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The Governor's FY 2024 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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On March 1, 2023, Governor Healey released her budget proposal for fiscal year 2024 (FY 24), which is referred to as House 1. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP and Related Items Administered by DTA

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
4403-2000	TAFDC	$377,579,793	$424,269,513
4401-1000	Employment Services	$16,894,246	$19,675,509
4400-1979	Pathways to Self Sufficiency	$1,000,000	$1,000,000
4408-1000	EAEDC	$147,462,852	$194,155,514
4405-2000	State supplement to SSI	$209,839,098	$202,700,527
4403-2007	Supp. Nutrition Assistance Program	$300,000	$350,000
4400-1020	Secure Jobs Connect	$5,025,000	$5,000,000
4403-2008	Transportation Benefits for SNAP Path to Work Participants	$500,000	$500,000
4403-2119	Teen Structured Settings	$10,827,149	$10,883,264
4401-1003	Two Generation Economic Mobility	$3,500,000	$3,500,000
4400-1100	Caseworkers Reserve	$91,711,752	$95,405,257
4400-1000	DTA Administration and Operation	$72,536,201	$80,646,407
4400-1025	Domestic Violence Specialists	$1,964,605	$1,989,567
4401-1001	Food Stamp Participation Rate Programs	$3,994,680	$4,904,705
4400-1004	Healthy Incentives Program (HIP)	$12,050,000	$5,000,000

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

- **The Governor does not take the next step to increase TAFDC or EAEDC grants,** missing an opportunity to address grant levels which have lost more than 40% of their value since 1988. The maximum TAFDC benefit for a family of three with no income is only $783 a month, well below half the federal poverty level, also known as Deep Poverty. The EAEDC grant for one person is only $401 a month. Currently, Deep Poverty is income below $1,036 a month for a family of three. The current maximum TAFDC grant of $783 a month for three is the result of three historic increases enacted by the Legislature – a 10% increase effective January 2021, a 9.1% increase effective July 2021, and a 10% increase effective October 2022. But 8% inflation in 2022 has eroded the value of the recent increases which, in any event, are too small to make up for many years of frozen grants. HD 507 (Rep. Decker) and SD 501(Sen. DiDomenico) would increase benefits by 25% a year until they reach half the federal poverty level, and then would increase more slowly as the poverty level increases.

- **The Governor proposes $424.3 million for TAFDC (4403-2000), an increase of nearly $50 million over the FY 23 appropriation.** The Governor's budget summary says the increase reflects a projected 12% increase in the TAFDC caseload. There are many possible reasons for the caseload increase. Some very low-income families are still suffering the effects of COVID, including long COVID; child care access is severely reduced from pre-pandemic levels; and Congress did not renew benefits like the monthly Child Tax Credit that enabled some families to stay off TAFDC during the pandemic. Projecting the caseload is far from an exact science. The Administration projects FY 23 TAFDC spending at $20.5 million less than the appropriation for this year, because the caseload did not increase as much as expected. Although the TAFDC caseload has increased, many families who are likely eligible for TAFDC are not receiving it, including tens of thousands of families with children who receive SNAP but have no income.

- **The Governor would keep the annual TAFDC children's clothing allowance at $400 per child (item 4403-2000).** The Governor keeps the longstanding provision that increases the standard of need in September by the amount of the clothing allowance, 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.

- **The TAFDC line item (4403-2000) would provide stipends for applicants and recipients who participate in DTA advisory boards.** The stipend would be $400 a year and would not be counted as income. In a "Budget Brief" filed along with House 1 the Governor says that these would be "Family Advisory Boards comprised of TAFDC recipients who would be provided with training and compensation for their time and expertise." We applaud DTA for deciding to provide a stipend but question whether $400 a year is enough. We also recommend that DTA provide stipends to former recipients who participate in Advisory Boards, unless they are employed by an agency that pays for their time while they attend meetings.

- **The TAFDC line item (4403-2000) does not include language adopted several years ago at advocates' urging 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 urged by advocates 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.

- **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.** The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. The previous fiscal year, 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. 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 21 budget specifies "no less than $1 million" for these benefits, though the actual cost has been nearly double that.

- **Automation of Crib and Layette payments.** The "Budget Brief" says that House 1 "supports automating Crib and Layette payments to TAFDC recipients with an infant under six months of age." Under current DTA policy, TAFDC recipients must affirmatively request the $300 Crib and Layette payment by contacting their DTA caseworker before the baby is 6 months old. Families who are not aware of this benefit or who cannot successfully navigate the process of requesting it are effectively denied the $300 payment. MLRI advocated with DTA to automate the benefit so that all eligible families will receive it. We are pleased that the Administration is proposing to make the change. However, nothing in House 1 itself mentions the change or even identifies the line item that from which the payments will be made.

