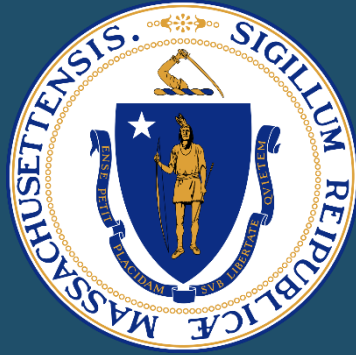


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Fiscal Year 2020 Report on Standard Budgets of Assistance for Transitional Aid to Families with Dependent Children

February 2021



**DEPARTMENT OF TRANSITIONAL ASSISTANCE
FISCAL YEAR 2020 REPORT ON STANDARD BUDGETS OF ASSISTANCE FOR
TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN**

I. INTRODUCTION

A. LEGAL BACKGROUND

The Department of Transitional Assistance (the Department) submits this report in accordance with G.L. c. 18, §2(B)(g) and c. 118, §2 and the decision of the Supreme Judicial Court in *Coalition for the Homeless v. Secretary of Human Services*, 400 Mass. 806 (1987).

Under G.L. c. 18, §2(B)(g), the Department has the duty to formulate and review annually the adequacy of its standard budgets of assistance in the Transitional Aid to Families with Dependent Children (TAFDC) program. In formulating the annual standards, the Department must establish amounts which satisfy the requirement of G.L. c. 118, §2 that the amounts are sufficient to enable TAFDC parents to bring up children properly in their own homes.¹

The amounts actually paid to TAFDC families are determined by the Legislature each year when, in line item 4403-2000 of the General Appropriation Act, the Legislature establishes the "standard of need" and the "standard of payment."

In accordance with the decision of the Supreme Judicial Court, the Department, in order to conduct a meaningful review under G.L. c. 18, §2(B)(g), "must issue a written report which shall either provide or permit a comparison in dollars between standard budgets of assistance of each successive year and which shall discuss the adequacy of [TAFDC] grant levels in comparison with the standard budget or budgets of assistance and with changes in the consumer price index."

The Court noted: "[A]s long as G.L. c. 118, §2, directs the department to provide aid sufficient to enable AFDC families to have homes, and not just necessities, the department must reasonably seek to fulfill its obligation with such funds as are available for the purposes. If funds appropriated for the purpose are insufficient or if there are no such appropriated funds, the Department should advise the Legislature and either seek an appropriation to cover the apparent deficiency or request the Legislature to take some other action that will eliminate the problem." The filing of this report is intended to constitute compliance with the Court's directive.

¹ The Supreme Judicial Court's decision concerned the standard budgets of assistance for the Aid to Families with Dependent Children (AFDC) program. Under Chapter 5 of the Acts of 1995, the TAFDC program replaced the AFDC program on November 1, 1995.

B. THE TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM

The TAFDC program is a state-administered program that provides benefits to families and children with little or no assets and income. While its predecessor AFDC was 50% federally funded, the 1996 Personal Responsibility and Work Opportunity Act replaced the federal reimbursement with a federal block grant known as Temporary Assistance for Needy Families (TANF). The state can spend the TANF block grant subject to certain limitations. The Commonwealth's state plan to continue operating the TAFDC program under TANF was approved by the federal government on January 28, 1997. The Deficit Reduction Act of 2005 reauthorized the TANF block grant in February 2006, and there have been several subsequent extensions. Most recently, Public Law No: 116-94, known as the Further Consolidated Appropriations Act, 2020, extended funding for TANF through May 22, 2020.

C. CHARACTERISTICS OF TAFDC FAMILIES

In order to evaluate the adequacy of benefits for TAFDC families, it is important to understand the characteristics of these families. Living arrangement, housing type, and geographic location also play a significant role in determining the needs of families throughout the Commonwealth. In this report, the Standard Budgets of Assistance and available benefits are evaluated based on these characteristics.

HOUSEHOLD COMPOSITION

Although the majority of the households receiving TAFDC are single-parent families headed by women, the program also serves other groups including "child-only" cases, in which only children are eligible for assistance, certain pregnant women and pregnant teens for their entire pregnancy, and two-parent families in which both parents are unemployed or under-employed, or one or both are disabled.

