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The Governor's FY 2017 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 2017 (FY 17), which is referred to as House 2. 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) would be funded at only $181.2 million, $39.5 million less than the FY 16 appropriation after the Governor's 9C cuts.** The proposed amount would be enough to cover benefits at current low levels for only 30,325 families compared with the caseload of 35,716 in December 2015 (an 18% decrease) and the caseload of 52,700 three years before that. In a conference call with stakeholders shortly after the Governor released his proposed budget, Secretary Sudders said that the Administration was proposing to count Supplemental Security Income (SSI) benefits in determining eligibility for TAFDC. We have been told that the Administration estimates that 6,900 families headed by a disabled parent will lose TAFDC benefits completely and another 1,600 would have their benefits drastically reduced. We have not been able to find any reference to this proposal in House 2. The Administration says that it plans to implement this through regulation changes in October 2016. When the Patrick Administration made a similar proposal in 2009 to count SSI, a typical family with two children in private housing would have lost 43% of its cash income and would no longer have been able to pay rent. Governor Patrick withdrew his proposal in response to opposition from advocates and legislators.

The Administration says that it proposes to redistribute some of the savings from counting SSI to child care for TAFDC families, job training, and transportation to get to work, but of course those non-cash benefits, while important, will not be available for families where the parent is too disabled to work and will not help families who have lost their TAFDC benefits pay their rent or meet their families' other basic needs.

We are concerned that the projected caseload drop may also be based on the expectation that many recipients will lose benefits when the Administration implements more of the 2014 welfare bill provisions. The Administration says that it plans to implement a job search requirement for applicants in March 2016; in Pennsylvania, the denial rate for cash assistance applications went up to 80 percent after the state instituted a similar job search requirement. Another welfare bill provision gives the Administration the option of continuing to determine exemptions from the work requirement and time limit for parents with disabilities using a strict state standard in addition to the federal standard. The Administration currently plans to eliminate the state standard for disability in late 2016; that will subject 2,200 disabled parents to the 24-month time limit, and many of those parents will lose benefits in FY 2017 because they are unable to meet work activity requirements. As he did last year, the Governor failed to direct any of the "savings" from the projected decline in the caseload to a long overdue increase in the cash benefit, which has lost nearly half its value since 1988.

- **Clothing allowance amount set at $200 per child.** This proposal maintains the increase (from $150 per child) that was added to the line item for FY 2016 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 2, like past governors' proposals, says the standard of need "may" be raised in September but would not require it to be raised.

- **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 16, 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 standards. In addition, the line item eliminates a requirement that DTA tell recipients about their eligibility for child care.

- **The Employment Services Program (ESP, item 4401-1000) would be funded at $12.4 million.** This amount is about $500,000 less than FY 16 funding for the account, which included authorization to spend nearly $900,000 in funds that were appropriated for FY 15 but not spent. Like previous governors, 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); up to $80 a month in transportation reimbursement for recipients who are working or in education, training or job search; learning disability assessments; job search services for parents with limited English proficiency; and the cost of HiSET (formerly GED) testing for some recipients.

- **Section 6 would increase the TAFDC work expense deduction for families with earned income from $150 to $200.** Because of the way grants are calculated it could increase grants for some households with earnings by $25 a month. This is a small step towards reducing the work disincentive in current law. **Sections 7 and 8 would increase a separate deduction from earnings for families who are exempt from the work requirement** (generally because they have a young child or are disabled). Currently these families are allowed to deduct one-third of their income while other families are allowed to deduct one-half of their income. Sections 7 and 8 would raise the deduction for families who are exempt from the work requirement so they can also deduct one-half of their income. This is another step towards making work pay. Unfortunately, the Governor does not address other TAFDC rules that make families ineligible if their incomes are about 70% of the poverty level even if they would otherwise qualify for a small supplemental grant based on the deductions from earnings.

