

Senate Ways and Means FY 2019 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

May 11, 2018

Yesterday the Senate Committee on Ways and Means released its budget proposal for fiscal year 2019 (FY 19), bill number SB4 (SWM). MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

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Cash Assistance, SNAP, and Related Items Administered by Department of Transitional Assistance (DTA)

Account	Description	FY 18 General Appropriation*	FY 19 Gov.'s Budget	FY 19 House†	FY 19 SWM
4403-2000	TAFDC	\$162.85M	\$194.11M	\$192.10M	\$200.78M
4401-1000	Employment Services Program	\$14.19M	\$14.16M	\$14.24M	\$14.26M
4400-1979	Pathways to Self Sufficiency	\$1.00M	\$1.00M	\$1.00M	\$1.00M
4408-1000	EAEDC	\$77.91M	\$74.87M	\$76.26M	\$74.87M
4405-2000	State supplement to SSI	\$220.23M	\$220.47M	\$220.47M	\$220.47
4403-2007	Supplemental Nutritional Program	\$600,000	\$300,000	\$300,000	\$300,000
4400-1020	Secure Jobs Connect	\$650,000	\$650,000	\$500,000	\$650,000
4403-2008	Transportation Benefits for SNAP Work Program Participants	N/A	\$960,000	\$1.00M	\$1.50M
4403-2119	Teen Structured Settings Program	\$10.03M	\$8.81M	\$8.81M	\$8.81M
4400-1100	Caseworkers Reserve	\$70.79M	\$72.81M	\$72.79M	\$72.83M
4400-1000	DTA Administration and Operation	\$62.34M	\$62.69M	\$62.65M	\$62.69M
4400-1025	Domestic Violence Specialists	\$1.56M	\$1.61M	\$1.61M	\$1.61M
4401-1001	Food Stamp Participation Rate Programs	\$4.38M	\$4.51M	\$3.26M	\$6.16M
4400-1004	Healthy Incentives Program (HIP)	Included in 4401-1001	Included in 4401-1001	\$3.50M	Included in 4401-1001

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

- The Senate Ways and Means budget would Lift the Cap on Kids effective January 2019 (item 4403-2000, sections 21, 30, 31, 33, 35-37, 62)!** The Cap on Kids – also called the Family Cap – denies TAFDC benefits to children conceived while the family was receiving assistance. Massachusetts denies benefits to 8,700 children because of the Cap on Kids. One hundred eighteen organizations have endorsed the Campaign to Lift the Cap on Kids. The House budget repealed the Cap on Kids effective July 2019. Senate Ways and Means Chairwoman Karen Spilka’s Executive Summary of the Budget describes the current policy as “outdated,” “unjust,” and “failed.”
- SWM would increase the annual TAFDC children’s clothing allowance to \$350 (item 4403-2000).** The House kept the clothing allowance at \$300 a year. The small clothing allowance payment helps low-income families provide winter clothes for their

* Throughout the tables in this document “FY 18 General Appropriation” refers to the amount appropriated through the General Appropriations Act. These amounts do not include supplements.

† Throughout the tables in this document “FY 19 House” refers to the amounts passed by the House, including all amendments.

children. The children's clothing allowance is paid in September for each child receiving TAFDC. Last year the Legislature increased the clothing allowance from \$250 to \$300 a year. The Governor vetoed the increase and purported to rewrite the line item to provide for a \$250 annual clothing allowance. Legal experts say the Governor does not have the power to rewrite a line item, but DTA nevertheless paid only \$250 in September. The Legislature overrode the veto in October. DTA did not finally pay the \$50 that was owed until March 2018, six months after it was supposed to have been paid. While \$50 is a small amount, it is concerning that the Administration demonstrated such lack of regard for very low-income children as well as lack of regard for the limits of the Governor's power. Like the House, SWM also increases the standard of need in September when the clothing allowance is paid to allow very low-income working families to qualify.

- **Senate Ways and Means adopts the Governor's proposal to disregard all of the family's earned income for 6 months after the start of employment (sections 32, 34).** Total income cannot go over 200% of the federal poverty level. The House did not adopt this proposal. SWM, like the House, did not adopt another House 2 proposal that would have reduced benefits after 6 months by \$100 a month, and also rejected the Governor's proposal to make it harder for working applicants who recently received TAFDC to requalify for benefits.
- **Senate Ways and Means eliminates reduced grants for work-required families (item 4403-2000, section 32).** Since 1995, grants for work-required families have been set at 2.75% less than grants for families who are not work-required (generally, families where the parent has a severe disability and families with a very young child). For example, the maximum grant for a family of three subject to the work requirement and time limit is \$578 a month, compared with a maximum grant of \$593 a month for families who are exempt from the work requirement and time limit. The 2.75% grant reduction adds complexity to the program without promoting any discernible policy goal. The Governor proposed to raise TAFDC benefits for families who are subject to the work requirement to the amounts for non-work-required families. Eliminating the differential grant amounts is a good step towards simplifying an overly complicated program and would provide a small but welcome benefit (about \$15 a month) to about 7,000 families. The House did not include the grant equalization provision.
- **TAFDC asset limit not raised.** Unlike the House, SWM does not adopt the Governor's budget proposal to raise the asset limit from \$2,500 to \$5,000. Raising the asset limit would be a step in the right direction but the better policy would be to eliminate it altogether. As DTA points out, "States that have removed asset limits have not seen any net caseload increase either in application rates or approval rates. These states also saw no increase in [cash assistance] expenditures." DTA Report on Economic Independence Accounts (March 2018). Because applicants for and recipients of TAFDC rarely have substantial assets, the asset test adds to administrative burdens without reducing program costs. A recent policy brief from the Pew Charitable Trusts concludes that "asset limits return no advantage to the states that use them and expend resources to administer them."
- **Transitional Support Services included at not less than \$1 million (item 4403-2000).** Transitional Support Services is a program created at the Administration's initiative in

FY17 for families who lose eligibility for TAFDC because of earnings. 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. Neither the House nor the Governor specified retention of Transitional Support Services. However, DTA said that the Administration intended to retain them at a cost of \$3.2 million in FY19. The SWM proposed line item would provide enough to cover TSS benefits at that amount.

