

Massachusetts Law Reform Institute

99 Chauncy Street, Suite 500, Boston, MA 02111-1722

PHONE 617-357-0700 ■ FAX 617-357-0777

Senate Ways and Means Budget for FY 2007 Preliminary Analysis of Selected Cash Assistance, Housing, and Health Issues

May 18, 2006

The Senate Ways and Means Committee released its proposed budget for fiscal year 2007 on May 17, 2006. On health issues, the Senate Ways and Means budget implements the recently-enacted health reform bill and proposes some additional improvements. On housing issues, public housing operating subsidies and mortgage assistance receive additional funding, while rental assistance programs generally are held at or near FY 06 levels. In the area of cash assistance, the Senate Ways and Means budget substantially preserves the status quo in most areas; it does include funding for new systems to improve the handling of food stamp cases and modest increases in some other accounts. The Senate Ways and Means budget, unlike the House budget, does not include supplemental appropriations for FY 06 or Economic Stimulus bill provisions.

Cash assistance and related items

1. TAFDC (Transitional Aid to Families with Dependent Children)

- **Like the House, the Senate Ways and Means budget does not make any changes in the state's welfare laws.** The House and Senate passed welfare bills in September 2005 that raise work hours to the federal standard for those who do not have identified barriers to employment and put in place a new system to help parents with disabilities move into the workforce using staff at the state's disability agencies to develop "family well-being plans" setting out the steps needed to address the disabled parent's barriers to employment. The welfare bills are still pending in conference committee; a report is expected and needed soon so that it can be fully implemented by October 1, 2006, when new federal rules take effect. Outside section 21 of the Senate Ways and Means budget would provide tax credits to employers who hire TAFDC recipients.
- **Like the House, the Senate Ways and Means budget does not provide protections against federal fiscal penalties.** One or more amendments may be filed to provide additional funding needed to assure that Massachusetts meets federal welfare reform (TANF) requirements. Last year the Legislature enacted a \$12 million reserve account, 1599-4408, to address costs incurred as a result of expiration of the state's federal waivers and TANF reauthorization. Most of the money from this year's reserve will not be spent.

- **Senate Ways and Means would fund the TAFDC line item (4403-2000) at \$296.4 million, \$16.6 million less than FY 06,** and slightly less than the House amount of \$296.8 million. The Governor had proposed a bigger reduction, to \$291.7 million, under his plan to impose work requirements and time limits on 13,000 TAFDC recipients with barriers to employment. The caseload has been dropping as the economy improves, so it is possible that the Senate Ways and Means and House amounts will be sufficient even if vulnerable families still have access to the program as they would under the House and Senate welfare bills. Like the House budget, the line item would provide for the children's clothing allowance, and unlike the Governor's proposal (House 2), would include it in the standard of need. Adding the clothing allowance to the standard of need allows very low income families to qualify for clothing assistance for their children. Senate Ways and Means, like the House budget, would bar DTA from making cuts in eligibility or benefit levels unless there is a shortfall in the appropriation and DTA has given 60 days advance notice to the Legislature and stated how the proposed changes will affect recipients. In the past, the advance notice requirement has been helpful in stopping DTA from making premature benefits cuts based on projected deficits. House 2 did not include the advance notice provision.

2. **EAEDC (Elders, Disabled and Children Program)**

- **Senate Ways and Means, like the House budget, does not adopt the Governor's proposal to impose work requirements on most adult EAEDC recipients with disabilities.** The Legislature rejected these proposals last year.
- **The line item (4408-1000) is funded at \$65.4 million, \$4.7 million less than this year.** This amount is adequate based on DTA's current caseload projections. In contrast, the Governor would have reduced the funding by almost \$14 million from last year in the expectation that many disabled and immigrant EAEDC recipients would lose benefits. Senate Ways and Means, like the House budget, also would require a shortfall in the appropriation and 60 days' advance notice to the legislature before DTA could make cuts in eligibility or the low monthly benefit (currently \$303/month). In the past, the notice requirement has given the Legislature time to provide the funding needed to stop DTA from cutting benefits because of projected deficits. House 2 did not include the advance notice provision.