- **The Employment Services Program (ESP, item 4401-1000) would be increased from $16.9 million to $19.7 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million.** Some of the increase is attributable to DTA's plan to allocate $1.5 million more to the Office of Refugees and Immigrants (ORI), which gets ESP funding to provide employment readiness and job search services for parents with limited English proficiency. Like previous Governor's budgets, House 1 does not propose any earmarks for ESP. The FY 23 budget earmarked funds for the Young Parents Program, some education and training for TAFDC parents, the DTA Works Program (paid internships at state agencies), learning disability assessments, and ORI job search services. 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 $194.2 million, compared with the FY 23 appropriation of $147.4 million, and FY 23 projected spending of $161.2 million.** The Governor does not propose increasing EAEDC benefit levels, currently only $401 a month for single person with no income, and $521.70 a month for a couple. The Governor's budget summary says the increased funding is needed because of a projected 19% increase in the EAEDC caseload. 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 benefits paid 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 proposed 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 $202.7 million**, about $5 million less than the FY 23 General Appropriation.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at $350,000**, a small increase over FY23.This program provides a small state food SNAP supplement to thousands of low-income working families who also receive federal SNAP benefits.

- **Secure Jobs Connect (item 4400-1020)** would be funded at $5 million, a $25,000 decrease. 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 level-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 $4.9 million for this "Food Stamps Participation Rate Programs" line item, compared with $3.9 million appropriated for FY 23. 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 $10.9 million,** a small increase above the FY23 appropriation.

3. **DTA Administration**

- **The DTA worker account (item 4400-1100) would be increased from $91.7 million appropriated for FY 23 to $95.4 million.** The SNAP caseload has increased 40% since the pandemic began in March 2020. In addition, the end of federal Emergency Allotments in March 2023 and the sun-setting of the federal public health emergency in May 2023 will increase DTA's workload in FY 24. Among other things, DTA will face high call volumes, an uptick in in-office visits, and an increase in paperwork that will need to be quickly processed in order to keep eligible families connected to SNAP. Application volume continues to be elevated over pre-pandemic levels. 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. Households can now initiate a SNAP application when they apply for MassHealth but many of them are denied, primarily because the applicant did not connect to a SNAP worker to complete the mandated application interview. Staffing challenges impair the state's ability to close the gap.

- **DTA central administration (item 4400-1000) would be increased to $80.6 million from $72.5 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.

- **Funding for technology to improve SNAP security.** SNAP and cash assistance benefits are accessed via Electronic Benefit Transfer (EBT) cards that rely on a magnetic strip, which is much more vulnerable to being accessed by criminals than the chip-enabled cards which are standard in the card industry. Starting last Spring, criminals have stolen millions of dollars from low-income households' accounts through no fault of the household. To make matters worse, unlike other consumers, EBT card-holders do not have a right to replacement under federal consumer laws. Congress has enacted a partial replacement for stolen benefits and the Administration requested funding in the FY 23 Supplemental Budget to provide more – but still not full – reimbursement to victims of SNAP theft. (Advocates are urging the Legislature to provide wrap-around funding to fully reimburse stolen benefits). Improved technology is long overdue. The Budget Brief on Food Security filed with House 1 says that House 1 recommends funding for technology to improve the security of SNAP benefits. This is a critical issue. However, despite the statement in the Budget Brief, we do not see anything in House 1 itself that specifies additional funding for technology to improve security, and nothing that specifies what form the additional security would take.

- **Summer EBT.** The Budget Brief on Food Security also states House 1 supports the cost of implementing the new federal Summer EBT program. Starting in 2024, Summer EBT food benefits will provide about $120 per summer to eligible children. Summer EBT covers children eligible for free and reduced price meals under the National School Lunch Program (NSLP). In order to connect with families who have not already been deemed eligible for NSLP, Massachusetts needs to stand up a statewide online application and other access points to connect to Summer EBT. Unfortunately, unlike Pandemic EBT (the pre-curser to Summer EBT), Congress mandated that states support 50% of Summer EBT administrative costs. Thus, this funding is pivotal to the success of Summer EBT in MA. However, despite the statement in the Budget Brief, we do not see anything in House 1 itself that specifies what the Summer EBT implementation plan is, how many dollars are allocated for implementation, or what the costs are for.