Families receiving TAFDC are determined to be work program required or "exempt" from the work requirement. Families may be exempt from the work program requirement if they are:

- Disabled and have submitted documentation that the disability interferes with their ability to work,
- Caring for a disabled child or spouse,
- A woman in the 33rd week of pregnancy or the third trimester of pregnancy with a verified medical condition that interferes with their ability to work,
- Are over age sixty-six, or
- Are a (non-parental) relative caring for a child who is receiving TAFDC.

A parent whose youngest eligible child is under the age of two is also not required to participate in the work program.

TAFDC families who are required to participate in the work program are subject to the 24-out-of-60-month time limit.

Clients can meet the work program requirements by doing one or more qualifying activities for a total of 20 hours a week if the youngest child is age 2 to school age and 30 hours a week if the youngest child is mandatory school age or older. Qualified activities include: working, participating in an approved job readiness/search activity, participating in a Department-approved education, or training activity, participating in a community service program, and participating in housing search if receiving emergency shelter.

As of December 2019, approximately 28% of the caseload were required to participate in a work program while 72% of the caseload were exempt.

HOUSING TYPE AND LOCATION

In addition to variations in household composition, TAFDC clients' needs vary as a result of housing type and location. The majority of clients in public or subsidized housing pay a maximum of 30% of their monthly adjusted income for rent while clients in private housing pay market rates. Moreover, clients who live in metropolitan Boston and on Cape Cod are likely to pay higher housing costs than clients in other areas of the state. **Table 1** below shows the FY19 distribution of TAFDC clients by housing type and location.

TABLE I TAFDC CASELOAD BY HOUSING TYPE AND LOCATION	
Public/Subsidized Housing Statewide	42.2%
Private Housing Metro Boston and Cape Cod	27.4%
Private Housing Outside Metro Boston and Cape Cod	30.4%

II. REVIEW AND UPDATE OF THE AFDC/TAFDC STANDARD BUDGETS OF ASSISTANCE

A. PREVIOUS STANDARDS

This is the thirty-fourth report on the Standard Budgets of Assistance completed by the Department of Transitional Assistance. The first report, released in August 1986, formulated three Standard Budgets of Assistance for AFDC families in FY87. The standards were based on the components of a typical budget for a family of three including housing, utilities, food, clothing, personal care, transportation, household operation and furnishings, and other goods and services. Of the eight components, housing and utility costs generally represent the most significant strain on families' budgets. To reflect the variation in cost due to housing type and location, the Department constructs three standards to approximate living expenses for families. The Standard Budgets of Assistance for FY87 through FY19 are displayed in **Table 2** on the next page.

**TABLE 2
STANDARD BUDGETS OF ASSISTANCE FY87 – FY19 (FAMILY OF THREE)**

Year	Public/Subsidized Housing	Private Housing Inside of Metro Boston and Cape Cod	Private Housing Outside of Metro Boston and Cape Cod
FY87	\$7,745	\$11,117	\$10,373
FY88	\$9,430	\$11,705	\$10,920
FY89	\$9,922	\$12,570	\$11,708
FY90	\$10,484	\$13,325	\$12,408
FY91	\$10,953	\$14,054	\$13,074
FY92	\$11,449	\$14,572	\$13,560
FY93	\$11,601	\$14,833	\$13,794
FY94	\$11,956	\$15,168	\$14,110
FY95	\$12,110	\$15,319	\$14,250
FY96	\$12,284	\$15,607	\$14,520
FY97	\$12,540	\$16,094	\$14,964
FY98	\$12,833	\$16,604	\$15,427
FY99	\$13,039	\$16,991	\$15,791
FY00	\$13,264	\$17,468	\$16,231
FY01	\$13,887	\$18,061	\$16,777
FY02	\$14,733	\$18,935	\$17,576
FY03	\$14,269	\$19,487	\$18,050
FY04	\$14,927	\$20,015	\$18,536
FY05	\$15,427	\$20,529	\$19,015
FY06	\$16,160	\$21,135	\$19,570
FY07	\$17,163	\$21,821	\$20,208
FY08	\$17,383	\$22,104	\$20,480
FY09	\$19,521	\$23,825	\$22,053
FY10	\$17,737	\$22,690	\$21,051
FY11	\$18,239	\$22,859	\$21,224
FY12	\$19,291	\$23,702	\$22,022
FY13	\$19,423	\$24,014	\$22,321
FY14	\$19,937	\$24,517	\$22,776
FY15	\$20,167	\$24,994	\$23,197
FY16	\$20,024	\$25,358	\$23,531
FY17	\$20,231	\$25,786	\$23,903
FY18	\$21,097	\$25,503	\$24,573
FY19	\$21,297	\$27,057	\$25,053

B. TAFDC STANDARD BUDGETS OF ASSISTANCE

TAFDC families have a range of needs that vary household to household.