- **SWM proposes \$200.9 million for TAFDC (item 4403-2000)** compared with the House amount of \$192.1 million. Both the House and the Governor may have based their projections of the appropriation that would be needed on the uptick in the caseload in late calendar year 2017 when families fleeing Puerto Rico in the aftermath of the hurricane came to the mainland. However, in the first months of calendar year 2018 the caseload has been going down again, consistent with DTA's expectation that most of the PR evacuees would only need short term assistance. The recent caseload drop may also be partly attributable to the historically low unemployment rate. SWM appears to have recognized some caseload drop, but perhaps not as much as has already occurred and not as much as can be reasonably projected for FY19.

In addition to monthly TAFDC payments and the annual children's clothing allowance, DTA has been using \$3.2 million from this account for Transitional Support Services (far more than the \$1 million required in the SWM proposal) as well as \$3.1 million for transportation benefits (\$80 a month) for families who are employed or in education or training. There is an earmark of \$779,058 for transportation in the Employment Services Program account (4401-1000) but the earmark is far short of what is needed. While we applaud the support for TSS and transportation expenses, we are concerned that the spending is hidden in the TAFDC line item, which historically has been used for monthly TAFDC benefits and the clothing allowance.

The SWM amount would cover monthly benefits, the annual children's clothing allowance at \$350, TSS, transportation, 6 months of family cap repeal, and the improved treatment of earnings. Although House 2 did not specify a delayed effective date for the improved treatment of earnings, House 2 assumed a cost of \$2 million, based on implementation in November 2018 rather than July 2018. SWM may be anticipating a full 12 months. SWM may also be anticipating some costs – not included in the House 2 projection – from equalizing grants.

- **The TAFDC line item (item 4403-2000) includes language requiring the Governor to give 75 days' advance notice to the Legislature before making changes in benefits or eligibility.** The same language is in the House line item. As in past years, the Governor did not include this language. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. In FY10 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. Like the House and unlike the Governor, SWM also requires 75 days' advance notice before DTA proposes any changes to the disability standard. Also like the House and unlike the Governor, SWM retains a requirement that DTA tell recipients about their eligibility for child care.

- **The Employment Services Program (ESP, item 4401-1000) would be almost level-funded at \$14.3 million, and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at \$1 million.** The ESP funding is slightly above the House and House 2 proposals. SWM says that funding shall be provided for the Young Parents Program but unlike the House does not specify level-funding for the Young Parents Program, possibly because the teen parent caseload has been going down. Like the House, SWM earmarks \$1 million for job search services for parents with limited English proficiency. SWM also specifies earmarks for learning disability assessments, the DTA Works Program (paid internships at state agencies); transportation assistance for recipients who are working or in education, training or job search; and a South Middlesex transportation program. Neither the Governor nor the House included these earmarks. Neither SWM, nor the House, nor the Governor specified any other funds for education or training except for the Pathways account. SWM, unlike the Governor and the House, includes a current requirement that the Administration report on program outcomes. SWM – like the FY18 budget, the House, and the Governor – would authorize use of funds from the ESP line item for noncustodial parents with children on TAFDC. This is a worthy purpose but ESP funding is already insufficient to provide the programs and services TAFDC parents need; diverting funds elsewhere would aggravate the funding inadequacy.
- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) does not eliminate the homeless penalty.** Currently EAEDC recipients who are homeless get a grant of only \$92.80 a month, even lower than the \$303.70 a month for single people who are not homeless. The House specifies that individuals experiencing homeless would be paid at the same rate as individuals who incur shelter costs. Removing the homeless penalty is estimated to cost \$1.4 million a year. SWM would fund the account at \$74.9 million, the same as the Governor and about \$1.4 million less than House. Because the EAEDC caseload has been going down, the account has been running a surplus. Eliminating the homeless penalty is long overdue. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state could recover the cost of any grant increase for some EAEDC recipients by helping them establish SSI eligibility. Like the House, and unlike the Governor, SWM’s proposed EAEDC line item includes language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility.
- **The state supplement for Supplemental Security Income (SSI, item 4405-2000) would be funded at \$220.5 million,** the same as the House and the Governor and slightly more than the FY18 amount.
- **The Supplemental Nutrition Program (SNAP, item 4403-2007) would be funded at only \$300,000,** the same as the House and the Governor, compared with \$600,000 in FY18. This program provides a small state food SNAP supplement to thousands of low-income working families who also receive federal SNAP benefits (formerly called Food Stamps). The Governor reduced the \$600,000 appropriation for FY18 to \$300,000. Even though the Legislature overrode the veto, House 2 says the Administration is only planning to spend \$300,000. That amount is not enough to provide a meaningful benefit.

