The Governor’s FY 2023 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

January 28, 2022

On January 26, 2022, Governor Baker released his budget proposal for fiscal year 2023 (FY 23), which is referred to as House 2. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

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# Cash Assistance, SNAP and Related Items Administered by DTA

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

   - The Governor proposes $295.9 million for TAFDC (4403-2000), an increase of $20 million over the FY 22 appropriation. The Administration is projecting FY 22 spending to increase to nearly $295 million because of recent increases in the caseload. The proposal for FY 23 assumes the caseload will continue to stay high in FY 23. The TAFDC caseload was down to about 27,000 families at the start of the pandemic. It went up during the early months of the pandemic and then dropped by the start of FY 22 in July 2021. Starting in September 2021, the caseload started to go up again, reaching 32,600 in mid-January. A key factor in the increased caseload was the ending of federal pandemic unemployment benefits in early September.
These unemployment benefits had been available during the pandemic to gig workers and part-time workers who were previously ineligible for unemployment assistance. Meanwhile, schools have been sending kids home when a classmate tests positive. Child care was and still is in very short supply and is often closed for days at a time. Parents have to be available to take care of their children and are afraid to take jobs that increase the COVID-19 risk to them and their families. Some parents feel they have no choice but to try to survive on TAFDC. The maximum TAFDC grant for a family of three with no income is currently only $712 a month, far less than what a single parent with two children received in federal pandemic unemployment benefits. It is expected that many parents will take whatever job they can get when and if the school, child care and health situation is more stable but it is too soon to predict the caseload for July 2022 through June 2023.

- **The Governor would change the annual TAFDC children’s clothing allowance from $350 per child paid in September to $175 per child paid in September and March (item 4403-2000).** This change is more consequential than it may seem on the surface because the Governor would eliminate the longstanding provision that increased the standard of need in September by $350 per child when the clothing allowance was paid, thereby allowing very low-income working families to qualify. According to DTA, a few hundred families qualify for TAFDC in September because of the increase in the standard of need. There is also a risk that paying the clothing allowance in installments would make it countable for SNAP, effectively reducing the value of the clothing allowance by more than $100 a month per child.

- **The Governor does not take the next step to increase TAFDC grants.** The maximum TAFDC benefit for a family of three with no income is only $712 a month, well below half the federal poverty level, also known as Deep Poverty. Deep Poverty is currently income below $960 a month for a family of three. The current maximum grant of $712 a month for three is the result of two historic increases enacted by the Legislature – a 10% increase effective January 2021 and a further 9.1% increase effective July 2021. But 7% inflation in 2021 (the highest rate of inflation since 1982) has eroded the recent 9.1% increase to only 2.1%, nowhere near enough to make up for a generation of frozen grants. H.199 and S.96 – co-sponsored by 96 House members and 26 Senators – would increase benefits by 20% a year until they reach half the federal poverty level, and then would increase more slowly as the poverty level increases.

- **The TAFDC line item (4403-2000) does not include language adopted several years ago removing the reduction in benefits for families in shelter.** However, DTA has not said that it plans to reinstate that benefit reduction.

- **The line item for TAFDC (4403-2000) does not include language barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase.** The Legislature adopted this language to bar the Administration from counting a parent’s SSI benefits against the TAFDC grant, which would have caused many children to lose their TAFDC. However, unlike in past years, the Governor does not propose to count parents’ SSI benefits.
• The line item (item 4403-2000) also does not include language requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility. In FY 20 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 the current requirement of 75 days’ advance notice before DTA proposes any changes to the disability standard. However, unlike in past years, it also does not direct DTA to revise the standards. The Governor also eliminates a requirement that DTA tell recipients about their eligibility for child care. The Governor also does not include prior years’ language allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits.

• Transitional Support Services specified at $1 million (item 4403-2000). Currently, these families are eligible for four months of transitional benefits after TAFDC ends, starting at $280 a month and reducing month by month to $70 in the fourth month. The FY 23 budget specifies “no less than $1 million” for these benefits, though the actual cost has been nearly double that.

• The Employment Services Program (ESP, item 4401-1000) would be cut from $16.1 million to $15.6 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million. The Governor projects ESP spending for FY 22 at $17.8 million so the cut for this chronically underfunded program appears to be particularly unwarranted. As in past years, the Governor does not propose any earmarks for ESP. Currently, the program funds the Young Parents Program; some education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); learning disability assessments; and job search services for parents with limited English proficiency. The Governor does not include a current requirement that the Administration report on program outcomes.

• EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $122.2 million, compared with the FY 22 appropriation of $102.7 million and FY 22 projected spending of $111.2 million. The EAEDC caseload has also gone up following the end of federal pandemic unemployment benefits but it is not clear why the Administration thinks it will go up substantially more in FY 23. The bill to increase TAFDC would also raise EAEDC benefits, currently a maximum of $364 a month for a single person as a result of the increases in January and July 2021. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state would recover the cost of any grant increase for some EAEDC recipients. Like the TAFDC line item, House 1’s proposed EAEDC line item does not include language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The line item does specify that homeless persons shall receive the same basic grant as recipients who incur shelter costs.

• The state supplement for SSI (Supplemental Security Income, item 4405-2000)
would be funded at $202.8 million, about $2.5 million less than the FY 22 appropriation and projected spending for FY 22.

- The Supplemental Nutrition Program (item 4403-2007) would continue to be funded at only $300,000, as in FY 22. This program provides a small state food SNAP supplement to thousands of low-income working families who also receive federal SNAP benefits (formerly called Food Stamps). This amount is not enough to provide a meaningful benefit.

- Secure Jobs Connect (item 4400-1020) would be level-funded at $5 million. This program provides employment support, job training and job search services for homeless or previously homeless families through community-based organizations.

- Transportation benefits for SNAP Path to Work participants (item 4403-2008) would be funded at $500,000. This account provides transportation assistance to SNAP beneficiaries who need transportation to participate in a work activity and keep their benefits.

- Increasing participation in SNAP (item 4400-1001). The Governor proposes $3.7 million for this “Food Stamps Participation Rate Program” line item, compared with $3.9 million appropriated for FY 22. The line item provides funding for Project Bread’s Food Source Hotline and other DTA projects to increase access to SNAP benefits. SNAP outreach activities are 50% federally reimbursable.

2. Teen Living Programs (item 4403-2119) would be funded at $10.8 million, about $1.1 million more than the FY 22 appropriation and FY 22 spending. We hope the increase reflects rate increases for staff at these programs.

3. DTA Administration

- The DTA worker account (item 4400-1100) would be increased from $83.2 million appropriated for FY 22 to $91.7 million, but is less than projected spending for FY 22 of $92.4 million. The proposed amount therefore does not appear to reflect an increase in the number of DTA workers. Over the past few months, DTA has fallen behind on document processing and had to implement overtime to keep up. Meanwhile, call center wait times have spiked. For the most part, DTA has done an admirable job implementing federal COVID flexibilities to manage the increased caseload and application rates that continue to be higher than pre-pandemic levels. However, the federal public health declaration is expected to sunset in 2022, causing DTA to lose some SNAP administrative options available during the pandemic. In addition, the current COVID boost in monthly SNAP will end, cutting SNAP by at least $95 for all SNAP households (and by much more for about 300,000 households). We expect this precipitous drop in benefits to cause a flood of calls and a major uptick in document submission, calls, and case management. Plus, as of mid-January the SNAP caseload was 585,000 households – 33% higher than in March 2020. Additional case managers are needed to explain the benefit changes, maintain customer service with the significantly larger caseload,
reduce wait times and processing times, and help make sure DTA can respond to crises such as hurricanes or widespread winter storm power outages. Additional workers are also necessary to meaningfully address the “SNAP Gap,” which the Administration last year pegged at nearly 700,000 individual MassHealth recipients with income below 150% of the federal poverty level and likely eligible for SNAP. Failure to close the SNAP Gap leaves nearly $1 billion in annual federal nutrition benefits on the table.

- **DTA central administration** (item 4400-1000) would be increased to $72.4 million from $67.3 million appropriated for FY 22. The proposed line item does not include the FY 22 requirement that DTA submit a monthly report on program savings and revenues, caseloads, and collections, though some of this information is now posted by DTA. The line item also does not include current language providing that an application for TAFDC shall also be treated as an application for MassHealth.