As noted, the single largest expense TAFDC families typically face is housing. While the three standards capture the overall variation in housing costs between subsidized and non-subsidized housing, and between living in metropolitan Boston or Cape Cod and living outside

metropolitan Boston and Cape Cod, they do not account for other sources of variation. For example:

- Costs of private housing are different in each Massachusetts community;
- Families who live in the same apartment for a number of years are likely to pay lower rents than families who have moved recently. For example, a family living in the same apartment in Allston for seven years may pay much less than a family moving every two to three years in a neighborhood like Jamaica Plain; and
- As of December 2019, approximately 8% of TAFDC families live with another household or in a shelter at any given time and, therefore, may incur little or no housing expenses.

Similarly, the needs of TAFDC families with respect to the other components of the Standard Budgets may also vary depending on unique family circumstances.

C. FY20 TAFDC STANDARD BUDGETS OF ASSISTANCE

The chart below contains the FY20 Standard Budgets of Assistance. Each component in the Standard Budget has been adjusted for inflation. Adjustments are based on changes in the Consumer Price Index (CPI) relative to the Boston Area as determined by the federal Bureau of Labor Statistics.

In FY20, the standard budget for families in private housing inside and outside of Metropolitan Boston is 2% higher than in FY19.

Since the majority of residents of subsidized housing are required to pay up to 30% of their monthly adjusted income for rent, the subsidized housing standard includes a component for the public housing contribution that equals 30% of the total Standard Budget of Assistance. As a result, this component of the subsidized housing standard was not updated using the Boston CPI. The Standard Budget of Assistance for families in subsidized housing is 0.4% higher in FY20 than in FY19. **Table 3** on the next page describes the FY20 Standard Budgets of Assistance.

TABLE 3
FY20 STANDARD BUDGETS OF ASSISTANCE
(FAMILY OF THREE)

Budget Component	Public or Subsidized Housing	Private Housing Inside of Metropolitan Boston and Cape Cod	Private Housing Outside of Metropolitan Boston and Cape Cod
Shelter and Utilities	not applicable	\$15,901	\$13,819
Public Housing Contribution	\$6,415	not applicable	not applicable
Excess Utility Costs	\$3,162	not applicable	not applicable
Food	\$8,758	\$8,758	\$8,758
Clothing	\$636	\$636	\$636
Personal Care*	\$215	\$215	\$215
Transportation	\$971	\$971	\$971
Household Operation and Furnishings	\$552	\$552	\$552
Other goods & services	\$674	\$674	\$674
Total	\$21,383	\$27,707	\$25,625
* Note: Because the Boston Area CPI series for Personal Care was discontinued in November 1997, the inflation rate is derived from the change in the US City Average for Personal Care items.			

III. BENEFITS AVAILABLE TO TAFDC FAMILIES

As part of the Department's review of the TAFDC Standard Budgets of Assistance, this report examines the types and amounts of assistance available to TAFDC families in FY20. By definition, all TAFDC families are eligible for a TAFDC grant. TAFDC families also benefit from additional TAFDC-related services and cash assistance, including a \$350 annual clothing allowance per child in FY20; a \$40 monthly rent allowance for families living in private, unsubsidized housing; and a portion of monthly child support payments if the noncustodial parent is paying a court-enforced order. In addition to benefits provided through the TAFDC program, many TAFDC families are eligible for and receive a number of other benefits, in particular SNAP benefits, fuel assistance, and housing subsidies.

While it is not addressed extensively in the discussion of benefits available to TAFDC families, it is important to emphasize the medical benefits for which these families are eligible. TAFDC families are eligible for MassHealth benefits. According to MassHealth, the average TAFDC family of three received approximately \$12,799 in MassHealth services in FY19.