- **DTA domestic violence workers (item 4400-1025) would be level-funded at $1.9 million.**

4. Additional Nutrition Item Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) would be reduced from $13 million to $5 million with an estimated "carry over" of $8 million in unspent HIP from FY23**. The $5 million is the same amount Governor Baker proposed annually in his prior budgets and the General Court thankfully rejected. The anticipated $8 million of unspent HIP from FY23 is unlikely for two reasons: First, HIP spending gears up in the spring as more farmers markets and farm stands open up. Second, given that SNAP households are losing the SNAP Emergency Allotments in the next few months, even if the FY23 Supp Budget passes, many SNAP households will be relying heavily on HIP in FY24 to make locally grown food more affordable. The Mass Food Systems Collaborative and HIP Campaigns are urging the Legislature to boost HIP to $24 million in FY24. 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

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
	Department of Children and Families	$1.19B	$1.36B
4800-0015	Clinical Support Services and Operation	$131.3M	$140.1M
4800-0030	Local/Regional Management of Services (Lead Agencies)	$9.5M	$9.5M
4800-0038	Services for Children and Families (Family Foster Care)	$318.9M	$354.5M
4800-0040	Family Support and Stabilization Services	$72.7M	$88.8M
4800-0041	Congregate Care Services	$336.9M	$431M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$975,000
4800-0091	Child Welfare Training Institute	$3.1M	$4.7M
4800-0200 and 4000-0051	Family Resource Centers	$28.8M	$24.8M
4800-1100	DCF Social Workers	$286.1M	$295.1M
0930-0100	Office of the Child Advocate	$7.9M	$8.0M

1. **In her first budget, the Governor carries over the basic funding priorities of the previous administration. Most significantly, House 1 proposes a large (20%) increase to already massive spending on removing children from their families, coupled with inadequate spending on keeping and returning children safely with their families.**

2. The Governor proposes funding DCF at slightly over $1.36 billion, an increase of $161.9 million over FY 23. Much of this consists of an approximately **$129 million increase in spending on separating children from their parents and placing children in the foster system,** bringing total foster care spending to $785.6 million. This would be the largest increase in spending on removing children from their families since at least as far back as 2009, most likely ever.

   - The Governor's proposal for spending on the foster system includes $354.5 million for family foster care (item 4800-0038) and $431 million for congregate care (item 4800-0041) for children living in residential foster care facilities.

   - The data shows that the Massachusetts foster system creates significant harms for children. Black and Latinx children and youth in the Commonwealth are separated from their families at 2.4 times and 2.5 times the rate of their white counterparts. (MA DCF 2022 Annual Data Report.) Professional consensus in the field is that children should not be placed in congregate care unless their treatment needs require an institutional setting because congregate care is associated with, among other things, higher rates delinquency and arrests (Ryan et. Al., Juvenile *Delinquency in Child Welfare: Investigating Group Home Effects*, Children and Youth Services Review, 2008) and worse educational outcomes, (Casey Family Programs, *What are the Outcomes for Youth Placed in Congregate Care Settings?* 2018), yet Massachusetts has the 8th highest rate of reliance on congregate care in the nation. (Child Welfare Outcomes Report, 2019, [most recent national outcomes report available] Figure V-1)

- Part of the increased cost of congregate care results from Massachusetts' decision to forego federal reimbursements for foster care costs rather than comply with quality of care and appropriateness of placement standards now required under the federal Family First Prevention Services Act of 2018. EOHHS projected that Massachusetts would lose $12.9 million in federal reimbursements as a result of that decision in FY 23. It is likely that FY 24 lost revenues will be higher.

3. Best practice in the field points to an alternative to runaway foster and congregate care budgets, racial disparities, harms to children, and destruction of families. **This calls for investing in families to address the issues that may put children at risk in order to keep them safely within their own families.** Only a very small portion of the cases that come to DCF's attention involve physical and sexual abuse. Most (well upwards of 75% in Massachusetts and nationally) involve neglect which is often conflated with poverty and/or a parent's disability. **These situations can be addressed to some extent by DCF with adequate Family Stabilization and Support services and mostly with adequate community supports (referred to in public health language as primary prevention) that are made accessible to families at risk of child welfare system involvement**. Paragraphs 4-9 briefly note how several key child welfare investments are addressed in the Governor's budget.

4. At the same time that House 1 proposes a substantial increase in spending on removing children from their families, it underfunds DCF Family Support and Stabilization services to keep children safely with their parents at only $88.8 million dollars (4800-0040).