- **Pathways to Self Sufficiency (item 4400-1979) would get a big boost to $15.1 million, compared with $3 million appropriated for FY 16.** The Administration says this increase is funded with the savings from cutting off or drastically reducing TAFDC benefits where a family member gets SSI. According to the line item, this account is for the job placement and training program that was established by the 2014 welfare bill. The line item also says the funds are intended to pay for the "full employment" program which the welfare bill was supposed to "revitalize." (The "full employment" program, which has never had more than a handful of participants, diverts recipients' cash and food stamp benefits to subsidize wages at a private employer.) Though taking money from families with a severely disabled member is unacceptable, the additional money for training would be welcome provided it is directed to longer-term programs that can provide the skills and credentials parents need to get good jobs. We hope the additional money will not be used for up-front job placement, which has not proved to be a good way to get welfare recipients into stable jobs.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $79.2 million,** $3 million more than the FY 16 appropriation. Because the Governor vetoed nearly $3.7 million before signing the FY 16 budget, the account this year is underfunded even though the EAEDC caseload has been going down (except for a slight uptick in December 2015). 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 2'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 $227.1 million,** slightly more than the FY 16 amount.

- **The Supplemental Nutrition Program (item 4403-2007), which provides a small state food SNAP supplement to thousands of low income working families who receive federal SNAP benefits (formerly called Food Stamps), would be funded at $1.2 million,** the same as FY 16.

- **Transportation Benefits for SNAP Work Program Participants (item 4403-2008) is funded at $2.6 million.** This is a new account, possibly also funded by eliminating or drastically reducing TAFDC benefits for households with a severely disabled member receiving SSI. It may be intended to provide transportation assistance to help unemployed mostly single adults between the ages of 18 and 49 to meet a new federally mandated work requirement if they do not qualify for an exemption.

2. **Teen Living Programs (item 4403-2119) would be funded at $10 million,** slightly more than the FY 16 appropriation. One bright spot in the 2014 welfare bill is a provision allowing pregnant teens to access these programs during any stage of pregnancy, instead of having to wait until their last trimester as they did previously.

3. **DTA administration**

- **The DTA worker account (item 4400-1100) would be funded at $72.3 million,** about $1.5 million more than FY 16. This would help cover 60 additional case managers who handle SNAP cases and 30 "Full Employment Workers" who help TAFDC recipients identify work activities.

- **DTA central administration (item 4400-1000) would be increased to $66.3 million, a $1.9 million increase.** Some of this increase could pay for systems changes needed to address the "SNAP Gap," (see below) which is the number of households who are not getting but are likely eligible for SNAP. 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.

- **Funding for the SNAP processing and outreach line item (4400-1001)** would be increased slightly from $3 million for FY 16 to $3.4 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 $1.4 million, compared with $1 million last year.** DTA expects to hire 8 additional domestic violence workers with this additional funding.

4. **Nutrition**

- **Closing the "SNAP Gap"** As noted under the discussion of DTA Administration above, House 2 proposes increasing funding for DTA Central administration (item 4400-1000) as well as the DTA worker account (4400-1100) to add an additional 60 front line DTA workers. In a stakeholder conference call, both EOHHS Secretary Sudders and DTA Commissioner McCue commented that the Administration is committed to addressing the "SNAP Gap" through a common application process between MassHealth and SNAP including more efficient use of client information, but cautioned that major systems changes may not happen rapidly.

- **The state subsidy for Elder Nutrition Programs (item 9910-1900)** would be nearly level funded at $7.2 million compared with FY 16 spending.

- **The state subsidy for the Women, Infant and Children's (WIC) Program (item 4513-1002)** would be level-funded at $12.5 million compared to FY 16. The WIC Manufacture Rebates Retained Revenue (item 4513-1012) is projected to drop by $2 million, from $27.5 million to $25.6 million.

- **The Massachusetts Emergency Food Program (MEFAP) (item 2511-0105) is level funded at $17 million**. This program, which supplements federal TEFAP funding, is administered by the federal Department of Agriculture Resources (DAR). Maintaining this funding level is a good starting place, but it may not be sufficient in light of the unrelenting demand for emergency food and the fact that close to 26,000 Massachusetts residents are likely to lose their federal SNAP benefits in April 2016 due to the federal three-month SNAP time limit that resumed in January 2016.

