



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
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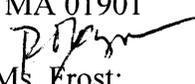
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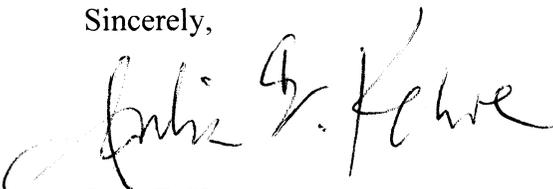
May 1, 2008

Robyn Frost, Executive Director
Massachusetts Coalition for the Homeless
15 Bubier Street
Lynn, MA 01901


Dear Ms. Frost:

The Department of Transitional Assistance, as directed by the Supreme Judicial Court, has updated the Report on Standard Budgets of Assistance. The attached report contains the FY08 standards, which have been updated for inflation, and a comparison of the standards to the benefits available to TAFDC recipients in the Commonwealth.

Sincerely,


Julia E. Kehoe
Commissioner

Enclosures

**FY08 REPORT TO THE GREAT AND GENERAL COURT
OF THE COMMONWEALTH OF MASSACHUSETTS
ON STANDARD BUDGETS OF ASSISTANCE
FOR THE TRANSITIONAL AID TO FAMILIES
WITH DEPENDENT CHILDREN PROGRAM**

**Department of Transitional Assistance
Executive Office of Health and Human Services
Commonwealth of Massachusetts**

EXECUTIVE SUMMARY

The following report presents the FY08 Standard Budgets of Assistance for a family of three receiving Transitional Aid to Families with Dependent Children (TAFDC). TAFDC is the program which, under state and federal welfare reform, replaced AFDC as the Commonwealth's welfare program for needy families. This report discusses the TAFDC program, reviews the benefits available to TAFDC recipients in FY08, and compares those benefits to the Standard Budgets. The benefits available under the TAFDC program are below the Standard Budgets of Assistance. However, combining available benefits with part-time employment increases a family's total income to levels that approach or exceed the Standard Budgets.

The Transitional Aid to Families with Dependent Children Program

Chapter 5 is the state's Welfare Reform act that was signed into law on February 10, 1995. Transitional Aid to Families with Dependent Children is the state's cash assistance program created by Chapter 5. Families receiving TAFDC are determined "exempt" or "non-exempt" from the program's work requirement, benefit reduction, and two-year time limit. Exempt families are those that are unable to work due to a disability, pregnancy, or because they are caring for a disabled spouse or child. Families where the youngest child at the time of application is less than two years old, or where the grantee is not included in the grant are also considered exempt. Non-exempt families are subject to a 2.75% benefit reduction, a work requirement, and the time limit.

For those families subject to the 2.75% benefit reduction, the earned income disregard (the amount of income not counted when determining a family's grant) is equal to \$30 and 1/2 of a recipient's earned income. For exempt families who choose to work, the earned income disregard is equal to \$30 and 1/3 of a recipient's earned income. Income disregards remain in place 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 or in excess of the Standard Budgets of Assistance and the Federal Poverty Level.

Additional benefits are not paid to families for children born while receiving assistance, except in limited circumstances. While cash benefits are not increased for children born to families already receiving TAFDC benefits, these children are eligible for MassHealth, Food Stamps, and child care.

Teen parents are required to attend high school or a program for a general equivalency degree (GED) full-time in order to receive benefits. Additionally, teen parents are required to live with a parent, an adult relative, or in a structured setting approved by the Department unless they have demonstrated sufficient independent living skills.

Under federal Welfare Reform, signed into law August 22, 1996, the Temporary Assistance to Needy Families (TANF) block grant replaced the federal entitlement to AFDC benefits. The Commonwealth's state plan to continue operating the TAFDC program under TANF was approved by the federal government on January 28, 1997.

Standard Budgets of Assistance

The Department of Transitional Assistance published the first study on the Standard Budgets of Assistance for families receiving AFDC in August 1986 and has updated the report annually. The standard budgets are based on components of a typical budget (including housing, utility costs, food, and clothing) for a family of three. This is then compared against the existing Budgets of Assistance that include TAFDC grants, Food Stamps, and other financial assistance programs.

TAFDC families receive a monthly grant that varies depending on family size, living arrangement, and exemption status. The maximum grant for a non-exempt family of three is \$578. If the family is living in private, unsubsidized housing, they are eligible to receive an additional \$40 per month rent allowance. Households eligible for TAFDC in September 2007 received a clothing allowance of \$150 per child.

TAFDC families in which the grantee is working or participating in the Employment Services Program (ESP) are eligible for child care provided through the Department of Early Education and Care (DEEC). Working with the Department, DEEC helps families to find and to pay for child care that meets their specific needs. In addition, the Department provides a deduction for child care in a family's grant calculation when families incur out-of-pocket child care expenses.