- While the Healey administration deserves credit for proposing a larger increase than this small line item has received in the past, the proposed level of funding is still completely inadequate for the number of children and youth who are supposed to be getting these services. **Over 87% of the children in DCF's caseload need family support and stabilization services to remain or return safely home with their parents, but the Governor proposes to spend only 10% of the Department's services budget on the services these children need.** The remaining 90% of the Governor's proposed services budget would be allocated to the costs of separating children from their families.

- This inadequate funding for services to keep children safely at home coupled with massive funding to remove them from their families undermines DCF's ability to achieve its core mission under federal and Massachusetts law which is that children should be placed in foster care only after the Department has provided all available services to keep them safely at home. (See, MGL c. 119, §1)

5. **House 1 would cut funding for Family Resource Centers (items 4800-0200 and 4000-0051) by $4 million for a total of $24.8 million, reducing an important source of community-based support for families that does not require involvement in the child welfare system.**

   - These community-based centers provide one of the few means by which families in crisis can voluntarily receive services to address risks to children before they become harms. This is a cornerstone of primary prevention. 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.

6. A promising initiative is the Governor's proposal of a **$1.5 million investment in supporting youth as they age out of the foster system.** House 1 would include 1.5 million for a **Tangible Housing Supports Unit** to supplement federal resources and also help youth who are ineligible for federal supports. These resources would help youth who have left the system without permanent families with such payments as first and last month's rent and security deposits. According to EOHHS, this would be an allocation in the foster care line item (4800-0038) and would be supported by an additional by an additional $1 million for Unaccompanied Homeless Youth Services.

7. **Another key primary prevention support is domestic violence services. The domestic violence line item (item 4513-1136) would be reduced by $4.1 million to $71.2 million.**

   - 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.

8. The line item for the **Bureau of Substance Abuse Services (4512-0200),** which provides the substance use treatment needed by the large numbers of DCF-involved caregivers and youth with substance use disorders, **would be cut by $34 million to $184.1 million (**which is also $67.5 million less than projected FY 23 spending**).**

9. Many programs discussed in other sections of this analysis provide the **concrete supports** that vulnerable families need to provide adequately for their children and avoid unnecessary DCF involvement and family separation.

   - These cannot all be catalogued here, but they include core concrete supports such as TANF and SNAP benefits, adequate housing, health care and benefits, unemployment benefits, and child care. The Governor's proposed fully refundable child tax credit (in her separate tax package) of $600 per qualifying dependent will also be an important step towards primary prevention for MA families.

10. **House 1 would fund other key child welfare items as follows:**

- It increases **funding for social worker salaries** (item 4800-1100) by $8.9 million to $295.1 million, and increase training (item 4800-0091) by $1.6 million to $4.7 million.

- It increases funding for **DCF's administrative account** (item 4800-0015) by $8.8.3 million to $140.1 million. As is typically the case, the Governor's budget 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.

- It level-funds the **lead agency account** (item 4800-0030) at $9.5 million. Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves.

11. **Funding for the Office of the Child Advocate (items 0930-0100 and 0930-0101), would be slightly increased to $8 million.**

- The OCA's budget consists of a main line item (10930-0100) and a separate line item for the State Center on Child Well-Being and Trauma (0930-0101). The Trauma Center is operated by the UMass Chan Medical School in collaboration with the Office of the Child Advocate.

- The previous administration increased the OCA's budget by over 1,000% (from $700,000 to $8 million). Governor Healey's funding proposal would maintain funding at the level the previous administration brought it to. It will be important to examine the outcomes for child welfare system-involved children and families that have resulted from this investment.

Criminal Justice Reform

Sections 17 and 30 of House 1 require the Department of Correction to provide 1000 minutes of telephone calls per month to each incarcerated individual, without cost to either the person initiating the call or the person receiving the call, to be effective 60 days after the effective date of the budget.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
4000-0300	EOHHS and Medicaid Administration	$126,029,597	$134,725,335
4000-0430	MassHealth CommonHealth Plan	$209,966,564	$164,554,085
4000-0500	MassHealth Managed Care	$5,983,593,690	$5,831,782,318
4000-0601	MassHealth Senior Care	$3,808,875,619	$4,486,764,509
4000-0700	MassHealth Fee For Service Payments	$3,785,206,126	$3,713,166,357
4000-0880	MassHealth Family Assistance Plan	$325,501,115	$249,457,668
4000-0940	MassHealth ACA Expansion Populations	$3,411,962,041	$3,176,913,030
4000-0990	Children's Medical Security Program (CMSP)	$17,017,088	$30,017,088
1595-5819	Commonwealth Care Trust Fund	$50,000,000	$50,000,000