- **“SNAP Gap” Common Application with health care.** While the Governor’s budget does not include designated funding to implement an “Integrated Eligibility and Enrollment program,” the Baker Administration did take initial steps in 2021 by allowing MassHealth and Medicare Savings Program (MSP) beneficiaries to use their healthcare application or renewal form a SNAP application. As of July 2021, the paper healthcare applications include a simple SNAP “checkbox” that triggers a SNAP application. It is hoped that the MassHealth will implement the same option for online applications in 2022. That said, the Administration needs to keep focused on implementing a true integrated eligibility and enrollment system, starting with a robust common application for all means-tested programs in the state (healthcare, cash assistance, SNAP, childcare, WIC, housing).

- **DTA domestic violence workers** (item 4400-1025) would be funded at $2 million, slightly more than projected spending for FY 22, likely reflecting increased wage and benefit costs.

4. **Additional Nutrition Item Administered by DTA**

- **The Healthy Incentives Program (HIP)** (item 4400-1004) would be reduced from $13 million to $5 million. The reduced level of $5 million is the amount Governor Baker proposed in his FY 22 budget, which thankfully the General Court has rejected. The Administration’s position is that HIP should be a “seasonal” program from May through September, but in fact there are many winter markets that have fresh, locally grown foods throughout the year. HIP is a dollar-for-dollar match, up to a capped amount, for SNAP recipients who buy fresh fruits and vegetables at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. HIP participation is especially high among low-income older adults, helping them to access locally grown food and decrease social isolation. The proposed appropriation for HIP is not enough for full year funding.
Child Welfare:  
Department of Children and Families and Related Items

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1. In House 2, the Governor proposes funding DCF at slightly over $1.19 billion, an increase of $86.7 million over FY 22.

2. Spending on placing children in the foster system would be increased by $47 million, bringing total foster care spending to $654.9 million.

   • This includes $318 million for family foster care (item 4800-0038) and $337 million for congregate care (item 4800-0041) for children living in residential foster care facilities.

   • According to the Executive Office of Health and Human Services (EOHHS), $13.4 million of the family foster care costs (in item 4800-0038) is for a 10% increase in rates paid to foster families, a 33% increase in Parents and Children Together (PACT) payments to cover additional costs of foster parents, and funding to support foster parent recruitment incentives.

   • EOHHS states that $29.9 million of its congregate care budget (in item 4800-0041) is for the costs of its new congregate care network (CCNET) which it says is designed to achieve safety, permanency and well-being outcomes for 2,000 DCF-involved children, adolescents and young adults, and to align DCF services with the Requirements of the 2018 federal Family First Prevention Services Act. However, there are substantial unanswered questions as to whether the Massachusetts congregate care system will align with the requirements of the Family First Act. The
Family First Act requires that as of October of 2021 all states must meet specified quality control and appropriateness of placement requirements in order to remain eligible for federal Title IV-E reimbursement for the costs of its congregate care placements, beyond the first 14 days of a child’s placement in a congregate placement. This means that Massachusetts will not be eligible for federal Title IV-E reimbursement for the costs of more than fourteen days of the placements of children who enter congregate care placements after October 1, 2021 that do not meet the eligibility requirements of the Family First Act. EOHHS projects that Massachusetts will lose $4.7 million in Title IV-E reimbursements in FY 22 (below the FY 21 reimbursement level) and will lose $12.9 million in federal reimbursements in FY 23.

3. At the same time that House 2 proposes a substantial increase in spending on foster care, it provides only a small increase of $2.7 million in desperately needed services to keep children safely with their parents, bringing the small and underfunded Family Support and Stabilization account (item 4800-0040) to only $72.8 million dollars.

- Providing services to keep children safely with their families is the core mission of the Department of Children and Families under federal and Massachusetts law which states that children should be placed in foster care only after the Department has provided all available services to keep children safely at home.

- Over 87% of the children in DCF’s caseload need family support and stabilization services to remain and return safely home with their parents, but the Governor proposes to spend only 10% of the Department’s services budget on the services they need.

- The 2018 Family First Prevention Services Act made uncapped federal reimbursement available to states to reimburse half the costs of their services to keep children safely at home and out of foster care. This could save Massachusetts not only the costs of these services, but the costs of the foster care placements they would prevent. However, DCF has not yet taken the required steps to become eligible for federal reimbursements under this new law, leaving much needed federal funding on the table and imposing unnecessary costs on Massachusetts taxpayers.

2. House 2 would reduce funding for Family Resource Centers (items 4800-0200 and 4000-0051) by $700,000 for a total of $24.8 million.