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 $236.8 million,** an increase of nearly $17 million. The Administration says that the increase will be funded by eliminating TAFDC for families where one member gets SSI, even though families losing TAFDC would not qualify for child care and in any event can't pay rent with a child care subsidy. According to the Governor's press release, $8.3 million will pay for 1,500 additional vouchers for TAFDC families and $4.3 million will fund 600 vouchers for DCF families. The proposed line item includes a longstanding provision that TAFDC recipients – whose incomes are far below the poverty level – will not be charged fees. However, the line item does not include an FY 16 provision that eliminates fees for working families during the first year after they leave TAFDC.

- **Income Eligible Child Care (item 3000-4060) would be funded at $252.5 million, about $3.9 million less than the final FY 16 appropriation,** including $3.4 million that was added to this account in November 2015 from funds that were appropriated for FY 15 but not spent. The FY 16 budget also included a $12 million line item for wait list reduction (item 3000-4040). The Department of Early Education and Care (EEC) said in November that nearly $273 million would be needed in FY 17 to maintain this account at FY 16 levels, but the Administration is currently projecting spending of only $259.1 million and may be planning to leave some of the wait list reduction funds unspent, even though, as of November, there were 27,000 children on the child care waitlist. According to the Governor, some of the expenses for this account would be covered by the new Quality Improvement line item (3000-1020).

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

- **EEC Central Administration (item 3000-1000) would be cut drastically, from $13.7 million in FY 16 to $5.6 million.** According to the Governor, some EEC Central functions would be funded by **a new $33.4 million line item for Quality Improvement (item 3000-1020) that will provide funds for EEC's licensing staff and other personnel who work on child care quality issues as well as other initiatives to improve quality.** Because of this new account, the Governor also proposes to eliminate a line item to improve the quality of pre-kindergarten programs and expand access (item 3000-5075), funded at $7.4 million in FY 16; a $750,000 line item (item 3000-6075) to provide mental health consultation services; and a $500,000 line item (item 3000-6025) for preschool partnerships. In addition, the line item for parenting skills, funded in FY 16 at $21.3 million would be reduced to $13.4 million with the difference transferred to the new line item. The claimed transfers to the new account total about $28.9 million and the $12 million wait list reduction line item is eliminated, so the new line item does not appear to add new money, though the Governor says there is $1 million for quality improvements.

- **Child Care Resource and Referral Agencies would be level-funded at $6.7 million.**

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

1. **The Governor proposes funding DCF at $938.1 million in FY 17. Accounting for line items that the Governor proposes to transfer out of and into DCF's budget, this represents an increase of $51.9 million over the FY 16 allocation.**

    - **This increase would primarily cover the costs of hiring new social workers ($19.6 million increase to line item 4800-1100), increases for group residential care for children removed from their families ($13.5 million increase to line item 4800-0041) and increases for the costs of foster care and adoption ($2.4 million increase to line item 4800-0038).**

2. **Importantly, the Governor proposes to increase crucial Family Stabilization and Support Services by $1.5 million for total funding of $47 million**. 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.

- **The Governor's proposal is a small but important step towards balancing the infrastructure for out-of-home placements with the infrastructure to support family stabilization and support.** In the approximately 72% 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. As of March 2015, 89% of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, and needed family stabilization and support services to remain safely with, or return safely to, their families.

3. **House 2 would increase spending for social workers (4800-1100) by $19.6 million over the FY 16 allocation.** This would fund an additional 281 new social worker hires for a net total of 236 additional social workers.

- DCF's contract with its union requires social worker caseloads of 15:1. The Governor refers to DCF's commitment to reach a caseload ratio of 18:1.

- 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.