3. **ESP (Employment Services Program): slightly increased funding, but possibly insufficient in light of the need**

- **Senate Ways and Means proposes just over \$27 million (item 4401-1000), plus an additional \$5 million that could be available in retained revenue from certain federal reimbursements (4401-1100),** for the program that provides **education, training, and other services** to help TAFDC recipients get

and keep jobs. This would be an increase in the main ESP account of \$6 million over FY 06 (compared with a \$5 million increase in the House budget), but less than the amount the Governor proposed and about the same as the total amount appropriated in FY 06 taking into account the FY 06 reserve account, 1599-4408. The proposed amounts are still much less than the FY 02 appropriation of \$35.7 million, and more may be needed to ensure that the Commonwealth can meet federal welfare requirements.

4. Emergency Assistance Shelter: level funding and improvement in presumptive eligibility procedures

- **The EA line item (4403-2120) would preserve the eligibility limit of 130% of the federal poverty limit**, joining the House in rejecting the Governor's proposal to reduce the limit to 100% of the federal poverty limit. Like the House, the Senate Ways and Means budget also would retain the six-month grace period, which was adopted in FY 05 to allow families in shelter whose income goes over the income limit to stay in shelter for 6 months, escrow the "extra" money, and use the escrowed funds to transition to permanent housing. The Senate Ways and Means budget would also continue the requirement that DTA track and report information about shelter usage to the Legislature. The Governor had proposed to eliminate both of these provisions.
- **The EA line item would retain the 30-day period of "presumptive eligibility."** In FY 06, the Legislature required DTA to place homeless families who appear to be eligible in shelter for up to 30 days while they collect any required verification of their eligibility. Senate Ways and Means and the House budget both retain this requirement. In addition, the Senate Ways and Means budget includes new language that would bar DTA from applying the "12-month" rule and require DTA to give "aid pending appeal" to families placed only presumptively. This is language that legal services and others are seeking because, in implementing the presumptive eligibility rules, DTA has taken the position that families who are placed presumptively for less than 30 days and are then found ineligible by DTA may not stay in shelter pending an appeal of that decision and are barred from shelter for 12 months even if they later become eligible.
- **EA shelter funding and pilot programs.** The Senate Ways and Means budget would fund emergency shelter at \$73.65 million, a very small \$50,000 increase over FY 06 and the FY 07 House budget. Like the House, Senate Ways and Means does not adopt the Governor's proposal to give DTA total discretion to fund pilot programs "to reduce reliance on emergency shelter" without regard to whether these programs are successful in leading to permanent housing or if they drain funding needed for shelter. DTA could not make cuts in benefits or eligibility except in the event of a deficiency and first would have to give 60 days advance notice to the Legislature (the House budget only requires 30 days advance notice; the advance notice period is 60 days for TAFDC and EA in both

the Senate Ways and Means and House budgets). Senate Ways and Means did not include the provision sought by advocates permitting DTA to use EA funds for homelessness prevention only if doing so would not curtail access to shelter or create a deficit and only if it promulgates regulations. An amendment to add this language to the final Senate budget will likely be filed.

- **Adult homeless shelter funding, item 4406-3000.** Senate Ways and Means would slightly increase funding in this item from \$35.1 million to \$35.3 million. In addition, Senate Ways and Means would create a new line item (4406-3010) funded at \$600,000 for the “Home and Healthy for Good” pilot program operated by the Massachusetts Housing and Shelter Alliance “for the purpose of reducing the incidence of chronic homelessness in the commonwealth.”
- **Teen living programs (4403-2119) would be funded at \$7.0 million,** a slight increase over the \$6.8 million for FY 06 and over the FY 07 House recommendation of \$6.8 million.