A. TAFDC BENEFITS

TAFDC GRANT. A family's TAFDC grant amount is based on the family's size. As part of the FY19 TAFDC reforms included in Chapter 154 of the Acts of 2018, the benefit levels for work required families was raised to the thresholds in place for exempt families. The maximum TAFDC benefit level for a family of three is \$593 per month (\$7,116 annually). In FY19, the Massachusetts Legislature repealed the so-called "family cap" rule, which disallowed grant increases for certain additional children born after a family's initial application.

RENT ALLOWANCE. A rent allowance is available to TAFDC clients who live in private, unsubsidized housing. The rent allowance is currently \$40 per month or \$480 annually and is received in addition to a family's regular TAFDC grant. Approximately 43% of all TAFDC households received the rent allowance each month in FY19.

CLOTHING ALLOWANCE. All TAFDC households eligible for assistance in September 2019 were also eligible to receive a clothing allowance of \$350 per child. A typical TAFDC family of three is comprised of a single mother and two children, and therefore received a clothing allowance of \$700 in FY20.

TAFDC EARNED INCOME DISREGARDS. Families with earned income are eligible for work-related deductions from their gross wages, which are used in determining eligibility and in determining the amount of the assistance grant. Approximately 12% of all TAFDC families receive the earned income disregard each month.

During the first six months of employment, working clients can receive a 100% earnings disregard (if their income does not exceed 200% of the Federal Poverty Level). Thereafter, if they remain on benefits, they receive a monthly \$200 work-related expense deduction and an additional one-half of their earnings are disregarded for as long as the family remains eligible for assistance. Income disregards, in conjunction with other available benefits, allow families who are working part-time to raise their income to levels near to or in excess of the Standard Budgets of Assistance and the Federal Poverty Level.

CHILD CARE EXPENSE DEDUCTION. A recipient who is employed may receive a deduction from income equal to the expenditure for the care of a dependent child or incapacitated individual requiring such care. For an applicant employed full time, the amount allowed as a deduction is the actual cost of care, including transportation to and from dependent care, but cannot exceed \$175 per month per dependent child age 2 or older or \$200 per month per dependent child under 2 years of age. The deduction occurs after other income deductions.

\$50 CHILD SUPPORT DISREGARD PAYMENT. The Department returns the first \$50 of current child support collected by the Department of Revenue on behalf of the TAFDC family to the family without reducing their grant. In FY19, approximately 9% of the TAFDC caseload received a \$50 child support disregard payment in any given month. On an annual basis, a family may receive up to \$600 in child support disregard payments. The actual value of child support

disregard payments differs, depending on whether a recipient is receiving SNAP benefits. Under federal regulations, clients receiving SNAP benefits have their SNAP benefits reduced when they receive a child support disregard payment. For every \$10 in child support received, a family will lose about \$3 in SNAP benefits. Thus, for a family receiving SNAP, the annual value of child support disregard payments is about \$420.

CRIB AND LAYETTE PAYMENTS. A TAFDC special needs payment of up to \$300 is available to purchase a crib and layette for families with a newborn infant. In FY19 there were a total of 2,505 Crib and Layette payments made to TAFDC clients at an average payment of about \$300.

RELOCATION BENEFITS. A relocation benefit of up to \$1,000 may be provided to secure permanent housing for a TAFDC family that has been in a family shelter, a shelter for domestic violence, or a teen structured living program for a period of 60 days or more. The relocation benefit is for expenses directly related to the family's inability to secure permanent housing and may be used for expenses including advance rent, security deposit, rent arrearage, utility arrearages or deposit, storage, and/or moving expenses. During FY19 there were approximately 555 cases that utilized relocation benefits with an average benefit of \$925.

B. OTHER BENEFITS AVAILABLE TO TAFDC FAMILIES

In addition to benefits and allowances available through the TAFDC program, a number of other benefits are available to TAFDC families. These benefits, which are provided by or funded through other state agencies and/or the federal government, include:

Child Care. The Department works closely with the Department of Early Education and Care (EEC) in order to ensure that the child care needs of the Department's families are met. Through EEC, the Commonwealth provides child care to TAFDC clients who are working or participating in an approved activity, such as the Employment Services Program (ESP); transitional child care to former TAFDC clients in their first year of employment; and an additional year of post-transitional child care if the former recipient is employed. After the year of post-transitional services, former TAFDC clients become eligible for income-eligible child care services. In FY19, EEC served approximately 6,000 children a month from 3,400 active TAFDC families. The average cost per slot for these families was \$10,308.