- **Secure Jobs Connect (item 4400-1020)** would be funded at \$650,000, the same as the Governor and slightly more than the House budget. This program provides employment support, job training and job search services for homeless or previously homeless families through community based organizations.
 - **A new line item to provide transportation benefits for SNAP Work Program participants (item 4403-2008)** would be funded at \$1.5 million, compared with \$1 million in the House budget and close to that amount in House 2. Federal SNAP law imposes a work requirement on beneficiaries considered to be “Able Bodied Adults with Dependents.” An estimated 20,000 SNAP recipients lost their nutrition assistance in 2016 and 2017 because of this law; an estimated 6,100 have already lost benefits in April and May this year. DTA has expanded its Employment and Training programs for these individuals but since many of them have no income at all, lack of transportation to get to a work activity has been a barrier. Providing transportation assistance will help. Unfortunately, an even greater investment would be needed to connect all of the at-risk SNAP recipients with a work activity. The difficulty of providing SNAP beneficiaries with a work activity that will allow them to retain critical nutrition benefits should be a cautionary tale to states that are considering imposing work requirements in their Medicaid programs.
2. **Teen Living Programs (item 4403-2119) would be funded at \$8.8 million, the same as the House and the Governor, compared with \$10 million in FY18. According to EOHHHS the reduction is because of savings from the declining caseload in the teen parenting program.**
3. **DTA Administration**
- **The DTA worker account (item 4400-1100) would be increased to \$72.8 million,** \$2 million more than FY18 and very slightly more than the House and the Governor. DTA needs additional staff to process cases timely and accurately. DTA has reduced the wait time for callers but the average wait time is still 20 minutes – far too long, particularly for callers who have limited phone minutes. Lack of sufficient staff also contributed to a backlog of 40,000 unprocessed documents in January. Unprocessed documents cause critical nutrition benefits to be cut off or delayed. DTA does not currently have enough staff to close the SNAP gap (low-income people who are getting MassHealth but not SNAP), while also maintaining access and timely processing for the current caseload.
 - **DTA central administration (item 4400-1000) would get a small increase to \$62.7 million,** the same as the House and the Governor. Like the House and the Governor, SWM proposes to retain language in the current line item that gives the Commissioner the authority to transfer funds between the TAFDC, EAEDC and SSI State Supplement accounts “for identified deficiencies.” For FY18, DTA is transferring about \$4.4 million to TAFDC. While the flexibility is generally good, we would prefer the line item to bar a transfer if it would create a deficiency.
 - **DTA domestic violence workers (item 4400-1025) would be funded at \$1.6 million,** slightly more than FY18 and the same as the House and the Governor.

- **Funding for SNAP processing and outreach (item 4400-1001) would be funded at \$6.2 million, with a \$3 million earmark for the Healthy Incentives Program (HIP).** In addition to HIP, this line item funds the Project Bread Food Source Hotline and other DTA systems projects. For FY18, this line item was funded at \$4.4 million and included an earmark for HIP of \$1.35 million. The House provided \$3.3 million for SNAP processing and outreach and \$3.5 million in a separate line item for HIP for a total of \$6.8 million, compared with the SWM proposal of \$6.2 million.

The HIP program is administered by DTA in coordination with the Mass. Department of Agriculture. It provides a dollar for dollar match, up to a capped amount, for SNAP recipients who make fresh fruit and vegetable purchases at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. Seniors make over half of all HIP purchases. SNAP benefits are so low that without the HIP subsidy, SNAP recipients cannot afford to buy locally-grown fresh fruits and vegetables. The HIP program was such a great success that it had to shut down in April of this year when it ran out of funding. A supplemental budget for FY18 currently in conference committee would add \$2.15 million for FY18. The SWM proposal of \$3 million for HIP is more than double FY18 funding but still falls short of the \$6.2 million needed to sustain the program adequately in FY19.

Child Welfare: Department of Children and Families (DCF) and Related Items

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 House	FY 19 SWM
	Department of Children and Families	\$976.30M	\$998.21M	\$990.18M	1,005.42M
4800-0015	Clinic Support Services and Operation	\$98.38M	\$102.65M	\$102.37M	\$102.78M
4800-0030	DCF Local/Regional Management of Services	\$5.35M	\$6.67M	\$0	\$6.67M
4800-0038	Services for Children and Families	\$289.96M	\$297.01M	\$297.71M	\$297.01M
4800-0040	Family Support and Stabilization	\$47.64M	\$48.91M	\$49.41M	\$50.50M
4800-0041	Congregate Care Services	\$278.59M	\$285.76M	\$285.76M	\$285.76M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	\$250,000	\$250,000	\$250,000	\$750,000
4800-0091	Child Welfare Training Institute Retained Revenue	\$2.67M	\$2.68M	\$2.68M	\$2.68M
4800-0200	DCF Family Resource Centers	\$9.73M	\$10.06M	\$7.78M	\$15.05M
4800-1100	Social Workers for Case Management	\$236.81M	\$236.81M	\$236.81M	\$236.81M
0930-0100	Office of the Child Advocate	\$800,000	\$1.00M	\$1.00M	\$1.20M
4000-0051	Family Resource Centers	\$500,000	\$0	\$0	\$500,000
4512-0200	Bureau of Substance Addiction Services	\$132.58M	\$136.12M	\$137.17M	\$141.78M
4513-1130	Domestic Violence and Sexual Assault Prevention/Treatment	\$31.36M	\$34.11M	\$34.62M	\$37.11M

1. SWM funds DCF at slightly over \$1 billion.

- This is an increase of \$29.1 million over the FY18 allocation and \$15.2 million more than the final House allocation. The bulk of the increase over the House budget is for Family Resource Centers (\$7.3 million increase) and Lead Agencies (\$6.7 million increase).
- After three years of cuts in FY10 through FY12, the legislature began increasing DCF funding. SWM would represent an increase of \$263 million in DCF's budget, a 36 % increase, since the FY12 low mark.