- **Despite the large number of new hires, the Governor proposes to cut DCF's training budget by over $44,000 to $2.5 million.**

4. **House 2 includes $593.7 million for the department's three services accounts, (items 4800-0038, 4800-0040 and 4800-0041), which is $17.4 million above the FY 16 allocation, but about the same as FY 16 projected spending.** The Governor also proposes, in the DCF Administrative account (4800-0015), to continue the practice of allowing DCF to transfer funds among its three services accounts and the "lead agency" account (4800-0030).

- **The Governor proposes an additional $15.9 million for the two service accounts that fund out-of-home placements for children** (item 4800-0038: foster care and adoption and item 4800-0041: group residential care). This request 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 1300 more children in out-of- home placements now than at the end of 2013. This represents a greater than 17% increase in out-of-home placements.**

- **The Governor proposes an increase of $13.5 million for group residential care services for children who have been removed from their families.** 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.

5. **DCF's administrative account (item 4800-0015) would be increased by $14 million.** This is almost $15 million above FY 16 projected spending. $5 million of this would go towards initiatives to de-couple area offices (that were combined in the early years of the previous administration) and some to support greatly needed additional domestic violence and substance abuse specialists.

   - **House 2 would eliminate a longstanding requirement that DCF ensure its administrative "fair hearing" system is timely and fair. It would also eliminate the requirement that DCF report to the Legislature on its large fair hearing backlog.** Prior budgets have required DCF to provide two detailed reports on its hearing backlog. Previous Governor's budgets had also proposed to strip these requirements, but the Legislature included them. While DCF has made progress in reducing its fair hearing backlog, it has not yet eliminated it.

   - **House 2 would 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 DCF denies their voluntary requests for services. Previous Governors' budgets had also proposed to remove these requirements, but the Legislature included them.

6. **House 2 level-funds the lead agency account (item 4800-0030) at $6 million.** Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves.

7. **The account for services to victims of domestic violence (item 4800-1400) would be transferred out of the DCF budget and into the DPH budget (item 4513-1130). In addition, the costs of DCF's domestic violence specialists and some shelter costs, currently covered by 4800-1400 would be covered under other DCF line items.**

   - The current domestic violence line item in DCF's budget (item 4800-1400) is funded at $26.1 million, and the increase in the DPH domestic violence line item would be only $24.2 million over FY 16 projected spending. However, DCF's administrative account would cover the costs of domestic violence specialists currently covered by DCF's domestic violence line item, and some shelter costs, now covered under DCF's line item, would be covered under DCF's foster care and adoption line item (item 4800-0038).

   - The DCF domestic violence account has provided beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pays for DCF domestic violence staff. These preventive services are not restricted to DCF involved families, and 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.

8. **The Office of the Child Advocate (item 0411-1005), would be level-funded at $600,000.**

9. **House 2 would slightly increase funding for Family Resource Centers from $9.9 million to $10 million).**

- The Governor proposes to consolidate two separate line items for DCF's Family Resource Centers into one. Line items 4800-0200 (in DCF's budget) and 4000-0051 (in the EOHHS Secretary's budget) would be combined into item 4800-0200.

- 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.

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

1. **The Governor proposes limiting the rate of growth in the MassHealth accounts to 5 percent for FY 17.**

- The Administration would hold the rate of growth in the MassHealth program to 5 percent over FY 16 spending with projected MassHealth enrollment of 1.89 million in FY 17. While the Administration says its budget will not restrict eligibility or benefits and will hold provider and managed care rates steady, it is proposing significant changes in MassHealth managed care and in eligibility for the Health Safety Net. These and other changes were described by Secretary Sudders but are not explicitly referred to in House 2. Rather these are the assumptions which underlie the line item amounts. We don't yet have information attributing savings in particular line items to these initiatives.