- House 2 eliminates line item 4000-0051, the smaller Family Resource Center account, and the $500,000 in that line item, and slightly reduces line item 4800-0200.

- These community-based centers provide one of the few means by which families in crisis can voluntarily receive services to prevent abuse and neglect of their children before it happens. This is a cornerstone of primary prevention: preventing child neglect and abuse before it happens and minimizing unnecessary involvement with
the child welfare system. Family Resource Centers can connect families to voluntary community and state services, educational programs and peer support. They also provide a mechanism for the juvenile court to refer families to community-based services in order to fulfill the requirements of the Children Requiring Assistance (“CRA”) law which replaced the former CHINS program with a system of community-based services for families in need.

3. **House 2 would increase funding for social worker salaries (item 4800-1100) by $20.8 million to $286.1 million, and increase training (item 4800-0091) by $264,410 to $3.1 million.**

   - EOHHS says it is continuing to work towards a social worker weighted caseload ratio of 15:1 and towards providing clinical support and oversight to DCF social workers.

4. **The Governor would increase funding for DCF’s administrative account (item 4800-0015) by $15.3 million to $130.6 million.**

   - As is typically the case, House 2 strips most of the line-item language in DCF’s administrative account including requirements for data reporting and prioritizing and supporting kinship foster care placements.

5. **House 2 increases the lead agency account (item 4800-0030) by $488,429 to $9.5 million.**

   - Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves.

6. **The domestic violence line item, now combined with three other DPH items in a new line item (item 4513-1136), would be funded at $67.5 million.**

   - This is $2.5 more than combined funding for these four line items in the FY 22 budget.

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

   - Domestic violence services in this line item are preventive services that can help prevent abuse and neglect. They include beds for domestic violence shelter, supervised visitation, supports to victims of domestic violence, and salaries for DCF domestic violence staff. 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.
7. **Funding for the Office of the Child Advocate (item 0930-0100), would be decreased slightly from $4.2 million to $3.6 million by eliminating one-time costs**

- The budget proposal does not state what one-time projects have been completed

- Funding for Child Advocate’s office grew by 427% over the four years from FY 18 through FY 22 and by $1.3 million between FY 21 and FY 22 alone.

- One of the several projects added in FY 22 to the Child Advocate’s already long list of legislatively mandated activities includes coordination of a pilot for an evidence-based mandated reporter training for educators. Information that would be useful to legislators and other stakeholders in evaluating the effectiveness of this pilot and its suitability for expansion includes: data as to whether the training reduced the documented racial disproportionality in reporting by mandated reporters, data as to whether the training reduced reports that DCF screened out or did not substantiate, and data as to whether the training increased referrals of families to appropriate community based resources when reporting to DCF was not warranted.

8. **The Governor proposes to increase funding for Committee for Public Counsel fees (item 0321-1501) by $39.5 million to allow for much needed increases in compensation for court appointed attorneys in family law and criminal cases.**

- Attorneys appointed by the courts to defend parents and children in Care and Protection and Termination of Parental Rights proceedings, which determine whether parents will lose custody of their children to the state, potentially forever, would get a $10 an hour increase from $75 to $85 an hour. (See outside sections 65-69.) Attorneys providing representation in cases concerning children in need of services would see an increase from $60 to $65 an hour.
Criminal Justice Reform

1. Sections 70 and 71 of House 2 eliminate the fees required to be paid by persons on probation (Section 70) or parole (Section 71). The obligation to pay these fees often works as a barrier to successful re-entry for persons who have been convicted of crimes. As a result of the operation of systemic racism, this population consists disproportionately of persons of color.
# Health Issues in MassHealth and ConnectorCare

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1. **MassHealth Spending Reflects the End of Both Continuous Coverage Protections and Enhanced Federal Matching Funds When the COVID 19 Public Health Emergency Ends**

   - According to EOHHS’s presentation on House 2, MassHealth’s programmatic budget (not counting supplemental payments to hospitals) is funded at $17.811 billion gross, a $1.837 billion, 9.4% decrease in gross spending compared to estimated gross spending in FY 22. Spending in state dollars net of federal matching funds in House 2 is $7.169 billion, a 4 percent increase of $293 million compared to FY 22 estimated net spending.