2. SWM would increase critically needed Family Stabilization and Support services (4800-0040) to \$50.5 million.

- This is \$2.8 million more than the current allocation, \$1 million more than the House proposed, and \$1.6 million more than the Governor proposed.
- These are the preventive services needed to keep children safely in their homes and to safely reunify them with their families after they've been placed in foster care. They help avoid the trauma of family disruption when possible as well as the financial costs to the

state of placement in family foster homes or group care. In the approximately 75% of all DCF cases in which the Department is involved because of neglect and not abuse, many children can remain safely at home with the appropriate services. Greater investment in these services reduces the need for costlier out-of-home placements.

- While the SWM allocation is a substantial improvement in family stabilization and support funding, this crucial line item continues to receive a disproportionately small share of DCF's services budget. As of September 2017, 87% of the children in DCF's caseload remained at home or were in foster care with a goal of returning home, yet SWM would allocate only 8% of DCF's total services budget to the family stabilization and support services that these children are supposed to be receiving.
- The newly enacted federal Family First Prevention Services Act will make federal Title IV-E funds available for family stabilization and support, making it easier for MA to more robustly fund these services to keep children safely at home.

3. SWM funds out-of-home placements for children being removed from their families at \$582.8 million (\$297 million for family foster care and \$285.8 million for group care). This is only slightly less than the House allocation and an increase of \$14.6 million above the current budget.

- This significant increase in funding for out-of-home placements tracks the sharp increase in children being removed from their families. Since December 13, 2013, following a series of child tragedies, the number of children placed out of their homes has increased by 25% (from 7677 children in 2013 to 9598 children in September of 2017). This steep increase is due in part to increased vigilance at DCF, in part to the impact of the opioid crisis, and in part to the lack of funding for prevention of child neglect (substance use, mental health, domestic violence, family homelessness services) and to the lack of funding for family stabilization and support services to prevent the recurrence of child neglect.
- According to EOHHS, this increase in funding for out-of-home care includes \$5.6 million for rate-driven increases including the annualization of chapter 257 rate increases, planned foster care rate increases, and chapter 766 school rate increases for FY 19, and it includes \$8.9 million in projected caseload growth.
- The SWM allocation of \$285.8 million for group care (4800-0041) is the same as the House and the Governor proposed and \$7.2 million more than the current allocation. Although fewer children are placed in group care than in family foster homes, group care is significantly more expensive. According to DCF, on average each 10 children in congregate care cost DCF over \$1 million a year.
- SWM would fund family foster care (4800-0038) at \$297 million, slightly less than the House and the same as the Governor proposed. This is \$7.4 million more than the current allocation. For the foster care account, according to EOHHS \$2.8 million of the increase would cover the foster care rate increase and an increase to the clothing allowance to the USDA-recommended 2015 levels of the Cost of Raising a Child.
- SWM would also add \$500,000 to funding for a foster care recruitment campaign (4800-0058) bringing total funding to \$750,000. This campaign is a priority for DCF because of

a shortage of high quality family foster homes. The new federal Family First Act has also put pressure on states to reduce their reliance on group homes as an out-of-home placement option, which will require more family foster homes.

4. The social workers' account would be level-funded; the Training Institute would get a \$10,500 increase to \$2.7 million, which is still below projected FY18 spending.

- SWM would level-fund the social workers account (4800-1100). The administration plans to use surplus funding from FY18 to continue to hire more social workers during FY19.
- According to its most recent publicly available reports DCF increased its social worker workforce by 375 social workers from February 2016 to March 2017. DCF also reported that as of June 2016 it needed 478 additional social workers to meet the caseload ratios it had agreed to with its union. This suggests that as of March 2017 DCF needed to hire at least 100 additional social workers. It is unclear how many workers DCF needs at this time. Social workers need the time to adequately monitor families, intensively manage those that present risk factors, and make sound decisions about whether a child can remain safely at home or needs to be removed.
- Like HWM and the Governor, SWM would increase DCF's training budget (4800-0091) by \$10,500; however, this is \$150,000 less than FY18 projected spending. Adequate funding will be needed to train not only the many new DCF hires but all DCF employees on the many new regulations and policies DCF is currently implementing.

5. DCF's administrative account (item 4800-0015) would be increased by \$4.4 million to \$102.8 million. This is \$400,000 more than the House and \$125,000 more than the Governor's proposal.

- Much of this increase is to cover the costs of new employees, and \$2.6 million is for leases.
- Important reporting requirements are included to ensure that DCF maintains a timely independent and fair administrative hearing system, prioritizes and supports kinship caregivers, and provides services to keep children safely at home and out of foster care

6. SWM includes a total of \$15.5 million in funding for Family Resources Centers; this is \$7.8 million more than the House, \$5.5 million more than the Governor proposed, and \$5.4 million more than the current allocation.