Public and Subsidized Housing. Both the federal government and the Commonwealth operate public housing and rent subsidy programs. Approximately 42% of all TAFDC clients resided in public or subsidized housing at any given time during the FY19. The majority of families living in public or subsidized housing pay a maximum of 30% of their income for rent.

Supplemental Nutrition Assistance Program. Funded by the federal government and administered by the state, Supplemental Nutrition Assistance Program (SNAP) provides eligible families with Electronic Benefits Transfer (EBT) cards that can be used to purchase food in the same manner as a debit or bank card. The maximum FY20 SNAP benefit available to a TAFDC non-exempt family of three is \$6,108. The average SNAP benefit for TAFDC clients in FY19 was \$4,362. In FY19, approximately 90% of all TAFDC families participated in SNAP. The fact that

some TAFDC households did not participate may be due to a number of factors, including living with another family whose income makes the household ineligible for SNAP benefits.

Fuel Assistance. Administered by the Department of Housing and Community Development (DHCD), fuel assistance is available through the Low-Income Home Energy Assistance Program (LIHEAP), which provides fuel payments to low income families. The program represents a joint effort by federal and state government to ensure that adequate heating and energy assistance is available to poor families in the Commonwealth. In FY19, LIHEAP assisted 6,294 TAFDC families. Approximately 79% of these families were electric or natural gas utility customers who received a maximum of \$1,350 (average benefit of \$893), 15% were oil customers who received a maximum benefit of \$1,860 (average benefit of \$1,385), and the remaining customers had alternate forms of heating, such as wood, propane and coal.

Federal Earned Income Tax Credit. The federal Earned Income Tax Credit (EITC) is a tax benefit for working people who earn low or moderate incomes. Workers who qualify for the EITC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year, plus a refund up to the maximum EITC level. In 2019, a worker with one child and an adjusted gross income less than \$41,094 was eligible for an EITC of up to \$3,526. A worker with two children and an adjusted gross income less than \$46,703 was eligible for an EITC of up to \$5,828. A worker with three or more qualifying children and an adjusted gross income less than \$50,162 was eligible for a maximum credit of up to \$6,557.

Massachusetts Earned Income Tax Credit. The Massachusetts state EITC increased from 23% to 30% of the federal EITC in January 2020.

Emergency Shelter. Administered by DHCD, the Emergency Assistance (EA) program provides emergency shelter for families who have become homeless. In FY19, approximately 6% of TAFDC families received emergency shelter benefits.

Other Benefits. Families receiving TAFDC are often eligible for a variety of other federal and state programs including: free school breakfasts and lunches to eligible low-income schoolchildren; free transportation to medical appointments through MassHealth, if needed; and food supplements to women and children at risk because of inadequate income and nutritional insufficiencies through the Women, Infants and Children (WIC) program.

Not all families receive all benefits, but most families will receive a combination of these benefits in addition to TAFDC benefits. **Table 4** indicates the approximate extent to which TAFDC families receive some of these additional benefits.

TABLE 4 ESTIMATED PERCENTAGE OF TAFDC FAMILIES RECEIVING ADDITIONAL BENEFITS FY19		
Benefit	Typical FY19 Value	Estimated Percentage of Families Receiving Benefit
TAFDC Basic Grant (<i>non-exempt family of three</i>)	\$7,116	100%
TAFDC Rent Allowance	\$480	43%
TAFDC Clothing Allowance (<i>assumes 2 children</i>)	\$700	100% of eligible families
TAFDC Earned Income Disregard*	\$5,235	13%
TAFDC Work Expense Deduction	\$2,400	13%
TAFDC Child Support Disregard	\$420	9%
SNAP Benefits	\$4,362	94%
Fuel Assistance**	\$981	15%
Crib-Layette Payments	\$300	6%
Child Care (<i>family with 2 children</i>)	\$18,245	11%
* Percentage based on number of cases with earnings in October 2019		
** Based on LIHEAP benefits paid to customers with heating oil; gas/electric utilities; and other forms of heating assistance (such as kerosene, wood, propane, etc.)		

IV. ASSESSING THE ADEQUACY OF BENEFITS

This section reviews the results of efforts to improve benefits available to TAFDC families and provides a comparison of TAFDC and SNAP benefits with the Standard Budgets of Assistance and the Federal Poverty Level.