The Emergency Assistance (EA) program provides emergency shelter for families who have become homeless. In FY07, approximately 4.8% of all TAFDC families received emergency shelter benefits.

Low-income families are often eligible for other benefits funded through other state agencies and/or the federal government. Not all families receive all benefits, but some families do receive a combination of these benefits in addition to TAFDC benefits. Other types of assistance to be discussed further in this report include Food Stamps, Child Support, Fuel Assistance, the state and federal Earned Income Tax Credits for families with earnings, and one-time payments for crib and layettes for newborns. Additional benefits available to low-income families, but not discussed in this report include free school meals, transportation to medical appointments through MassHealth, and food supplements through the Women, Infants and Children (WIC) program.

Benefits vs. the Standard Budgets of Assistance

FY08 TAFDC and Food Stamp benefits do not meet the Standard Budgets of Assistance. Comparisons of the benefits available to TAFDC families and the Standard Budgets of Assistance include only TAFDC benefits and Food Stamps. As noted above, TAFDC families may be eligible for and receive a variety of additional benefits, but only TAFDC and Food Stamp benefits will be received by nearly all TAFDC recipients. As **Table 1** demonstrates, FY08 TAFDC benefits plus Food Stamps for non-exempt families are between 57% and 62% of the FY08 standards, depending on living arrangement.

Living Arrangement	TAFDC and Food Stamps	FY08 Standard	Benefits as % of Standard
Public and Subsidized Housing	\$10,740	\$17,383	62%
Private Housing Inside of Metropolitan Boston	\$12,636	\$22,104	57%
Private Housing Outside of Metropolitan Boston	\$12,636	\$20,480	62%

However, if a family has some earnings from 20 hours of work per week at \$8.00 per hour (increased from \$7.50 effective 1/1/08), the comparison between the family's combined income and benefits with the Standard Budgets improves considerably, as is demonstrated in **Table 2**.

Table 2 FY08 TAFDC Benefits Plus Earnings vs. FY08 Standard Budgets of Assistance (for a Non-Exempt Family of Three with Earnings)			
Living Arrangement	TAFDC, Food Stamps, and Other Benefits	FY08 Standards	Benefits as % of Standard
Public and Subsidized Housing	\$18,489	\$17,383	106%
Private Housing Inside of Boston and Cape Cod	\$20,385	\$22,104	92%
Private Housing Outside of Boston and Cape Cod	\$20,385	\$20,480	100%
Notes: <ul style="list-style-type: none"> • Earnings based on working 20 hours per week at \$8.00/hr minimum wage • Benefits include: TAFDC Grant, Food Stamps, Rent Allowance, Clothing Allowance, the Federal Earned Income Tax Credit, and the Massachusetts state Earned Income Tax Credit. 			

Conclusion

In *Coalition for the Homeless v. Secretary of Human Services*, 400 Mass. 806 (1987), the Supreme Judicial Court recognized that the Department may be confronted with a dilemma in dealing with the level of [T]AFDC payments authorized by the budget and its duty under c. 118, §2 to provide aid sufficient to enable parents to bring up children properly in their own homes. Because the level of TAFDC benefits does not meet the levels identified in this report on Standard Budgets of Assistance, the Department requests that the Legislature provide a solution to this dilemma. Although TAFDC and Food Stamp benefits alone do not raise a typical family of three to the Standard Budgets of Assistance, a TAFDC family can significantly improve its position relative to the Standard Budgets if it has some earnings. To that end, the Department places a strong emphasis on assisting families in securing employment.

**FY08 Report on Standard Budgets of Assistance
For The Transitional Aid to Families With Dependent Children Program**

I. INTRODUCTION

A. Legal Background

The Department of Transitional Assistance 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 review annually the adequacy of its standard budgets of assistance in the Aid to Families with Dependent Children (AFDC) 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 AFDC parents to bring up children properly in their own homes. Under Chapter 5 of the Acts of 1995, the Transitional Aid to Families with Dependent Children (TAFDC) program replaced the AFDC program on November 1, 1995.

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." Historically, AFDC was a joint federal and state program, which gave states considerable discretion in setting the standards of need and payment. The federal government's Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) maintains this flexibility for the TAFDC program.

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 AFDC grant levels in comparison with the standard budget or budgets of assistance and with changes in the consumer price index."