- Family resource centers are currently funded by two different line items. The larger line item is in DCF's budget (4800-0200) and the smaller is in the EOHHS Secretary's budget (4000-0051). SWM would fund the DCF item at \$15 million and the EOHHS item at \$500,000.
- These centers provide one of the few means by which families in crisis can voluntarily receive services to prevent neglect of their children. They 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 recent legislation (the “CRA” law), which replaced the former CHINS program with a system of community-based services for families in need.

7. SWM would fund lead agencies (4800-0030) at \$6.7 million, as the Governor proposed, and \$1.3 million more than current funding. The House budget eliminated funding for lead agencies.

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

8. SWM would fund the domestic violence line item, formerly in DCF’s budget and now in DPH’s budget (4513-11300), at \$37.1 million.

- This is an increase of \$5.8 million over the current allocation, \$2.5 million more than in the House, and \$3 million more than the Governor proposed.
- The costs of DCF’s domestic violence specialists and some shelter costs that were covered by DCF’s domestic violence line item are now covered under other DCF line items.
- Domestic violence services include beds for domestic violence shelters, supervised visitation, and supports to victims of domestic violence, and also pay for DCF domestic violence staff. These services help prevent abuse and neglect. Often, the domestic violence shelter system is full and must turn away many domestic violence survivors who then turn to the Emergency Assistance program for shelter for themselves and their children.

9. Funding for the Bureau of Substance Abuse Services (BSAS) would be increased by \$9.2 million over the FY18 allocation to \$141.8 million (item 4512-0200).

- This exceeds the House amount by \$4.6 million and the Governor’s proposal by \$5.7 million.
- BSAS funds treatment for parents with substance use disorders. This can prevent the occurrence or recurrence of child neglect and enable parents to keep children safe at home.
- In addition to the funding in the BSAS line item, the administration noted that it expects to spend \$30 million in FY19 from the off-budget “Substance Use Disorder Federal Reinvestment Trust Fund” established under Chapter 110 of the Acts of 2017.

10. The Office of the Child Advocate (item 0411-1005) would be increased by \$400,000 to \$1.2 million.

- HWM and the Governor both proposed increases of \$200,000. The SWM allocation would be an even more significant increase for the Child Advocate’s office, which has a broad and growing set of responsibilities to oversee the Commonwealth’s services to and protection of its children.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 House	FY 19 SWM
4000-0009	Office of Health Equity	0	0	\$100,000	0
4000-0328	Reform initiatives & integrated eligibility	\$50,000	0	0	\$50,000
4000-0700	MassHealth Fee For Service Payments	\$2,187.90M	\$2,625.18M	\$2,641.23M	\$2,628.18M
4000-0500	MassHealth Managed Care	\$5,553.25M	\$5,557.01M	\$5,759.01M	\$5,695.71M
4000-0940	MassHealth ACA Expansion Populations	\$2,238.69M	\$2,070.68M	\$2,138.68M	\$2,127.70M
1595-5819	Commonwealth Care Trust Fund	\$0	\$130.77M	\$45.77M	\$45.77M

1. SWM joins the House in rejecting the Governor's proposal to end MassHealth coverage for 140,000 low-income adults.

- In House 2 the Governor proposed ending MassHealth coverage for 140,000 non-disabled adults under 65 with income between 100% and 133% of the poverty level and shifting them to ConnectorCare. SWM joins the House in refusing to authorize this proposal in FY19. The Governor originally proposed the population shift last June for inclusion in the FY18 budget at which time the legislature soundly rejected the idea. In order to make this change, EOHHS would have required approval from both the legislature and the federal Medicaid agency and to date neither seems likely.

2. SWM gives MassHealth more tools to reduce pharmacy spending (Sections 22 and 58).

- In House 2 the Governor made two proposals to control MassHealth pharmacy spending neither of which were adopted by the House. SWM, like the House, rejects the idea of a closed formulary which could have denied beneficiaries' access to vital medicines but, unlike the House, gives EOHHS more tools with which to negotiate rebates from drug manufacturers. It also adds a provision for a MassHealth pharmacy spending target.
- Section 22 of the SWM budget, like Section 42 of House 2, gives EOHHS authority to require disclosure of drug pricing information and impose sanctions on manufacturers who do not negotiate in good faith or engage in unfair pricing. It is based on a law in New York that has shown promising results in negotiating lower Medicaid drug costs.³
- SWM adds a requirement that EOHHS set a pharmaceutical spending target to reflect the desired reduction in the projected increase in the State's share of pharmacy spending for the next fiscal year compared to the current year. Section 58 provides that for FY19 the spending target be 6%. The Secretary will report annually on whether the target was achieved and supplemental rebates received.

³ Pew Charitable Trust Issue Brief, New York's Medicaid Drug Cap, (April 2, 2018)
<http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2018/04/new-yorks-medicaid-drug-cap>

3. SWM does not provide for an Office of Health Equity.

- SWM includes no provision for an office of health equity. Section 4 of the House bill created an office of health equity within EOHHS to address health disparities based on race and ethnicity with funding for the office of health equity in a new line item (4000-0009) and in a proviso in the general administrative line item for EOHHS (4000-0300).
- Last year, both the House and Senate budget bills provided for an office of health equity but the bills differed about whether to limit health equity to issues involving race and ethnicity, or whether to include other types of discrimination, such as gender and disability. The conference committee was unable to resolve the differences, and neither provision was enacted in FY18.