2. **The Governor proposes to restrict consumer choices in the MassHealth managed care program.**

- Section 39 broadly authorizes restructuring MassHealth benefits. The Governor is proposing two changes that will restrict consumer choice in the MassHealth managed care program: increasing enrollment in Managed Care Organizations at the expense of the Primary Care Clinician (PCC) Plan by restricting benefits in the PCC Plan, and locking MassHealth members into their initial choice of managed care for a 12-month period. It is not yet clear if any part of the $149 million increase in the managed care line item (4000-0500) or the nearly $114 million decrease in the fee for service line item (4000-0700) may be related to these proposed changes.

- Most MassHealth member under age 65 for whom MassHealth is the primary form of coverage are required to enroll with a Managed Care Organization (MCO) or in the PCC Plan with a primary care clinician overseeing their medical care and behavioral health managed by the MassHealth Behavioral Health Partnership. Currently MassHealth members can choose which model of care best meets their needs. As MCOs restrict their provider networks in an effort to save costs, the PCC Plan option has been particularly important for people with disabilities to have access to a broader provider network to meet their often complex medical needs. The Governor is proposing to drive more MassHealth members into MCOs by restricting benefits available in the PCC plan effective January 1, 2017. We don't yet know which benefits will be affected.

- Currently, most MassHealth members can freely change their managed care choices if the find that a particular MCO or the PCC Plan does not meet their needs. However, only about 6 percent of plan changes are attributable to these voluntary plan changes. Currently, if a member's primary care clinician changes to a different MCO or if a recommended specialist is not in the current plan's network, the member can change plans. The Governor is proposing that once a member chooses a plan (or is assigned to a plan if no choice is made by a deadline), the member will be locked-in and unable to freely change plans effective October 1, 2016. A Task Force appointed by the Speaker had recommended that MassHealth consider limiting plan changes to the first of the month, but this proposal to lock-in members for 12 months goes far beyond that restriction in consumer choice. It is not clear what if any savings are attributable to this change.

- The Governor is also proposing to increase enrollment in the managed care plans available to elderly and disabled MassHealth members who qualify for both MassHealth and Medicare, the Senior Care Options and One Care plans, through increased use of passive enrollment with a right to opt out.

3. Uninsured persons would have reduced access to the Health Safety Net

- The Health Safety Net reimburses community health centers and acute care hospitals for providing services to uninsured and underinsured state residents with income up to 400 percent of the poverty level. Residents with income between 200 percent and 400 percent of poverty are eligible for only partial payments and must pay a portion of the costs of care based on their income. At one time, hospitals could bill the Health Safety Net for costs incurred up to 12 months before a patient applied and was found eligible. This retroactive period was reduced to 6 months a number of years ago. The Governor is proposing to reduce the upper income limit for partial Health Safety Net from 400 percent to 300 percent of poverty and to limit the retroactive period to 10 days from the date of application. These changes will reduce revenue to Safety Net providers who care for the uninsured and increase the burden of medical debt on the uninsured and underinsured.

- Historically, the state has contributed about $30 million to this program with $320 million paid by the hospitals and insurers. In FY 16 $30 million came from a fund transfer from the CCTF. **Section 41** authorizes fund transfers generally but does not specify an amount. It is not yet clear what savings are attributed to this change.

4. The Governor would put a moratorium on growth of home health agencies, but allow for 10 percent growth for Personal Care Attendants.

- The Governor is proposing a moratorium on entry of new Home Health Agencies in MassHealth effective February 1, 2016 after a 41 percent growth in spending and identification of 12 Home Health Agencies, primarily new to MassHealth, who have been referred to the Attorney General's Office for investigation of possible fraud. Other long term services and supports may also be subject to stricter scrutiny in FY 17.

- The Personal Care Attendant program which enables severely disabled individuals to live at home rather than in a facility will see an increase in funding in FY 17 of $54 million to reflect an expected 10 percent growth in utilization and compliance with federal guidelines regarding payment for overtime.

5. The Governor would expand Estate Recovery.

- **Section 11** would expand MassHealth's ability to recover benefits from the property of deceased members over age 55 and deceased members of any age who received long term care services. Currently such recovery is limited to the probate estate of the member. Jointly owned property for example is not part of the probate estate. This proposed change to G.L. 118E, section 31 would apply to individuals who become eligible for medical assistance after July 1, 2016 and would redefine "estate" to include any property interest the MassHealth member had immediately prior to death. It also authorizes estate recovery for MassHealth payments to Medicare for the cost of drug coverage for members with both MassHealth and Medicare.