5. **DTA operation and administration: new line item for food stamp initiatives**

- **Senate Ways and Means would increase funding for DTA workers by \$3 million, item 4400-1100.** The rest of DTA administration is increased by \$600,000 million (4400-1000), not counting the new line item to increase food stamp participation, discussed below. Domestic violence specialists would get a small increase to \$666 thousand, the same as House 2.
- **Senate Ways and Means would provide a new \$3.52 million line item for activities to increase the state’s food stamp participation rate (4400-1001).** Thanks to the hard work of the Food Stamp Improvement Coalition, Senate Ways and Means earmarks \$700,000 to establish a unit staffed by department employees (not outsourced in India!) to respond to food stamp inquiries and conduct telephone interviews, and \$700,000 to develop a system to image and catalogue documents electronically. (The House would have allowed DTA to set up these systems but did not require them). Like the House, Senate Ways and Means would bar DTA from requiring food stamp applicants to re-verify previously verified information. In addition, Senate Ways and Means would allow DTA to require only one signature to complete a food stamp application, thereby barring DTA’s current practice of deeming applications incomplete because the applicant did not sign and return a piece of paper that DTA did not provide at the time of the initial application. In addition, the Senate Ways and Means budget provides \$1.5 million for Project Bread outreach on nutrition programs in targeted communities and \$250,000 for the Project Bread Hotline. The House also provided funding for Project Bread. An additional \$370,000 would be expended for outreach. Apart from the \$1.5 million for Project Bread nutrition program outreach, Senate Ways and Means would provide \$5.6 million more for administration than the Legislature appropriated in FY 06, more than the amount the Governor requested in House 2.

6. **Child care: separate account for TAFDC-related child care**

- **The Senate Ways and Means budget returns to a prior practice of separating TAFDC-related child care spending from other child care subsidies.** The TAFDC-related child care account (3000-4050) would provide funds for child care for TAFDC recipients, teen parents, and former TAFDC recipients. It would be funded at \$163.2 million, plus a share of a child care rate reserve (1599-0042). The income-eligible child care account (3000-4060) would be funded at \$150.7 million, plus a share of the rate reserve. The division was not intended to cut funds for TAFDC child care, and, in fact, the TAFDC-related child care account is higher than actual FY 06 spending for TAFDC-related child care. The combined accounts are higher than FY 06 and higher than the House budget. The TAFDC-related item states that these cases “are a priority,” and that if the Department of Early Education and Care projects a deficiency, it is expected to tell the Ways and Means Committees how much more funding is needed.

Housing

1. **Public housing operating subsidies increased over current FY 06 levels, but below House appropriation.**

- **Senate Ways and Means proposes \$43.1 million for item 7004-9005, which helps housing authorities meet the expenses of maintaining the state’s 50,000 public housing units. The House budget proposes \$45.1 million for this program.** The Senate Ways and Means budget for FY 07 is approximately \$8.2 million more than the amount appropriated in the FY 06 budget (\$34.9 million). Still pending before a Conference Committee of the Legislature is a supplemental FY 06 budget that would add between \$7.2 million (House) and \$10.7 million (Senate) to this program. The House Ways and Means budget also proposed \$43.1 million; during budget debate, the House added \$2 million, for a total of \$45.1 million in the final House budget.

2. **The Massachusetts Rental Voucher Program (7004-9024), which helps low-income tenants pay private apartment rent, funded at \$27.2 million, an increase of \$1 million over FY 06, and slightly below the House amount.**

- The Senate Ways and Means budget, like the House budget, rejects the Governor’s proposals to impose work requirements and time limits on recipients of MRVP assistance and to eliminate turnover of mobile vouchers. House Ways and Means also recommended \$27.2 million; during budget debate, the House added \$250,000 to this program. Both the Senate Ways and Means and House recommendations are substantially below the amounts advocates are seeking for FY 07 in light of the affordable housing crisis in the Commonwealth.