4. SWM restores MassHealth adult dental periodontal services for one month in FY19 (4000-0700).

- MassHealth cut adult dental services in 2010 and since then has restored fillings and dentures but still does not cover periodontal disease. Untreated periodontal disease causes irreversible gum and bone loss, leading to tooth loss. It also directly impacts chronic disease outcomes including those of diabetes, heart disease, and stroke. Periodontal disease in pregnant women can also lead to low birth weight and premature birth.
- SWM adds a proviso to the **4000-0700** fee for service account requiring MassHealth to begin covering adult periodontic services on June 1, 2019, the last month of FY19. SWM Section 52 requires MassHealth to maintain coverage for all adult dental services covered as of January 1, 2018 which will protect fillings and dentures, but not extend to periodontic services. The House also protected adult dental coverage as of January 1, 2018.
- SWM, like the House, also includes a proviso in the 4000-0700 account requiring MassHealth to file a report in with the House and Senate Ways and Means Committees on MassHealth dental coverage and costs.

5. SWM provides \$16.12 billion for MassHealth and supports ongoing reforms.

- SWM provides funding for 1.9 million MassHealth members and supports the ongoing program integrity and payment and delivery system reforms implemented by EOHHS. In the **4000-0500** managed care account, SWM like the House requires MassHealth to file a report with the House and Senate Committees on Ways and Means by March 2019 regarding Accountable Care Organizations, a new type of managed care arrangement for about 1 million MassHealth members that began enrollment on March 1, 2018. Between them, the House and SWM identify a broad range of information to be included in the report.

6. SWM adds a new line item for certain health reform initiatives and integrated eligibility systems (4000-0328).

- SWM adds a new line item (4000-0328) that was not included in House 2 or the House budget but was included in the budget for FY17 and FY18. It provides \$50,000 for the administrative costs of EOHHS pursuing one or more initiatives authorized under the Affordable Care Act and reporting back to House and Senate Committees on Ways and Means by November 1, 2018. It also requires EOHHS to publish a plan by March 15, 2019 to implement an integrated eligibility system as required by G.L. c. 6A, section 16 with estimated costs, and to implement an interim solution to integrate applications between the Office of Medicaid and DTA.

7. SWM provides \$45.77 million transferred to the Commonwealth Care Trust Fund.

- **Line item 1595-5819** authorizes an operating transfer of \$45.77 million to the Commonwealth Care Trust Fund (CCTF). The CCTF provides supplemental state funding for the ConnectorCare program. There were about 192,000 members enrolled in ConnectorCare on May 1, 2018. The supplemental state funding receives federal reimbursement under the state's 1115 Demonstration. This is the same amount as in the House budget. It is less than the amount proposed by the Governor because it assumes no population shift from MassHealth.

Homeless Services

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 House Final	FY 19 SWM
7004-0101	Emergency Assistance	\$155.88M	\$160.62M	\$149.11M	\$155.88M
7004-0108	HomeBASE	\$30.15M	\$30.15M	\$32.00M	\$30.15M
7004-0099	DHCD Administration	\$8.16M	\$6.74M	\$6.74M	\$6.74M
7004-0100	Operation of Homeless Programs	\$5.09M	\$5.37M	\$5.19M	\$5.37M
7004-0102	Homeless Individual Shelters	\$45.77M	\$45.18M	\$45.53M	\$46.18M
7004-0104	Home and Healthy for Good Program	\$2.04M	\$2.04M	\$2.34M	\$2.30M
7004-9316	Residential Assistance for Families in Transition	\$15.00M	\$15.00M	\$17.00M	\$18.50M

1. Emergency Assistance (EA, 7004-0101) would be funded approximately \$5 million dollars above the House proposal. The EA program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

- SWM would remove onerous restrictions to accessing EA shelter that force many families and children to stay in dangerous places, providing that families who are otherwise eligible “but for not having spent 1 night” in a place not meant for human habitation will be eligible for shelter. SWM also includes language requiring DHCD to provide data on these families.
- SWM keeps new House language providing that families not be terminated from EA shelter for exceeding the income limit (115% of the federal poverty level) unless and until the income exceeds the limit for a “sustained and consecutive period of 90 days.”
- SWM keeps new House language allowing DHCD to use “other department approved” entities to conduct health and safety risk assessments. Currently only the Department of Children and Families (DCF) is authorized to conduct these assessments.
- SWM includes House language requiring DHCD to provide the Legislature with 90 days’ advance notice before imposing any new eligibility or benefits restrictions. In previous years this language has been critical to giving the Legislature time to ensure that access to EA for children and families is not unduly restricted.
- SWM includes House language requiring DHCD to report to the Legislature data about what is happening to families including numbers of applications, diversions, and exits, but does not require reporting requirements about shelter denials. SWM adds a requirement that DHCD report the number and ages of children served.
- SWM eliminates language specifying that funds be used for “homelessness prevention, diversion and strategic re-housing, and contracted family shelters.” It is unclear how these terms are defined or why they were inserted.