1. MassHealth Spending Reflects the March 31, 2023 End of the Continuous Coverage Protection and the Start of a 12-month Process to Redetermine Eligibility for Current MassHealth Members- Estimated to Reduce MassHealth Enrollment by 300,000 People by April 1, 2024

- House 1 funds MassHealth at $19.8 billion gross, a $1.9 billion decrease in gross spending compared to estimated gross spending in FY23. Taking federal matching funds into account, net spending in state dollars in House 1 is $7.9 billion, a 3.1 percent net decrease of $254 million relative to FY23.

- These spending changes are related to the expected decrease in MassHealth enrollment due to the March 31, 2023 end of the Medicaid continuous coverage protection enacted by Congress on March 18, 2020. It was initially tied to the duration of the COVID-19 Public Health Emergency (PHE) but a federal law enacted December 29, 2022 changed the end date of the continuous coverage protection to March 31, 2023. The earlier law provided states with an increase of 6.2% in the federal matching rate for Medicaid spending; the later enactment creates a stepped phase-out of the enhanced federal matching rate through December 31, 2023. In FY 24, the enhanced federal matching rate will decline to 2.5 percentage points for July-September 2023, and to 1.5 percentage points for October-December 2023. Federal law also now requires increased accountability and transparency for the way in which states will return to normal operations over a 12-month "unwinding" period.

- Continuous coverage has resulted in enrollment growth for two very different reasons: some people have experienced increases in income or other changes that make them no longer eligible for MassHealth, but a far larger number have been protected from losing coverage for administrative reasons such as not meeting paperwork deadlines or returned mail. 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. While acknowledging uncertainty in the numbers, MassHealth is estimating a reduction in enrollment of over 300,000 people by April, 2024- the end of the unwinding period.

- For people no longer eligible for MassHealth it will be important that systems are in place to enable them to find other affordable coverage. The Health Connector is anticipating growth in its enrollment of 100,000 or more in FY24. Enrollment in ConnectorCare, Massachusetts' free or low cost private insurance plan for people ineligible for Medicaid with income of 300% FPL or less, has dropped by over 83,000 between Jan 2020 and Jan 2023. Temporary changes in federal eligibility for the premium tax credits that bring down the cost of private insurance in the Health Connector have made coverage more affordable both in ConnectorCare and for people with income over 400% FPL and will be in place in 2024. The Health Connector, in coordination with MassHealth, has preparations underway to assist individuals who no longer qualify for MassHealth to enroll in affordable coverage in the Connector. There is no increase in the appropriation into the Commonwealth Care Trust Fund in House 1, but presumably that is because it will be carrying over a significant balance from FY23.

- However, a bigger challenge will be to assure that individuals who are now protected from loss of coverage for procedural and administrative reasons and who remain eligible do not lose coverage, As of Sept 30, 2022, MassHealth estimated that 785,000 individuals were protected in their coverage due to the continuous coverage protection, the vast majority for administrative or procedural reasons. On Jan 20, 2023, MassHealth launched phase one of its campaign to reach its members and prepare them for the redeterminations that will begin April 1 and continue into FY24. In mid-March, MassHealth will launch Phase 2 of its outreach campaign in cooperation with Health Care for All which received funding of $5 million in last year's session for this purpose.

- The end of the continuous coverage protection will be a complicated and challenging process. For three years, members' coverage has been protected regardless of whether they understood the forms sent to them, were able to get through to Customer Service, or supplied information by a deadline. Once the continuous coverage protection ends and members are sent a renewal, members will need to respond or risk termination or downgrade of their benefits and MassHealth will need to have the systems and resources in place for the renewal process to operate smoothly. The challenge ahead is to ensure that members who are eligible for benefits do not lose coverage for administrative reasons such as failure to return forms, and that members who are no longer eligible find other affordable coverage.

- House 1 makes clear that the reduced spending for MassHealth is not due to any reduction in eligibility or benefits. In fact, MassHealth will have a number of new eligibility expansions in FY24. Such expansions include 12 months continuous coverage for children and for people reentering the community from incarceration, 24 month continuous coverage for individuals experiencing homelessness, 12 months continuous postpartum coverage, the elimination of the one-time deductible and work requirement for CommonHealth members under 65, the creation of a CommonHealth retirement benefit for members 65 and over, expansion of the Medicare Savings Program (read more below), and more. These expansions are well-timed to provide more opportunities for coverage for individuals being redetermined, and for reducing the ongoing problem of eligible people losing coverage for administrative reasons.