   - This reduction in gross spending is reflected by reduced amounts in several of the MassHealth accounts including a reduction of $800 million in the 4000-0940 account for the Medicaid expansion under the Affordable Care Act. This account provides coverage for over 350,000 adults 21-64 with 90 percent of the costs reimbursed by the federal Medicaid program. It has seen the greatest growth during the COVID-19 pandemic, and is likely to see the steepest decline in enrollment in FY 23 resulting in a large decrease in gross spending but far less in net spending.

   - These changes are related to the anticipated end of the COVID-19 public health emergency on or before July 1, 2022 and a change in federal Medicaid law tied to it. The Family First Coronavirus Response Act (FFCRA) enacted on March 18, 2020 provided an increase of 6.2% in the federal matching rate for states that agreed to maintain continuous coverage for state residents enrolled in Medicaid from March 18, 2020 until the end of the month in which the declaration of the federal Public Health Emergency (PHE) expires. This has protected Medicaid beneficiaries from losing coverage during the pandemic based changes in income or failure to return
forms. The enhanced revenue continues until the end of the quarter in which the PHE expires.

- With this protection in place, MassHealth initially suspended its annual renewal process until May 2021. It also reassured it members that they were protected from losing coverage during the pandemic. (See MLRI’s Table tracking MassHealth policy changes during the PHE). In a typical year, pre-COVID, as much as a third of the MassHealth caseload might lose coverage at annual renewal, many for simply failing to return forms on time, and later re-enroll. MassHealth resumed its annual renewal process in May 2021, but with the protection in place for individuals who did not return forms on time or whose circumstances had changed and were no longer eligible. MassHealth estimates that approximately 500,000 individuals are protected in coverage due to the FFCRA.

- The federal declaration of a PHE is made for up to 90 days at a time. It’s been extended 8 times most recently in mid-January 2022. House 2 assumes that the PHE will not be extended into SFY 2023 and that will mean the end of the 6.2% enhanced federal revenue and also the continuous coverage protection.

- The federal Medicaid agency (CMS) has advised state Medicaid agencies that they will have at least 12 months to return to normal operations after the PHE ends, and that Medicaid members must be allowed an opportunity to update information about their current circumstances before the agency makes a new determination about whether or not they are still eligible.

- The unwinding of the continuous coverage protection will be a complicated and challenging process. For two years, members’ coverage has been protected regardless of whether they completed renewals or responded to MassHealth’s requests for information. Once the continuous coverage protection ends, members will need to respond or risk termination or downgrade of their benefits. The challenge ahead is to ensure that members who are eligible for benefits do not lose coverage for administrative reasons such as wrong addresses, and out-of-date information.

2. Medicare Savings Plan Expansion (Outside Sections 49 and 84)

- This budget proposes an increase of $21 million to further expand the Medicare Savings Program (MSP). This is building on an earlier expansion of the MSP program that took effect in 2020. MSP helps low-income older adults and people with disabilities on Medicare by paying their Medicare premiums and out-of-pocket costs. The 2020 expansion raised the upper income level for the MSP by 30% of the poverty level, and doubled the asset test. Currently, a Medicare member must have income at or below 165% of the Federal Poverty Level (FPL) to qualify for payment of the Medicare Pt B premium. Outside section 49 proposes an expansion of income eligibility for MSP, raising the income cap from 165% FPL to 200% FPL. It does not change the asset test. The Administration anticipates that this MSP expansion will result in savings to the EOEPA Prescription Advantage Program, and the Health Safety Net. Outside section 84 proposes offsetting the cost of this MSP expansion
with these savings by authorizing the transfer of funds from these programs to fund the Medicare Savings Program. This expansion would be effective January 1, 2023, and the Administration predicts that it would reduce Medicare costs for 34,000 low-income older adults and disabled individuals.

- While this expansion of MSP’s income limit would be a significant step forward, it stops short of the improvements that pending legislation seeks. *An Act regarding Medicare Savings Programs eligibility* (H.1319/S.794) would not only expand the income cap to 200% FPL, but it would also eliminate the asset test. This would make MSP available to approximately 50,000 additional low-income older adults and disabled individuals.