- SWM removes languages that restricts funds from being expended on the homeless management information system.
 - SWM would allocate at least \$965,000 to establish the Home Works program to provide youth programming for children in EA programs.
2. **HomeBASE (7004-0108) would be decreased by approximately \$2 million below the House budget. HomeBASE was created in FY 12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.**
- SWM would increase the maximum assistance level in a 12-month period to \$10,000.
 - SWM keeps House language requiring DHCD to provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions. SWM also restores language requiring DHCD to provide timely reports to the Legislature.
 - SWM would allow families who have been terminated to access HomeBASE benefits after 12 months.
 - SWM removes language requiring DHCD to reallocate resources based on provider performance in order to move sheltered families into housing.
 - SWM adds language requiring DHCD to use funds to more rapidly transition families into housing. SWM keeps House language providing that assistance funds be advanced monthly based on the prior month's expenditures.
 - SWM would continue allowing DHCD to expend up to \$300,000 on HomeBASE for eligible families in domestic violence and residential treatment programs (4512-0200 and 4513-1130), as originally proposed in an FY 17 pilot program, and includes sober living programs. Only families in these shelters who meet all the EA eligibility requirements could receive assistance, and DHCD would develop guidance to clarify how this program will operate.
3. **DHCD Administrative line item (7004-0099) funding would match the House.**
- SWM keeps the requirement that DHCD promulgate and enforce regulations, by September 1, 2018, to clarify that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years, including the enacted FY 18 budget.
 - SWM adds language requiring DHCD to conduct annual staff trainings on changes in relevant laws.

4. Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be increased by \$1.5 million over the House budget. RAFT is a homelessness prevention program.

- As in prior years RAFT would provide up to a maximum of \$4,000 in assistance, but no family could receive assistance from HomeBASE and RAFT above a maximum of the HomeBASE limit (currently \$8,000).
- SWM restores language that broadens the definition of “family” to include unaccompanied youth, elders, persons with disabilities, and other households, and provides up to \$3,000,000 for these households.
- SWM keeps language requiring DHCD to provide quarterly data reports to the Legislature, which was included in previous budgets.

Housing

Account	Description	FY 18 General Appropriation	FY 19 Gov.'s Budget	FY 19 House	FY 19 SWM
7004-9005	Public Housing Operating Subsidies	\$64.50M	\$64.50M	\$65.65M	\$64.50M
7004-9007	Public Housing Reform	\$950,000	\$950,000	\$1M	\$950,000
7004-9024	Massachusetts Rental Voucher Program	\$92.73M	\$97.47M	\$100M	\$97.47M
7004-9030	Alternative Housing Voucher Program	\$5.00M	\$4.60M	\$6.15M	\$5.00M
7004-3045	Tenancy Preservation Program	\$500,000	\$500,000	\$750,000	\$750,000
7004-9033	Rental Subsidy Program for DMH Clients	\$5.55M	\$5.55M	\$5.55M	\$6.55M
7004-4778	Housing Preservation and Stabilization Trust Fund	\$0	\$1.48M	\$0	\$0
0336-0003	Housing Court Expansion	\$1.00M	\$2.60M	\$1.5M	\$2.60M

1. Public Housing Operating Subsidies (item 7004-9005) funded at \$64.5 million in for public housing operating expenses, which is \$1 million less than the House. Public housing advocates have requested that this line item be increased to \$72 million.

- Public Housing is a critical source of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 45,600 state public housing units, with 30,250 units for seniors and people with disabilities, 13,450 units for families, and 1,900 for people with special needs. Data shows that 81% of the households in state public housing are extremely-low-income with incomes of less than 30% of area median income.
- SWM continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring \$10,000 or less. With family homelessness on the rise it is critical to rehabilitate family public housing and bring apartments back on line.
- SWM includes language which was included in the FY18 budget that would require housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in H2.

2. Public Housing Reform (item 7004-9007): SWM would fund the public housing reform line item at \$950,000, which is \$50,000 less than the House, which provided \$1 million. The line item funds costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014). It specifically references funds for “the creation and implementation of an information technology platform for state-aided public housing,” which is a centralized waiting list for public housing applicants. Other reforms in the 2014 law in need of continued funding include technical assistance training for resident commissioners and tenant organizations.

Last year a Public Housing Training Program was successfully launched by the Mel King Institute, based at the Massachusetts Association of Community Development Corporations

and accomplished in partnership with the Department of Housing and Community Development, Mass Housing Partnership, Massachusetts Union of Public Housing Tenants, MassNAHRO, and Massachusetts Law Reform Institute. The training helps residents participate and engage as leaders in their Housing Authority contributing to the stronger public housing communities.

