gap.

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

- CMSP would be cut from $17.4 million in FY17 to $12.4 million in FY18. This reduction was also in the Governor's and House bills and is based on savings anticipated from cancelling the contract with Unicare, the vendor who 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 20 visit annual cap on outpatient mental health services. These limits which are set forth in the statute are long overdue for reform.

6. SWM provides $15 million for the Health Safety Net in Section 77

- SWM, like the House, proposes a fund transfer of $15 million from the Commonwealth Care Trust Fund to the Health Safety Net Fund. The Governor proposed a transfer "up to" $15 million in FY 18 but no such transfer was assumed. In FY 17 eligibility for the Health Safety Net was restricted and the fund transfer was reduced from $30 million to $15 million.

7. SWM asks the Massachusetts Health Connector to examine premium sharing

- In **Section 88** SWM directs the Connector to engage in a premium sharing study with a report due by October 1, 2018. The study will examine the feasibility of a small employer premium sharing plan for providing coverage to MassHealth eligible non-disabled adults under age 65 and their dependents. Something like this was provided for in Chapter 58 for the Commonwealth Care program but never implemented by the Connector because it found it infeasible. However, SWM may have in mind a different approach to enable small employers to buy-in to MassHealth coverage for eligible employees.

- Another policy affecting MassHealth members with access to employer sponsored insurance is the MassHealth Premium Assistance program in which MassHealth contributes toward the costs of employer sponsored insurance for its working poor members. Among the savings initiatives embedded in SWM and the House bill for FY 18 is $50 million in cost avoidance through increased enrollment of MassHealth beneficiaries in Premium Assistance to reimburse them for the costs of cost-effective employer sponsored insurance under current MassHealth rules. This avoids costs for MassHealth because providers first bill the private insurance, but members continue to have MassHealth as secondary coverage.

8. The MassHealth Dental Program would remain at the levels set for FY 17

- **Section 75** maintains the scope of dental services for adults in MassHealth at the same level as 2017. 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. **4000-0700** also includes a proviso requiring reports on the use of adult dental services. However, SWM does not include language that was added to the House budget requiring that the dental report address a schedule of those dental services for adults that were covered in 2010 and the cost of implementation. Such a schedule is needed to continue progress toward restoring full dental services for adults.

Homeless Services

1. **Emergency Assistance for homeless families with children (item 7004-0101) would be funded at $166 million**, **an increase of over $10 million dollars over House FY 18 but well below FY 2017 spending**. The Emergency Assistance (EA) program provides emergency shelter to certain families who are experiencing homelessness and whom the Department of Housing and Community Development (DHCD) and Department of Children and Families (DCF) verify have no other safe place to stay.

   - **SWM would protect families from staying in dangerous places before becoming eligible for shelter**, providing that families be deemed eligible for shelter if they have "no other feasible alternative" and that, but for spending one night in an inappropriate place, would be eligible. SWM also includes language requiring DHCD to provide data on how many of these families are placed in shelter.

   - SWM removes language from House FY 18 requiring that families be terminated from the program upon an offer of housing or housing assistance.

   - SWM includes important language, included in House FY 18, requiring DHCD to give 90 days' advance notice to the Legislature prior to making any changes that would restrict EA eligibility or benefits. This language has been critical in prior years in giving the Legislature time to ensure that access to emergency shelter for children and their families is not unduly restricted. This language was not included in the Governor's proposed FY 18 budget.

   - SWM removes House FY 18 language restricting funds from being used for a homeless management information system.

   - SWM includes important reporting requirements to the Legislature about the families accessing EA shelter, also included in House FY 18. These reports would include information about the number of families entering and exiting shelter and under what circumstances, as well as what is happening to families, including those denied shelter.

   - **SWM would allocate $1 million dollars to establish the Home Works program**, an increase from $200,000 in House FYI 18, to provide out-of-school and summer programming for children who receive EA benefits.

2. **HomeBASE (item 7004-0108) is funded at approximately $32.6 million, an increase of $1.5 million over House FY 18 and a slight increase over the FY 17 appropriation.**

   - **SWM would increase the maximum level of assistance for families to $10,000 in a 12-month period, up from $8,000.** If combined with assistance from RAFT (7004-9316), the total assistance could not exceed $10,000 in a 12-month period.

   - Families terminated from HomeBASE for violating certain program rules are presently barred from accessing EA shelter and HomeBASE for 24 months; **SWM**

would require DHCD to promulgate rules reducing the bar from 24 to 12 months for families terminated from HomeBASE.