3. RAFT Program funded at \$5 million.

- **Senate Ways and Means proposes \$5 million for the RAFT program (Residential Assistance for Families in Transition, 7004-9316)**, which provides financial assistance of up to \$3,000 per family to help homeless families and families at risk of homelessness to keep or obtain permanent housing. The House budget also proposes \$5 million. RAFT was funded at \$5 million in FY 06 but ran out of funding mid-year. Both the Senate Ways and Means budget and the House budget reject the Governor's proposal to make ineligible for RAFT any family who has a housing voucher or resides in or is trying to move to subsidized housing. Senate Ways and Means would for the first time include language requiring families who are at risk of homelessness to show that their need is due to a "significant reduction of income or increase in expenses," although it is not clear that this language would impose any requirements that the administering agencies have not previously applied. Senate Ways and Means would also limit RAFT payments for utility arrearages to those incurred on or after December 1, 2005.

4. Alternative Housing Voucher Program and DMH Rental Subsidy Program funded at FY 06 levels, \$500K less than House appropriation.

- **The Senate Ways and Means budget proposes \$3 million for the Alternative Rental Voucher Program (ARVP), which provides a rental subsidy for disabled single persons with very low income (7004-9030).** This amount is the same as the FY 06 appropriation, and it is \$500,000 less than the House appropriation and the Governor's recommendation.
- **Senate Ways and Means proposes \$2.5 million for the DMH Rental subsidy program, which provides a rental subsidy for eligible clients of the Department of Mental Health (7004-9033).** This amount is the same as the amount appropriated in FY 06 and \$500,000 less than the House appropriation and the Governor's recommendation.

5. Increase for Housing Services and Counseling program.

- **The Senate Ways and Means budget proposes \$1.9 million for Housing Services and Counseling to help families retain their housing (7004-3036).** This amount is \$200,000 higher than the House amount. Funds are earmarked for the Just-A-Start Corporation (\$141,000), the Central Massachusetts Housing Alliance (\$91,000) and HAP, Inc. In Springfield (\$100,000). The Senate Ways and Means Executive Summary states that the additional funds (\$700,000 higher than the FY 06 amount) are to be used for additional staff.

6. Increase for Soft Second Mortgage program.

- **The Senate Ways and Means budget proposes to double FY 06 funding for the Soft Second Mortgage program (7004-2475), which provides a subsidized second mortgage to help low and moderate residents buy homes.** The Senate Ways and Means budget proposes \$5 million for this program; the

House budget proposed \$2.5 million, the same as the FY 06 amount.

7. **The Senate Ways and Means budget includes \$250,000 for a Tenancy Preservation Program.**
 - **Senate Ways and Means proposes \$250,000 for a new Tenancy Preservation Program (7004-3045)** to provide neutral party consultation services in Housing Court eviction cases where the eviction is directly related to a disability in the tenant household. The Governor recommended \$1 million for this program. The Senate Ways and Means proposal limits eligibility to households with a housing voucher or living in subsidized housing. This program was not funded in the House budget.
7. **The Senate Ways and Means budget does not provide funding for Individual Development Accounts.**
 - **The Senate Ways and Means budget does not provide for funding for a pilot program for Individual Development Accounts for households in state-subsidized housing (7004-9317).** This initiative, which was included in the Governor's budget for FY 07, provides that funds may be used for training, as a match for some qualified homebuyers, and to secure federal asset building program funds. The House budget appropriated \$500,000 for this program.
8. **The Senate Ways and Means budget proposes \$8.2 million for the administration of the Department of Housing and Community Development (7004-0099).**
 - This amount includes an earmark of \$200,000 for costs associated with the relocation of tenants from the Julian D. Steele public housing project in Lowell. In December 2005, the Superior Court ruled that the Lowell Housing Authority had failed to make relocation payments to which former Julian Steele tenants were entitled. The House budget appropriated \$11.6 million for this account, including over \$4 million in various earmarks.