2. Medicare Savings Plan Expansion (Outside Sections 13 and 14)

- House 1 includes a $5 million increase in gross spending, $2 million net, to expand eligibility for the Medicare Savings Program (MSP) by eliminating the asset limit. This MSP expansion builds on a series of expansions of the MSP program, which began in 2020. MSP helps low-income older adults and people with disabilities on Medicare by paying their Medicare Part B premium, and for lower income individuals, it also covers other Medicare out-of-pocket costs. After recent eligibility expansions, a Medicare member currently must have income at or below 190% of the Federal Poverty Level (FPL) to qualify for payment of the Medicare Pt B premium and other Medicare costs. Outside sections 13 and 14 propose an elimination of the asset test for MSP. Outside section 22 proposes offsetting the cost of this MSP expansion by authorizing the transfer of funds from the Prescription Advantage programs and the Health Safety Net Trust Fund to fund the Medicare Savings Program. Implementation of this expansion would be contingent upon receiving federal approval.

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

- One exception to the reduction in MassHealth spending is the account for the Children's Medical Security Plan, which reflects an increase of $13 million, a 76% increase over spending in FY23. The Children's Medical Security Plan provides coverage for children under 19 in families with income over 300% of the Federal Poverty Level or children who are not eligible for MassHealth because of their immigration status. House 1 states that the reason for this increased spending is an expected increase in the projected need for CMSP. However, it does not say why the administration expects an increase in CMSP enrollment, and includes no language overriding 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, contained in the statute at GL c. 118E, sec. 10F, prevent many low-income children from accessing the health services that they need to grow and thrive, simply because of their immigration status. Legislation is pending this session to provide more comprehensive coverage for children regardless of immigration status. This legislation, HD.2153/SD. 778, 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.

Homeless Services

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
7004-0101	Emergency Assistance	$219.4M	$324.1M
7004-0108	HomeBASE	$59.4M	$42.1M
7004-0099	DHCD Administration	$9M	$11.4M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$150M	$162.6M
7004-0100	Operation of Homeless Programs	$7.2M	$12.6M
7004-0102	Homeless Individual Shelters	$110M	$110.8M
7004-0104	Home and Healthy for Good Program	$6.4M	$4.2M

1. **Emergency Assistance (7004-0101) would be funded at $324.1 million,** an increase over the appropriation for FY23**.** The Emergency Assistance (EA) program provides emergency shelter and services to certain families with children who are experiencing homelessness and have no safe place to stay.

- House 1 proposes a new Executive Office of Housing and Livable Communities as a successor agency to the Department of Housing and Community Development.
- House 1 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.
- House 1 retains language that allows families to increase incomes up to 200% of the federal poverty levels and remain eligible for shelter; that families will not become ineligible until they have exceeded that limit for 90 consecutive days; and that if they are terminated they will have a 6-month grace period prior to exiting.
- House 1 proposes to eliminate the obligation that the Executive Office provide the Legislature with 90 days' advance notice before imposing any new eligibility or benefits restrictions. In prior 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 1 proposes to eliminate requirements that the Executive Office report quarterly to the Legislature about what is happening to families, including those denied shelter. These requirements were included in the FY23 budget, and advocates will work to ensure they continue to be included.
- House 1 proposes language permitting the Executive Office to require families to provide documents proving identity and custody. These and other verification requirements are being litigated in a pending lawsuit, *Garcia et al v. DHCD*.

- House 1 retains language directing the Executive Office to expend funds to make shelter units available to meet households with disabilities, as well as for hotels.
- House 1 proposes to add language limiting the program to residents of the Commonwealth who are lawfully present in the United States.

2. **HomeBASE (7004-0108) would be funded at $42.1 million,** a decrease from the previous several years. HomeBASE was created in FY12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

    - House 1 a new Executive Office of Housing and Livable Communities as a successor agency to the Department of Housing and Community Development.
    - House 1 retains the HomeBASE benefit limit to $20,000 in a 24-month period, and clarifies that families will not be terminated for exceeding the income limit during the 24-month period. Advocates welcome these recent changes to HomeBASE.
    - House 1 proposes a pilot to make $10 million available to administering agencies to provide awards greater than $20,000. Advocates have pushed for allowing additional amounts to be made available to families, and support this language.
    - House 1 proposes to eliminate the obligation that Executive Office provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions. Advocates will push for this important language to be included.
    - House 1 proposes to eliminate the Executive Office's obligation to provide timely reports to the Legislature. This language was included in the enacted FY23 budget, and advocates will work to ensure it continues to be included.
    - House 1 proposes to add language limiting the program to residents of the Commonwealth who are lawfully present in the United States.