- As with EA, SWM would retain the Administration's obligation to provide the Legislature with 90 days' advance notice before new eligibility restrictions or benefits reductions are imposed. SWM would also retain the requirement to provide timely reports to the Legislature.

- SWM includes language, also included in House FY 18, providing that a family would not be terminated from the program for a single violation of a self-sufficiency plan.

- SWM would continue a program to allow DHCD to expend up to $300,000 for families in domestic violence, residential treatment, and sober living programs. While the scope of this proposal remains unclear in that only families in these shelters who meet all EA eligibility requirements could be assisted, the FY 17 language imposing a requirement that spaces in domestic violence and substance abuse shelters be filled by dually-eligible families has been removed. DHCD would be required to develop guidance to clarify how this program would operate, and would be required to provide reports to the Legislature on this program. SWM removes House FY 18 language that requiring reporting on this program.

- SWM removes House FY 18 language requiring DHCD to reallocate financing among service providers based on performance-based statistics.

3. **The DHCD homelessness administrative account (item 7004-0100) is funded at just over $5.16 million**, matching the House FY 18 allocation and representing a slight decrease from the FY 17 appropriation.

4. **Shelters and services for homeless individuals (item 7004-0102) are funded at $46.18 million,** representing an increase of nearly $700,000 over the FY 17 appropriation and a slight decrease from House FY 18. SWM would add reporting requirements and remove specific earmarks.

5. **The Home and Healthy for Good program (item 7004-0104),** which provides housing for chronically homeless individuals, **would be level funded at $2 million.** SWM removes the House FY 18 language requiring reporting on this program.

6. **New Lease for Homeless Families, Inc. (item 7004-0106**) is a non-profit organization that works with affordable housing providers to make units available to families in shelter. House FY 18 includes $250,000 for the evaluation and implementation of this program. **This line item is not included in SWM.**

7. **Residential Assistance for Families in Transition (RAFT) (item 7004-9316), a homelessness prevention program for families with children, is funded at $18.5 million,** an increase of $5.5 million over FY 17 and $3.5 million over House FY 18.

   - As in prior years RAFT provides up to a maximum of $4,000 in assistance – but no family can receive from HomeBASE and RAFT more than a total of $10,000 in a 12-month period.

- **SWM restores language expanding eligibility by providing $2 million of assistance to elders, persons with disabilities, unaccompanied youth, and all household types.**

- SWM retains RAFT reporting requirements to the Legislature that were included in the FY 17 and earlier budgets.

8. **Secure Jobs Connect pilot program (item 7004-9322) is a new line item proposed by SWM**, and would allocate $800,000 to provide job training, job search, and 12 months of housing stabilization services to families receiving EA, MRVP or RAFT benefits, and for whom such assistance is not otherwise available. This program has previously been funded outside the budget.

9. **The End Family Homelessness Reserve Fund (1599-0017),** created in FY 16 and funded at $1 million in the Governor's proposed FY 17 budget, **would be eliminated by the SWM proposal.**

Housing

1. **Public Housing Operating Subsidies (item 7004-9005),** which provide housing authorities with operating funds for state public housing, would be **level funded at $64.5 million**. The final House FY18 budget proposed $65.5 million. Advocacy organizations are requesting $72 million.

   State public housing is an essential housing resource for extremely low income families, seniors, and people with disabilities. There are approximately 45,600 public housing units funded by the Commonwealth. According to DHCD data, 25% of the operating costs of state funded public housing are supported by the Commonwealth and other sources and **75% of the operating costs of state funded public housing are funded through tenants' rents**, making public housing a very cost effective permanently affordable housing option for extremely low income people.

   SWM, like the House, 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 SWM budget would require housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers, which was included in the FY17 final budget.

2. **Public Housing Reform (item 7004-9007),** which is a line item for costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014) is **level funded at $800,000**. There are no details about how these funds would be targeted. House FY18 budget recommended $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), provides critically needed long-term tenant-based and project-based rental subsidies to low-income tenants. Like the House, SWM **increased MRVP from $86.5 million in FY 17 to $100 million**. MRVP is among the most effective and flexible of the state's housing programs and a proven tool to assist families and individuals experiencing or facing homelessness to find affordable housing. While advocates are heartened by the increase in both chambers to $100 million, which is closer to the $120 million that advocates are seeking, it is still not sufficient to cover the cost of what is needed to increase the value of the vouchers so that they better match the current rental market and is not enough to provide new vouchers.