6. FY 17 would be a transition year in delivery system reform.

- **Sections 7, 12, 13, 40 and 45 pertain to a MassHealth Delivery System Reform initiative that has been in the planning stages for several years.** The Governor is proposing an 1115 demonstration program to change the current MassHealth Delivery System through the use of Accountable Care Organizations and hopes to receive over $2 billion in upfront investment for this change from the federal Medicaid program. A portion of the state share will come from a $250 million assessment on hospitals. According to the Secretary this assessment will have no adverse impact on hospitals as a class.

7. No substantive changes to the state's ConnectorCare Program

- **Section 26** authorizes a transfer of up to $110 million from the Commonwealth Care Trust Fund (CCTF) to the General Fund at the request of the Secretary of Administration and Finance who is also the ex officio chair of the Connector

Authority board. The same provision was enacted in FY 2016 and reflects reduced state spending for ConnectorCare in light of federal tax credits and subsidies available through the Affordable Care Act. ConnectorCare provides coverage to about 140,000 people not eligible for MassHealth or other affordable care.

8. **The MassHealth Dental Program will remain at the levels set for the end of FY 16.**

- **Section 40** preserves the scope of dental services for adults in MassHealth at the same level as the end of the 2016 fiscal year. This includes the restoration 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 $191.89 million, a substantial increase over initial FY 16 appropriations of $155 million but approximately $6 million less than projected FY 16 spending.**

- The Emergency Assistance (EA) program provides emergency shelter to certain families 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 2 would continue these restrictions, in spite of 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. But fortunately, unlike last year, the Governor does not propose to impose additional eligibility restrictions through the line item.

- **House 2 omits important language barring eligibility or benefits restrictions except after 60 days' advance notice to the Legislature.** This language has been critical in prior years to giving the Legislature time to ensure that access to emergency shelter for children and their families is not unduly restricted. House 2 also proposes to eliminate quarterly reporting requirements to the Legislature about what is happening to families, including those denied shelter. These same proposals were made by the prior Administration and rejected by the Legislature.

- **House 2 would, for the first time, allow funds in the EA line item to be used for "personnel and administrative costs ... [directly] ... associated with the coordination and placement of homeless families in hotels and motels used as overflow shelter capacity and oversight of hotel/motel compliance with state requirements."** The proposed siphoning of funds from the actual provision of shelter into personnel and administrative costs is concerning. These costs would more appropriately be funded through the DHCD homeless administrative account (item 7004-0100) discussed in number 5 below.

2. **HomeBASE (item 7004-0108) would be funded at approximately $31.94 million, an increase of approximately $700,000 over initial FY 16 appropriations.**

- This program was created in FY 12 to provide short term rental assistance instead of shelter to homeless families. Under House 2, as in FY 16, the maximum level of assistance in a 12-month period would be $8,000.
- As with EA, House 2 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 2 would add new language to the HomeBASE line item allowing DHCD, on a pilot basis, to expend up to $300,000 on HomeBASE for families in domestic violence, substance abuse and DCF-funded shelters. The scope of this proposal is unclear in that only families in these shelters who meet all the eligibility requirements for EA shelter could be assisted. Presumably this means that only families who would have met the very strict EA eligibility criteria could be assisted with these funds. The language in House 2 also says that any shelter spaces created in domestic violence, substance abuse and DCF-funded shelter must be filled by transferring dually eligible families out of EA shelter and into the vacated spaces. **This is a very troubling provision in that it will cause disruption to families, including to families for whom a placement in systems outside the EA shelter system are not appropriate.**

3. **The End Family Homelessness Reserve Fund (1599-0017) created in FY 16 would be funded at $1.5 million,** an increase of $500,000 over FY 16. To date in FY 16, it is not yet clear what benefit this account is providing to homeless families.