The Court recognized that the Department may be confronted with a dilemma in dealing with the level of AFDC payments authorized by the budget and its duty under c.118, §2 to provide aid sufficient to enable AFDC parents to bring up their children properly in their own homes. The Court required the Department to respond to this dilemma as follows: "If in any year the department concludes that the funds appropriated for AFDC purposes are insufficient to permit it to furnish that level of financial aid which §2 directs it to provide, the department has an obligation to bring its inability to comply with the payment level described in §2 to the attention of the Legislature and to ask that it appropriate an adequate sum or that it provide some other solution to the dilemma."

The Court held that the Department, in determining whether sufficient funds have been appropriated to give financial assistance at the level required by §2, may consider the assistance provided to parents with dependent children not only through AFDC but also through other financial assistance programs, such as Food Stamps, fuel assistance, and public or subsidized housing programs.

Finally, the Court held that the Department has an obligation under c.118, §2 to provide aid sufficient to permit AFDC families to live in a home and that furnishing accommodations in

hotels, motels and emergency shelters does not fulfill the Department's duty under §2. "While the provision of temporary emergency housing for homeless families is a necessary component of any plan to combat homelessness, housing families for extended periods in the conditions of shelters and motels is not an adequate substitute for the permanent, stable home environment contemplated by G.L. c.118. §2."

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."

B. The Aid to Families with Dependent Children (AFDC) Program

The Aid to Families with Dependent Children (AFDC) program was a 50% federally funded, state administered program that provided benefits to families and children with little or no assets and income. In order to qualify for assistance through AFDC, a family had to include children deprived of support by an absent, deceased, incapacitated or unemployed parent. In addition, women in their third trimester of pregnancy with no dependents were also eligible to receive AFDC benefits. All AFDC recipients were required to meet income and asset requirements.

As of November 1, 1995, the AFDC program in Massachusetts was replaced by the Transitional Aid to Families with Dependent Children program (TAFDC).

C. 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, federal welfare reform, which was signed into law August 22, 1996, has replaced federal reimbursement with a federal block grant (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 through federal fiscal year 2010.

The TAFDC program stresses work as a means to self-sufficiency. Recipients are provided training, child care, job counseling and other supports and those with earnings have a portion of their income disregarded when calculating benefit amounts. Benefits for work-required recipients are subject to a time limit (24 months out of 60 consecutive months). Teen parents without a high school diploma are required to enroll in school or a GED program, and if unable to live at home, must live in a structured living program provided by the Commonwealth, where they can receive the supports they need to become self-sufficient. The program also includes a family cap which disallows grant increases for certain additional children born after a family's initial application.

D. 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 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 on the basis of 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; pregnant women in their third trimester; and two parent families in which both parents are unemployed or under-employed, or one or both are disabled.

Families receiving TAFDC are determined "exempt" or "non-exempt" from the program's work requirement, benefit reduction, and time limit. Prior to July 1, 2003, a non-exempt TAFDC family with a child under school age, who did not meet another exemption criteria, while time-limited, was not subject to the work requirement. Currently all non-exempt families have a work requirement. As of January 2007, approximately 75% of the caseload is exempt, and 25% is non-exempt.

Exempt families include the following: disabled parents; parents caring for a disabled child, spouse or other family member; parents whose youngest eligible child is less than two or who have any child that is less than three months; women in their third trimester of pregnancy; teen parents who are attending school full time; persons over age sixty; and caretaker relatives. These families receive benefits that are 2.75% higher than those received by non-exempt families. TAFDC families not qualifying for an exemption receive higher earned-income disregards and are subject to the 24-out-of-60 month time limit and the work requirement.

Recipients can meet the Work Program requirements by doing one or more qualifying activities for a total of 20 hours if the youngest child is age 2 to school age, 24 hours if the youngest child is age 6 to 8, and 30 hours if the youngest child is 9 or older. Qualified activities include: working in a subsidized or unsubsidized job; participating in the Supported Work Program; participating in the Community Service Program; participating in a Department approved education and training activity; and participating in housing search if receiving emergency shelter.

Housing Type and Location

In addition to variations in household composition, TAFDC recipients' needs vary as a result of housing type and location. The majority of recipients in public or subsidized housing pay a maximum of 30% of their monthly adjusted income for rent while recipients in private housing pay market rates. Moreover, recipients who live in metropolitan Boston and on Cape Cod are likely to pay higher housing costs than recipients in other areas of the state. **Table 1** below shows the FY07 distribution of TAFDC recipients by housing type and location.

Subsidized Housing, Statewide	43%
Private Housing, Metro Boston and Cape Cod	27%
Private Housing, Outside Metro Boston and Cape Cod	30%
* Based on the breakdown of 73,423 unduplicated families receiving TAFDC in FY07.	

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

A. Previous Standards

This study is the twenty-second 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 & 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 FY07 are displayed in **Table 2**.