3. **Executive Office Administrative line item (7004-0099) would be funded at $11.4 million,** an increase over the FY23 final appropriation.

    - House 1 proposes a new Executive Office of Housing and Livable Communities as a successor agency to the Department of Housing and Community Development.
    - House 1 proposes to eliminate a requirement that the Executive Office 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 FY23 budget. Advocates will be working to ensure this language continues to be included.
    - House 1 retains language requiring the Executive Office to maintain in-person intake locations in the 10 offices that were open as of January 2022.

- House 1 proposes to eliminate language requiring the Executive Office to report to the legislature regarding wait times families are experiencing for direct communication with a staff member.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be funded at $162.6 million, an increase over the FY23 appropriation. RAFT is a homelessness prevention program.**

   - House 1 proposes a new Executive Office of Housing and Livable Communities as a successor agency to the Department of Housing and Community Development.

   - **House 1 proposes a dramatic decrease in the maximum household benefit from $10,000 over 12 months to $7,000 over 24 months.** Advocates are extremely concerned that this reduction will put many families at risk at a time when rents are increasing so quickly. This language would move this critical program in the wrong direction at a time when individuals and families need the most help.

   - House 1 retains 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 1 proposes eliminating language that allows for up to $3 million for recipients who fall under an expanded definition of "family" including unaccompanied youth, elders, persons with disabilities, and other households. Advocates will push for expanded benefits for all household compositions.

   - Administration officials have indicated their intent to continue to require a Notice to Quit for households seeking assistance from RAFT. This poses a significant barrier for many in need of assistance, and increases the risk of eviction. Advocates will continue to push to change this policy.

5. **Homelessness operations account (7004-0100) would be funded at $12.6 million**, an increase over FY23.

6. **Shelters and services for homeless individuals (7004-0102) would be funded at $110.8 million**, a slight increase over FY23.

7. **Home and Healthy for Good program (7004-0104) would be funded at $4.2 million**, a decrease from FY23. This program provides housing for chronically homeless individuals.

Housing

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
7004-9005	Public Housing Operating Subsidies	$92 million	$92 million
7004-9007	Public Housing Reform	$1 million	$2.2 million
7004-9024	Massachusetts Rental Voucher Program	$154.3 million	$168 million
7004-9030	Alternative Housing Voucher Program	$13.6 million	$14.1 million
7004-3045	Tenancy Preservation Program	$1.8 million	$2 million
7004-9033	Rental Subsidy Program for DMH Clients	$12.5 million	$12.5 million

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, would be funded under H. 1 at **$92 million - level funded** from last year's FY 24 budget. H. 1 removes language from line item 7004-9005 from the final FY23 budget providing that all housing authorities operating elderly public housing must offer first preference for elderly public housing units that are vacant to persons 60 years of age or older receiving rental assistance from the Massachusetts rental voucher program. H. 1 continues to include language that requires the administration to 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. It is an aging stock. Basic maintenance is not happening and the operating subsidy has been underfunded for decades. In 2005, A Study of the Appropriate Operating Costs for State-Funded Public Housing in Massachusetts, prepared for Citizens' Housing and Planning Association (CHAPA) and the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials (MassNAHRO) found that annual operating costs should increase to about $115 million. This study is over 20 years old. The Massachusetts Union of Public Housing Tenants, with CHAPA, MassNAHRO and Greater Boston Interfaith Organization, are calling for the $115 million to be adjusted for inflation to increase the operating subsidy to $184 million. Without a substantial increase in basic operating funds there is deep concern about the ability to protect and preserve permanently affordable housing for the most vulnerable in our state.

2. **Public Housing Reform (item 7004-9007)** would be **increased from $1 million to $2.2 million**. The line item provides funds to implement **chapter 235 of the Acts of 2014** which includes technical assistance training for resident commissioners and tenant organizations. The increase, according to DHCD, relates to funding the implementation of CHAMP (Common Housing Application for Massachusetts Programs), an information

technology platform for state-aided public housing.