A. TAFDC BENEFITS AND INFLATION: FY89 – FY20

Benefits available to AFDC/TAFDC families have not increased significantly since the late eighties.

While TAFDC benefits (grant, rent allowance, and clothing allowance) for families living in unsubsidized housing were increased by a cumulative total of 41% between FY85 and FY89, since FY89 grants have been increased once, in FY01, by 10%. Reforms in the FY19 budget simplified the grant calculations between exempt and non-exempt households, increasing the grant limits for non-exempt households by 2.65%, while the limits for exempt households remained the same. There has been no increase in the rent allowance, while the clothing allowance has been increased by \$200 per child. As noted in **Table 5**, FY20 TAFDC grants exceed the grants available in FY89 by 13%, while inflation for the same period is approximately 128%.

TABLE 5 COMPARISON OF FY89 AFDC AND FY20 TAFDC BENEFITS (FOR A FAMILY OF THREE)			
	FY89	FY20	Increase
Grant	\$6,300	\$7,116	+13%
Rent Allowance	\$480	\$480	0%
Clothing Allowance	\$300	\$700	+133%
TOTAL	\$7,080	\$8,296	+17%
Inflation FY89 vs. FY20*			128%
* Inflation figure obtained by comparing July 1988 and September 2019 Consumer Price Indices			

B. BENEFITS COMPARED TO THE STANDARD BUDGETS OF ASSISTANCE

In the following comparisons of the Standard Budgets of Assistance with the benefits available to TAFDC families, only TAFDC benefits and SNAP benefits have been included. Although TAFDC families may be eligible for and receive a variety of other benefits, the majority of TAFDC families will receive cash assistance and SNAP.

As shown in **Table 6**, FY20 TAFDC benefits plus SNAP benefits are 53%-67% of the FY20 Standard Budgets of Assistance.

TABLE 6 COMPARISON BETWEEN FY20 TAFDC BENEFITS AND FY20 STANDARD BUDGETS OF ASSISTANCE (NON-EXEMPT FAMILY OF THREE)				
Living Arrangement	Benefit Component	FY20 Benefit	FY20 Standard	Benefits as % of Standard
Public Housing	Grant	\$7,116	\$21,383	67%
	Clothing Allowance	\$700		
	SNAP benefits	\$6,504		
	Total	\$14,320		
Private Housing Inside of Metropolitan Boston	Grant	\$7,116	\$27,707	53%
	Clothing Allowance	\$700		
	SNAP benefits	\$6,360		
	Rent Allowance	\$480		
	Total	\$14,656		
Private Housing Outside of Metropolitan Boston	Grant	\$7,116	\$25,625	57%
	Clothing Allowance	\$700		
	SNAP benefits	\$6,360		
	Rent Allowance	\$480		
	Total	\$14,656		

When a family has earned income, the total combined income and benefits as a percentage of the standard budgets will increase significantly. In addition, several reforms to TAFDC were implemented in recent years, including a revised method of calculating grants for households

with earned income. Newly employed TAFDC households now have 100% of their earnings disregarded for the first six months of employment, returning to the \$200 work expense deduction and 50% earned income disregard thereafter. The examples below demonstrate the impact of this change: one with the full 100% earnings disregard, and one with the 50% disregard, which represents not only what was in place prior to FY19 reforms but also what occurs after six months of employment for those clients who remain on the caseload.

As **Table 7** indicates, part-time employment of 20 hours per week at the minimum wage raises family income to levels above the Standards when 100% of the earned income is disregarded. And as mentioned earlier, the federal and state Earned Income Tax Credits are also available to working people with low income.

TABLE 7 COMPARISON OF TAFDC BENEFITS PLUS EARNINGS AND STANDARD BUDGETS OF ASSISTANCE IN FIRST SIX MONTHS OF EMPLOYMENT (DISREGARDING 100% OF EARNED INCOME) (FOR A FAMILY OF THREE WITH EARNINGS)			
Living Arrangement	FY20 Benefits & Earnings	FY20 Standards	Benefits & Earnings as % of Standard
Public and Subsidized Housing	\$32,042	\$21,383	150%
Private Housing Inside of Boston and Cape Cod	\$30,278	\$27,707	109%
Private Housing Outside of Boston and Cape Cod	\$30,278	\$25,625	118%
Notes: <ul style="list-style-type: none"> Earnings based on working 20 hours per week at minimum wage: \$12/hr. from July through December 2019 and \$12.75/hr. from January through June 2020. Benefits include: TAFDC Grant, SNAP, Rent Allowance, Clothing Allowance, the Federal Earned Income Tax Credit, and the Massachusetts State Earned Income Tax Credit. 			