3. **Massachusetts Rental Voucher Program (MRVP, item 7004-9024)** provides long-term rental subsidies to low-income tenants in the private housing market. Although **SWM would increase funding from \$92.7 million in the FY18 budget to \$97.5 million, this is nevertheless a decrease of \$2.5 million from the final FY19 House budget.** Advocates will be working to keep the amount in the House budget. Also, advocates had urged SWM to address programmatic shortcomings that cause MRVP vouchers to be unsuccessful in many areas of the state because the subsidy and the ceiling rents are too low to allow households to find housing or landlords that will accept the vouchers. The SWM budget, like previous budgets, does not address these shortcomings and advocates will be working on amendments.
 - SWM continues the provisions in the FY18 and House budget setting MRVP income limits at 80% of area median (low-income). However, SWM *requires* administering agencies to target up to 75% of the vouchers to extremely low-income households (incomes not more than 30% of area median) while the House budget only *allowed* DHCD to impose those limits. We agree with the SWM version although we have not heard that in either form this provision has had much effect on the income profile of MRVP tenants.
 - SWM continues the policy in previous budgets requiring tenants to pay not less than 30% and not more than 40% of income for rent. Advocates had worked to keep these rent limits and are pleased that the Governor’s proposal, which removed the 40% of income cap after initial occupancy, was not adopted by either the House or SWM. The rent limits in the House and SWM are similar to that in the Section 8 program.
 - The SWM budget, like the House and previous budgets, requires DHCD to report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth.
4. **Alternative Housing Voucher Program (AHVP, item 7004-9030):** SWM would decrease this line item from \$6.15 million in the House FY19 budget to \$5 million (same amount as the final FY18 budget). Advocacy organizations had been working for \$7.7 million to increase this essential rental assistance program for non-elderly, disabled households. Also, SWM, like the Governor’s budget, deletes the requirement in FY19 House budget that DHCD must submit an annual report to the Secretary of Administration and Finance and the Legislature on the number of outstanding vouchers and the number of types of units leased. The House budget would require such an annual report.
5. **Tenancy Preservation Program (TPP, item 7004-3045):** SWM would increase TPP from FY18 from \$500,000 to \$750,000. The House also provided \$750,000. TPP is a homeless prevention program which helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, TPP, which is available only in Housing Court, needs to undergo a parallel expansion as the Housing Court

expansion (see below). Advocates are requesting a modest increase of \$800,000 for a total of \$1.3 million in order to fund 12 full time TPP providers to serve the 84 additional cities and towns covered by the Housing Court's statewide expansion.

- TPP, which is coordinated by MassHousing, is supported by both landlords and tenants. Landlords like the program because they retain tenants, recoup rent arrearages, and do not have to pay the costs associated with evictions.
- For FY17 the cost per TPP case (total statewide budget/total number of households directly assisted) was \$2,339. In comparison, DHCD estimates on average a homeless family stays in a shelter for 324 days at a cost of \$37,908 per family.
- MLRI's updated conservative estimates show that TPP potentially saved the state approximately \$5 million in shelter costs and could save an estimated additional \$2.5 million as TPP is expanded into the new areas covered by the Housing Court.
- The most recent data from FY17 shows that 93% of TPP cases closed statewide resulted in homelessness being prevented - 652 cases were closed and homelessness was prevented in 607 of those cases.
 - 39% of the households who were directly assisted were families with minor children.
 - 71% of the households directly assisted by TPP were households living in public and privately owned subsidized housing, this includes tenants with vouchers. If these households lose their housing it could be years before they could replace such assistance, and depending upon the reason for the eviction they could also be barred from Emergency Assistance shelter. Their options become streets, cars, and couches.
 - 35% of households were directly assisted by TPP before the landlord filed a case. Pre-court or "upstream" resolution of disputes enables landlords and tenants to resolve matters before they become legal adversaries, before landlords incur court costs, and before tenants are branded with a public eviction record that can hurt their chances to find new housing.

6. **Department of Mental Health Rental Subsidy Program (item 7004-9033): SWM would increase this line item from FY18 by \$1 million, to \$6.5 million.** This line item provides rental subsidies to eligible clients of the Department of Mental Health (DMH).

7. **Housing Court Expansion (item 0336-0003): SWM would appropriate full funding in the amount of \$2.6 million for costs** associated with the expansion of the housing court statewide. In H2 the Governor also proposed \$2.6 million, which would be full funding for the expansion.

- Last year, statewide Housing Court expansion was achieved through the FY18 budget which established statewide jurisdiction retroactively as of July 1, 2017. As a result, 2 million people in 84 communities who did not previously have access to a Housing Court now have access.

- In FY18, \$1 million in start-up funding was provided. This allowed the process to bring on two of the five new judges authorized by the expansion to begin. It is hoped that these two new judges will be in place soon which will enable the new Metro South Division and the Southeast Division to start implementation.
- In the Northeast Division, the Housing Court Department has established a new sitting in Woburn. In the Eastern Division, covering Boston, Cambridge, and other communities, a new sitting has been established in the Cambridge District Court which is based in Medford. Cases from Framingham, Malden, and other areas new to the Housing Court are being filed in Housing Court and transferred from District Court to Housing Court.
- Housing advocates are seeking \$2.6 million to fully fund housing court expansion which would enable the Housing Court to complete the expansion so that the Housing Court can bring on new Housing Specialists, staff, and the three remaining Housing Court judges authorized. For more information go to: www.HousingCourt4All.org.

Income Supports

1. **State Earned Income Tax Credit (EITC).** The EITC is a wage support program, funded by both the federal and state governments, that primarily helps low-income families with children. **SWM Section 14** proposes, as did the Governor and HWM, to increase the state EITC from the current amount from 23% to 30% of the federal EITC. The state EITC was last increased (from 15% to 23%) for tax year 2016. **Section 57** makes the increase effective for tax years beginning on January 1, 2019.

Legal Services

Account	Description	FY18 General Appropriation	FY19 Gov.'s Budget	FY 19 House	FY 19 SWM
0321-1600	MLAC	\$18.00M	\$18.18M	\$20.79M	\$19.00M

1. **For the Massachusetts Legal Assistance Corporation (MLAC, item 0321-1600),** which supports grants for civil legal aid programs for low-income residents of Massachusetts, SWM is recommending an appropriation of \$19 million, a 5.5 percent increase from FY18. MLAC is seeking a \$5 million increase (to \$23 million) to help meet the growing statewide demand for civil legal services.

For more information on our SWM summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.