- Massachusetts Union of Public Housing Tenants, with others, are calling for this line item to be increased to $7.7 million to expand support for a range of meaningful public housing reforms to improve the health and welfare of residents in state public housing, including increasing tenant participation funding for effective tenant organizations, a resident maintenance program, and formation of pilot programs to increases access to transportation, food, and language access - all of which 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.

- The Governor proposes $168 million for MRVP - an increase of $13.7 million from the FY 23 final budget.

- DHCD has shifted MRVP to a "payment standard model" similar to, but not as effective, as Section 8 giving more choice and flexibility to households. For details on the new system see the MRVP Admin Plan at https://www.mass.gov/doc/mrvp-administrative-plan-2017/downloads .

- H1 makes some big, and some worrisome changes to MRVP policies which we will need time to analyze. In brief:

  a) In the FY 23 budget not less than 75% of new vouchers were to be targeted to households with incomes at initial eligibility that did not exceed 30% of area median income (AMI). H1 changes that to "up to" 75% (which was what former Governor Baker had proposed). We're not sure the change will make much difference in the incomes of folks who apply to and receive vouchers – but more to learn.

  b) In the previous budget, payment standards were between 100% and 110% of HUD area-wide fair market rent (FMR) (except for reasonable accommodations.) H1 gives the new housing secretary discretion to set payment standards but only at 100 percent of either the area-wide FMR or the small area FMR (SAFMR) .We welcome the inclusion of SAFMRs as they allow a wider range of choices for voucher holders. But requiring payment standards to be at100% of FMR is unwise. Section 8 payments can go up to 110% of area FMR as a matter of course and often higher as necessary to allow voucher holders to actually find places to rent in this market and also in areas with greater opportunities. Limiting payment standards to 100% FMR will lead to an even higher rate of folks not being able to find or remain in their MRVP housing.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. H. 1 would **increase the funding** level from the previous year slightly to **$14.1 million.** H. 1 would provide that:

1. AHVP vouchers may be in the form of either mobile vouchers or project-based

vouchers

2. At the discretion of the executive office, newly issued or leased vouchers shall be set up to 110% of area wide fair market rent or small area wide fair market rent (small area fair market rents allow for the setting of voucher amounts at the neighborhood rather than metro level and expand the opportunity for low-income families to rent in higher-rent neighborhoods.

3. Unless the executive office implements a payment standard and/or utility allowance, that households may be required to pay not less than 25% of its net income on rent.

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 slightly increased to $2 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.**

7. **Governor Recommends Huge Expansion of the Housing Development Incentive Program (HDIP)** HDIP is a little known multimillion dollar program that provides developers with state tax credits and local tax breaks for market rate and often super expensive luxury housing in Gateway Cities. Even as local families struggle with soaring rents and fears of displacement, HDIP supports only unaffordable housing. For an overall review of the program, see the MLRI HDIP Report.

In H.1 the Governor proposes to grow the program exponentially and is expected to submit a package to triple the cap on HDIP tax credits from $10 million to $30 million every year and provide an immediate infusion of $50 million. If passed, in the next 5 years taxpayers will pay developers $191 million for housing that often has shockingly high rents and not one affordable unit covered by HDIP.

To fix HDIP, MLRI and community groups support 3 bills to reform the program to actually benefit Gateway Cities residents and taxpayers. Sen. Eldridge's broad reform bill, SD.1562, requires no less than 20% affordable units in HDIP buildings and other needed program revisions. Sen. DiDomenico's bill, SD.705 and Rep Capano's bill, HD.2172 require no less than 20% affordable units in HDIP buildings. **HDIP shouldn't be expanded until it is reformed**.

Legal Services

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget
0321-1600	MLAC	41.00 M	49.00 M

For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, House 1 is recommending an appropriation of $49.00 million, an increase of $8 million over the FY 23 appropriation, which will help meet the growing statewide demand for civil legal services.

Tax Policy

The Governor has filed a companion bill (House 42) proposing a number of changes to state tax policy, some of which are directly relevant to MLRI's client populations.

- **Section 19** expands current refundable tax credits for child and dependent care by increasing the amount of the credit to $600 per dependent, by allowing a taxpayer to claim credits for both child care and dependent care, by eliminating the current cap of two dependents per household and by indexing the $600 amount to inflation in subsequent years.

- **Section 2** increases the maximum allowable deduction for rental expenses from $3000 per year to $4000 per year.

- **Section 14** increases the maximum available property tax credit for seniors from $750 per year to $1500 per year.

For more information on MLAI's House 1 summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.