4. **Shelters and services for homeless individuals (item 7004-0102) would be funded at just under $44 million,** a decrease of approximately $825,000 as compared to the initial FY 16 appropriation. The **Home and Healthy for Good program (item 7004-0104)**, which provides housing for chronically homeless individuals, **would be level funded at $1.8 million**.

5. **The DHCD homelessness administrative account (item 7004-0100) would be funded at just over $4.8 million,** a decrease of approximately $1.4 million as compared to the initial FY 16 appropriation. As noted in 1 above, funding for administrative and personnel costs related to motels should be in this item, as opposed to the EA item (7004-0101) to avoid conflicts between provision of shelter and paying for administration.

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 $12.5 million.**

- As in FY 15, 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 2 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 2 at **$64.5 million.** Advocacy organizations requested $72 million to be able to more adequately maintain state public housing, a critical resource for extremely low income families, seniors, and people with disabilities.

   House 2 continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less. The FY16 budget allowed for repairs up to $20,000. With family homelessness on the rise, it is critical to rehabilitate family public housing and bring apartments back on line. In addition, the FY16 budget required housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in House 2.

2. **Public Housing Reform (item 7004-9007),** which was a new line item last year for costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014) would be **level funded at $800,000**. Reforms in the new law includes 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. There are no details about how these funds would be targeted.

~~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 **decreased by $8 million from $90.9 to $82.9 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. We need more vouchers, not fewer.

   - House 2 also deletes an important FY 16 budget provision that included in the MRVP appropriation up to $8 million in unexpended funds from the previous fiscal year, FY15. This makes sense because of the extended amount of time it takes to get the vouchers to the housing agencies, which then select eligible households from among applicants, who then begin the difficult and lengthy search for housing. The process can take months. Advocates will work to restore the "prior appropriation included" language.

   - Advocates will also press for $120 million which would restore funding to the 1990 level when previous versions of the voucher program funded more than **double** the number of vouchers that are funded today.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** would be **level-funded at $4.6 million**. This is an essential rental assistance program for non-elderly, disabled households. House 2 adds language that DHCD shall pay administering

agencies an administrative fee per voucher per month, but does not state the amount. House 2 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 $475,000 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.

6. **DHCD Administrative Account (item 7004-0099) is decreased by $1 million - from $7.4 to $6.4 million.**

   - House 2 deletes from this item the requirement in previous budgets that DHCD promulgate regulations ensuring that those who are in receipt of temporary housing subsidies retain any housing admissions priority for homeless and at-risk households.

   - The deletion of this provision could mean that households receiving rent stipends under the HomeBASE Household Assistance program and other time-limited rental assistance programs will be denied priority for state-assisted housing, thereby increasing the risk that they will become homeless again when their temporary assistance ends – the very result the Legislature was attempting to prevent.

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 **funded at $2.6, a $250,000 decrease** from FY16.

9. **Housing Preservation and Stabilization Trust Fund (HPSTF) (new item 7004-4778) allocates $5 million** for this flexible fund. In previous years, under other budget sections, this fund was most often combined with and supported other programs. The fund helped to build affordable housing and was used for other purposes to assist low income families and individuals with housing needs. Advocates will work to increase the amount to $11.5 million in the final budget FY17 budget.

10. **New Item – Housing Court Expansion (item 0336-0003)** would appropriate $1 million for costs associated with the expansion of the housing court statewide and **Sections 15-17 and Section 46** would authorize the expansion of the housing court statewide and expand from it five divisions to six divisions effective July 1, 2016. Housing Courts have 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. Over 100 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 2 is recommending funding in the amount of $17.17 million, which is one percent above the FY 16 appropriation of $17 million. Additional funding for MLAC is critical to help to meet the increasing statewide demand for civil legal services.

For more information, contact Margaret Monsell, mmonsell@mlri.org, who will direct your question to the appropriate MLRI Advocate.