   The House FY 18 budget, like the Governor's budget, increases income eligibility from 50% of area median income (AMI) to 80% of AMI while providing that DHCD "*may*" target "*up to*" 75% of vouchers to extremely low income households (ELI, which is not more than 30% of AMI). Although these changes were meant to mitigate the "cliff effect" problem by allowing families to increase incomes without losing their vouchers, the House language could result in many vouchers going to higher income households rather than those most in need. The SWM budget improves on this language by setting eligibility at up to 80% of median (like the House), but providing that DHCD *"shall"* require administering agencies to target to "*not less than"* 75% of their contracted vouchers to ELI households. Advocates may consider working for an amendment to make clear that initial eligibility for MRVP will be at no more than 50% of area median and vouchers will not be terminated unless and until household incomes exceed 80% of area median income. SWM also requires DHCD to begin distributing new vouchers not later than August 1, 2017.

   SWM, like the House FY 18 budget, continues the requirement from previous budgets, that DHCD report to the legislature on MRVP utilization.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** is funded in the SWM budget at **$5.5 million** compared to $5 million in the House FY18 budget. Advocacy organizations requested $7.5 million to be able to increase this essential rental assistance program for non-elderly, disabled households. SWM did not include a requirement that was in the House budget that DHCD 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, is **level-funded at $500,000**. The House FY18 recommended $750,000. 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% 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 $7.263 million** in SWM budget which is **$560,000 less than the House FY18 budget**. This difference is largely due to fewer earmarks in SWM budget - $375,000 for 3 recipients compared to $835,000 for 13 recipients in the House budget.

   The SWM budget, like House final FY18, includes the requirement that DHCD promulgate regulations ensuring that households who qualify for any preference or priority for state subsidized housing based on being homeless or at-risk of becoming homeless keep their priority when they become temporarily housed with HomeBASE or other temporary subsidies. This language is essential so that people who have temporary subsidies, who may still be at-risk of homelessness, will not lose their priority. SWM also includes new language, not in the House budget, requiring annual DHCD staff trainings including, but not limited to training on changes in laws related to items under DHCD administration.

7. **Department of Mental Health Rental Subsidy Program (item 7004-9033)** which provides rental subsidies to eligible clients of the Department of Mental Health, is increased from $5.5 million in FY 2017 to $6.5 million in SW&M. The House FY18 budget also recommended $6.5 million.

8. **Housing Services and Counseling (item 7004-3036)** which provides grants to nine regional agencies for housing services and counseling is funded at **$2.791 million in SWM**, an increase of $500,000 from the House budget.

9. **Housing Preservation and Stabilization Trust Fund (HPSTF)** is a flexible fund to provide affordable housing, particularly for those at risk of homelessness. This trust fund was in the Governor’s budget (item 7004-4778) at $5 million but is not included as a line item in either the House FY18 budget or the SWM proposed budget. However, the trust fund, which is authorized by G.L. c. 121B, Sec 60, receives unexpended funds from various DHCD accounts, including MRVP. The fund shall be used *only* to provide affordable housing for low income households particularly those most at risk of becoming homeless.

10. **Housing Court Expansion, which was included in the Governor’s budget (item 0336-0003)** to appropriate $1 million for costs associated with the expansion of the housing court statewide **was included** in the SWM budget along with the authorization for the expansion (Outside Sections 62-65, 114). The outside sections mirror the bills recently heard by the Judiciary Committee, S. 946 and H. 978, with one difference – SWM budget recommends that expansion begin as of July 1, 2017.

- Housing Courts have a special resources and expertise to address housing issues, including Housing Specialists, the Tenancy Preservation Program, and Lawyer for the Day tables for both tenants and landlords.

- Through the Tenancy Preservation Program, which is available only in Housing Courts, the states saves between $4-$8 million in shelter costs by preventing tenants with mental health challenges from becoming homeless.

- Over 140 organizations and a growing list of municipalities support the statewide housing court expansion, including the Massachusetts Municipal Association.

Legal Services

- For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**,which supports grants for civil legal aid programs for low-income residents of Massachusetts, SWM is recommending an appropriation of $18 million, which is level funding from FY 17. MLAC is seeking a $2 million increase (to $20 million) to match the House appropriation and to help meet the growing statewide demand for civil legal services.

For more information on our Senate Ways and Means summary, contact Margaret Monsell (mmonsell@mlri.org), who will direct your question to the appropriate advocate.