Adult Basic Education

1. **Item 7035-0002** would be level funded at \$29.3 million, as it would be under the House budget.

Selected health items

1. **The Senate Ways and Means budget (item 4000-0300) fully implements all of the MassHealth eligibility and benefit expansions that were passed in the recent Massachusetts health reform legislation, Chapter 58 of the Acts of 2006,** including: the expansion of income eligibility for children; the elimination of the wait list in the MassHealth Essential program; the lifting of enrollment caps in the CommonHealth and HIV waiver programs; and the restoration of dental, eyeglasses and other essential services cut in recent years from the MassHealth program.

2. **The Senate Ways and Means budget (item 4000-0300) adds critical protections for MassHealth consumers to ameliorate the impact of the recently passed federal Deficit Reduction Act.** In particular, the Senate Ways and Means proposal requires the Office of Medicaid to assist those citizens who are applying for or receiving MassHealth, and who are required by the federal Deficit Reduction Act to verify citizenship, to obtain the required verification at no cost to the applicants and recipients. Senate Ways and Means would prohibit the administration from adopting any of the state options permitted by the Deficit Reduction Act to increase premiums or cost sharing or reduce certain previously mandated benefits with respect to any category of persons eligible for MassHealth as of January 1, 2006.
3. **19-year olds aging out of foster care (item 4000-0800).** Senate Ways and Means, like the House, would provide MassHealth coverage until age 20 to youths who are aging out of foster care and who currently lose coverage at age 19. A pending bill would provide additional coverage for these youth until age 21.
4. **Improvements to the CMSP premium schedule (item 4000- 0990 and Section 33).** The Senate Ways and Means budget would carry over and codify the reductions in the Children's Medical Security Plan premium schedule that were included in the 2006 budget. The House budget did not maintain the current premium schedule. Unless some legislation is enacted as part of the FY 07 budget or separately before the end of this fiscal year, CMSP premiums will return to the higher rate specified in the General Laws.
5. **Senate Ways and Means, unlike the Governor, does *not* impose sponsor deeming on disabled and elderly immigrants** receiving medical assistance under the MassHealth Essential program (item 4000-1405). The line item language in the Senate Ways and Means budget, which cross-references section 27 of the Health Reform Law, suggests that the Senate will likely override the Governor's veto of that section, which bars sponsor deeming. The House budget does not impose sponsor deeming, and the House has already overridden the Governor's veto of the bar in the Health Reform Act.
6. **On prescription drug coverage for elders and disabled, the Senate Ways and Means budget does not extend Chapter 175 of the Acts of 2005, which provides a one-time thirty-day emergency supply of medicine for MassHealth and Prescription Advantage members who were moved to Medicare drug coverage on January 1st.** This safety net, which is being used by 200 people every day to get their medications, expires on June 30. We expect a floor amendment to be filed on this issue. **The Prescription Advantage line item (9110-1455) does include important language providing an open enrollment period in the Fall of 2006 and barring increases in the cost sharing level for Prescription Advantage members through FY 07.** Senate Ways and Means adds enough funding to pay for the open enrollment period.

Other

1. **The SWM budget requires the Department of Revenue to take steps to increase participation in the Earned Income Tax Credit (EITC) program.**

1. **Language in the Department of Revenue administration line item (1201-0100)** requires the Department of Revenue to provide EITC notices for employers to post at the workplace and to work with community-based organizations and others to disseminate information about the availability of the EITC.
2. **Outside sections 37 and 38 of the Senate Ways and Means budget eliminate the current General Laws provision reducing Unemployment Insurance benefits in cases where a UI recipient is also receiving Social Security benefits.** This proposal was also part of both the House Economic Stimulus bill and the Senate Commonwealth Investment bill from 2005, which remain in Conference Committee.