The 100% earnings disregard provides clients the opportunity to expand work participation without fear of losing essential supports, to build income and assets, and thereby to exit TAFDC more quickly and better equipped to continue on a path to economic security. Despite this, there are some families with earnings who remain on the caseload beyond six months.

As **Table 8** shows, even with the 50% disregard after the first six months, earned income improves the family income levels relative to the Standards.

TABLE 8
COMPARISON OF TAFDC BENEFITS PLUS EARNINGS AND STANDARD BUDGETS OF ASSISTANCE
AFTER FIRST SIX MONTHS OF EMPLOYMENT (DISREGARDING 50% OF EARNED INCOME)
(FOR A FAMILY OF THREE WITH EARNINGS)

Living Arrangement	FY20 Benefits & Earnings	FY20 Standards	Benefits & Earnings as % of Standard
Public and Subsidized Housing	\$27,635	\$21,383	129%
Private Housing Inside of Boston and Cape Cod	\$27,971	\$27,707	101%
Private Housing Outside of Boston and Cape Cod	\$27,971	\$25,625	109%

Notes:

- Earnings based on working 20 hours per week at minimum wage: \$12/hr. from July through December 2019 and \$12.75/hr. from January through June 2020.
- Benefits include: TAFDC Grant, SNAP, Rent Allowance, Clothing Allowance, the Federal Earned Income Tax Credit, and the Massachusetts State Earned Income Tax Credit.

C. BENEFITS COMPARED TO THE FEDERAL POVERTY GUIDELINE: FY85-FY20

The Federal Poverty Guideline is another commonly used measure of the adequacy of benefits. In FY20, benefits—including available federal SNAP benefits—for a non-exempt TAFDC family of three with no earnings, living in private unsubsidized housing, are 69% of the 2020 Federal Poverty Guidelines. However, as noted in **Table 9**, non-exempt families with part-time earnings and with similar housing, who utilize the federal and state Earned Income Tax Credits, have income above the Federal Poverty Guideline. It should be further noted that the Federal Poverty Level only varies by family size, and therefore does not consider the regional differences in cost of living. Massachusetts has one of the highest costs of living in the country.

TABLE 9
COMPARISON OF BENEFITS FOR TAFDC CLIENTS AND THE FEDERAL POVERTY LEVEL FROM
FY85 vs. FY20
(FAMILY OF THREE IN PRIVATE HOUSING)

	FY85	FY20	Household with Earnings FY20
TAFDC Grant	\$4,752	\$7,116	\$4,401
Earnings*	not applicable	not applicable	\$13,065
Federal Earned Income Tax Credit**	not applicable	not applicable	\$5,828
State Earned Income Tax Credit	not applicable	not applicable	\$1,340
Clothing Allowance	\$250	\$700	\$700
Rent Allowance	\$0	\$480	\$480
SNAP benefits	\$1,884	\$6,360	\$4,260
TOTAL Benefits and Earnings	\$6,886	\$14,656	\$30,074
Federal Poverty Guideline	\$8,460	\$21,330	\$21,330
TOTAL as a Percentage of Federal Poverty Guideline	81%	69%	141%
* Earnings based on working 20 hours per week at minimum wage: \$12/hr. from July through December 2019 and \$12.75/hr. from January through June 2020.			
** Federal Earned Income Tax Credit assumes a family comprised of a single parent with two children			

V. CONCLUSION

To provide TAFDC benefits at the levels of the Standard Budgets of Assistance, TAFDC payment and need standards would have to be increased by 99% - 154% depending on living arrangement.

TAFDC families can significantly improve their position relative to the Standard Budgets if they have earnings. To that end, the Department continues to place emphasis on economic mobility and employment and is working as a key partner in the state's implementation of the Workforce Investment and Opportunity Act (WIOA). In support of this effort, DTA has implemented policy reforms within the TAFDC Program designed to: (1) simplify and streamline program rules and requirements for working families; (2) better incentivize and support employment and employment-related activities; and (3) ease the "cliff effect" during transition to economic self-sufficiency.