3. **Children’s Medical Security Program (4000-0990)**

- The Children’s Medical Security Program (CMSP) provides a basic package of primary care services to children and youth under 19 who do not qualify for MassHealth either due to immigration status or family income. House 2 increases the CMSP appropriation in FY 23 compared to FY 22. However, nothing in the line item overrides the outdated dollar limitations of the program including a $200 a year cap for prescription drugs and a 20 visit maximum on mental health visits. These and other benefit limitations are in the statute at GL c. 118E, sec. 10F. Legislation is pending this session to provide more comprehensive coverage for children regardless of immigration status. This legislation, H.1309/S.762, *An Act to ensure equitable health coverage for children*, would provide comprehensive coverage to over 30,000 children and young adults whose coverage is limited because of their immigration status.

4. **House 2 includes $115 million to pay for key recommendations in the Behavioral Health Roadmap (Outside Section 21)**

- House 2 includes $115 million in new funding to improve the behavioral health services delivery system in keeping with recommendations laid out in EOHHS’s 2021 *Roadmap for Behavioral Health Reform*. This is a welcome development for a system facing increased demand for services due to the COVID 19 public health emergency. At a press conference held the same day that House 2 was released, the Governor laid out more details including procurements going out in February for services to be offered in FY 2023. New services include:

  a) A 24/7 Behavioral Health Help Line to be the front door open to all state residents seeking mental health or substance use disorder outpatient services regardless of insurance or ability to pay. The procurement will be going out next month in anticipation of the Help Line going live in early 2023.

  b) Community Behavioral Health Centers (CBHCs) across the state able to deliver same day evaluation and referral for treatment and 24/7 community-based mobile crisis intervention. A procurement for CBHCs will be going out this month.
c) New financial incentives for MassHealth participating providers to offer Behavioral Health Urgent care services starting in February 2022, and making permanent the 10% rate increase for outpatient behavioral health that was initially put in place for the COVID-19 public health emergency.

- Section 21 creates a new Behavioral Health Access and Crisis Intervention Trust Fund to support the Behavioral Health Access Line, crisis intervention, and other services. Money designated for the fund will include a portion of the assessments related to the increased and restructured hospital and surcharge payer assessment outlined in 20 different sections of the budget. Additional MassHealth spending is presumably spread across multiple line items that include payment for behavioral health.

5. **Major increase and restructuring of hospital assessments but no direct effect on Health Safety Net eligible patients (Outside Sections 21, 87 and eighteen more sections and 4000-1334)**

- Twenty outside sections implement an increased and restructured hospital assessment amending the current assessment on hospitals and surcharge payers in the General Laws that is now used as the nonfederal share of certain Medicaid expenditures under the 1115 demonstration and also to fund the Health Safety Net. G.L. c. 118E, §§ 64-69. The Health Safety Net provides the funding to reimburse hospitals and health centers for treating low-income uninsured and underinsured patients for whom it is an important source of access to care and protection from medical debt.

- MassHealth uses various complex funding mechanisms to make up the non-federal share of Medicaid spending that is eligible for federal reimbursement at a rate of 50 percent or more. The hospital assessment is one of those mechanisms for maximizing federal revenue. The purpose of such mechanisms is generally to enable the Medicaid agency to increase provider rates without increasing expenditures from the general fund. Section 87 makes clear the restructuring is dependent on federal approval. According to the Secretary’s presentation to stakeholders, all member hospitals of the Massachusetts Health & Hospital association endorsed the restructuring. In Section 21, House 2 creates a new Hospital Investment Performance Trust Fund related to the restructuring and the related line item 4000-1334 is funded at $1.2 billion.

- Nothing in the restructuring amends G.L.c. 118E, § 69 which describes the eligibility criteria for uninsured and underinsured patients to have the costs of services charged to the fund. In 2016, the Baker Administration by regulation reduced the upper income limit from 400 to 300 percent of the poverty level, lowered the threshold at which a deductible applies from 200 to 150 percent of poverty and reduced the past period in which medical debt could be charged to the fund from 6 months to 10 days. Perhaps the time has come to revisit those limitations.
# Homeless Services

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<th>Account</th>
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* In addition to this direct appropriation, an additional $4,725,768 was allocated from the Housing Preservation and Stabilization Trust Fund.

1. **Emergency Assistance (7004-0101)** would be funded at **$213.2 million**, an increase over the appropriation for FY 22. The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

   - House 2 retains language added by the legislature intended to protect many families and children from first having to prove they slept in a place not meant for human habitation before they can be eligible for shelter. Advocates continue to push for clarification about how this new language will be implemented so that children must not first sleep in cars, emergency rooms, or other inappropriate places before they can access shelter.

   - House 2 proposes to eliminate the obligation that DHCD provide the Legislature with 90 days’ advance notice before imposing any new eligibility or benefits restrictions. In previous years this language has been critical to giving the Legislature time to ensure that access to EA for children and families is not unduly restricted.

   - House 2 proposes to eliminate requirements that DHCD report quarterly to the Legislature about what is happening to families, including those denied shelter. These requirements were included in the FY 22 budget, and advocates will work to ensure they continue to be included.

   - House 2 proposes to eliminate language creating an independent ombudsman’s office within the executive office of housing and economic development to address and resolve concerns raised by shelter participants. Advocates will continue to push for this important language.
• House 2 proposes to eliminate language allowing any unspent funds from this line item to carry forward into the following fiscal year.

• House 2 adds language directing DHCD to attempt to convert scattered site units to congregate units, and to generally reduce the number of scattered site units.

• House 2 retains language directing DHCD to expend funds to make shelter units available to meet households with disabilities.

2. **HomeBASE (7004-0108) would be funded at $56.9 million**, a significant increase over the previous several years. HomeBASE was created in FY 12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

- House 2 increases the HomeBASE benefit limit to $20,000 in a 24-month period. House 2 also proposes to eliminate the income cap once families have entered the HomeBASE program. Advocates welcome these changes to HomeBASE.

- House 2 proposes to eliminate the cap on combined benefit from HomeBASE and RAFT, line item 7004-9316, which advocates support.

- House 2 proposes to eliminate the obligation that DHCD provide the Legislature with 90 days’ advance notice before imposing new eligibility restrictions or benefits reductions.

- House 2 proposes to eliminate DHCD’s obligation to provide timely reports to the Legislature. This language was included in the enacted FY 22 budget, and advocates will work to ensure it continues to be included.

- House 2 would continue to allow DHCD to expend funds on HomeBASE for eligible families in domestic violence and residential treatment programs (4512-0200 and 4513-1130), as originally proposed in an FY 17 pilot program. Only families in these shelters who meet all EA eligibility requirements could receive assistance, and DHCD would develop guidance to clarify how this program will operate.

3. **DHCD Administrative line item (7004-0099) would be funded at $8.8 million**, an increase over the FY 22 final appropriation.

- House 2 would eliminate a requirement that DHCD promulgate and enforce regulations clarifying that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years, including the enacted FY 22 budget. Advocates will be work to ensure this language continues to be included.

- House 2 proposes to eliminate language requiring DHCD to maintain in-person intake locations in the 10 offices that were open as of January 2021. Advocates will advocate to restore this language and monitor to ensure that offices remain available for in-person access.
House 2 also proposes to eliminate language requiring DHCD to ensure that in-person offices be sufficiently staffed, enables DHCD to operate additional offices close to families experiencing homelessness, and requires DHCD to submit a report to the legislature regarding plans for maintaining in-person offices and any changes to intakes, such as increased use of telephonic intakes. Advocates will continue to monitor this issue and restore this language.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316)** would be funded at $80 million. RAFT is a homelessness prevention program.

   - In FY 22 the administration made approximately $4.7 million for RAFT available from the Housing Preservation and Stabilization Trust Fund, or HPSTF. In FY 21 funding for RAFT was increased in response to the coronavirus emergency. DHCD also established the Emergency Rental Assistance Program (ERAP), a rental assistance program for tenants with incomes up to 80 AMI affected by COVID-19, using temporary federal funds. Advocates will continue to push for adequate state funding and increased flexibility for RAFT funds, particularly as federally-designated ERAP funds are depleted.

   - In FY 22 the Legislature approved a decrease in the maximum household benefit from $10,000 through December 2021, to $7,000 beginning on January 1, 2022. House 2 continues the maximum benefit amount of $7,000. Advocates will push to restore the cap to at least $10,000 for FY 23.

   - House 2 proposes removing the cap on combined benefits from RAFT and HomeBASE, line item 7004-0108.

   - House 2 includes language allowing applicants to confirm certain MassHealth or Department of Transitional Assistance benefits as proof of eligible income. Advocates support broader use of categorical eligibility.

   - House 2 would provide that up to $3 million could be used for recipients who fall under an expanded definition of “family” including unaccompanied youth, elders, persons with disabilities, and other households. Advocates will continue to push for expanded benefits for all household compositions.

   - House 2 would eliminate the obligation that DHCD provide quarterly reports to the Legislature, which was included in previous budgets.

5. **DHCD homelessness operations account (7004-0100)** would be funded at $7.2 million, a slight increase over FY 22.

6. **Shelters and services for homeless individuals (7004-0102)** would be level funded at $83.3 million, a significant increase over FY 22.

7. **Home and Healthy for Good program (7004-0104)** would be level funded at $3.9 million, a decrease from FY 22. This program provides housing for chronically homeless individuals.
## Housing

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1. **Public Housing Operating Subsidies** (item 7004-9005), which provides operating funds for state public housing, would be funded under House 2 at **$85 million and level funded** from last year’s FY 22 budget. House 2 also provides, as in the final FY22 budget, that the Department of Housing and Community Development (DHCD) make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less.

   Public Housing is one of the most critical sources of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 45,000 state public housing units. With over 152,000 households on the state’s public housing waiting list, every one of these apartments is critical to maintain through operating subsidies. An increase in operating subsidy is needed to preserve public housing and ensure that units do not remain vacant because they are not up to code.

2. **Public Housing Reform** (item 7004-9007) would be **level funded at $1 million**. The line item provides for funds to implement [chapter 235 of the Acts of 2014](#) which includes technical assistance training for resident commissioners and tenant organizations. This line item has contributed to funding a Public Housing Training Program successfully launched by the Mel King Institute at the Massachusetts Association of Community Development Corporations. The trainings, done in partnership with resident leaders and the Massachusetts Union of Public Housing Tenants, supports residents as they engage as leaders and contribute to creating stronger public housing communities.

3. **Massachusetts Rental Voucher Program** (MRVP) (item 7004-9024) provides long-term rental subsidies to approximately 10,000 low-income households for use in the private housing market. DHCD intends to make major improvements to the program – changes advocates have been proposing for years – but these changes don’t appear in the House 2, making analysis somewhat difficult.
   - First, the Governor’s budget proposes to level fund MRVP at $129,981,667.
However, DHCD intends to use about $16 million unexpended FY2022 funds so that the total for MRVP will be $145.1 million—a significant increase.

- Second, DHCD intends to shift MRVP to a “payment standard model” similar to Section 8 giving more choice and flexibility to households. We are told that there is no need for a change in budget language for this switch.

- Third, DHCD intends to reduce the tenant share of rent from 40% to 30% of net income unless the tenant “chooses” to pay more because the rent is above the payment standard—similar to Section 8. Again there was no change in budget language. These proposed changes reflect advocacy from many groups to better align MRVP policies with those of Section 8 to give MRVP voucher holders a better chance of renting with their vouchers. We don’t know when DHCD will implement these policies and will be watching closely.

As in previous budgets, the MRVP income limit is 80% of area median (“low-income”). The Governor changed the language targeting vouchers to extremely low-income households from “not less than” 75% to “up to” 75%, and added that updated fair market rents are effective on the anniversary date of the lease. The Governor’s budget again proposes to remove the requirement in the current and previous budgets that DHCD report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth.

Advocates are also supporting a bill to codify MRVP in Chapter 121B of the General Laws rather than in each year’s budget and incorporate needed reforms. See, [https://www.chapa.org/housing-news/hearing-on-strengthening-ma-rental-voucher-program-mrvp-oct-12-2021](https://www.chapa.org/housing-news/hearing-on-strengthening-ma-rental-voucher-program-mrvp-oct-12-2021)

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. House 2 would level fund this program at $8.6 million. Not included in H2 was language in the final FY22 budget that required the DHCD to submit a report to House and Senate Ways Committees detailing: (i) expenditures; (ii) the number of outstanding rental vouchers; and (iii) the number and types of units leased.

5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a homeless prevention program that helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, would be level-funded at $1.8 million. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets and is increasingly being used to preserve tenants homes “upstream” before they are faced with an eviction in court.

6. **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 $12.5 million.
Legal Services

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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 an appropriation of $35.00 million, the same as the FY 22 appropriation. MLAC is seeking a $6 million increase (to $41 million) to help meet the growing statewide demand for civil legal services.

For more information on our House 2 summary, contact Brian Reichart ([breichart@mlri.org](mailto:breichart@mlri.org)) who will direct your question to the appropriate advocate.