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The Governor's FY 2021 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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Yesterday Governor Baker released his budget proposal for fiscal year 2021 (FY 21), which is referred to as House 2. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP, Related Items Administered by DTA and Other Nutrition Items

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
4403-2000	TAFDC	$204,455,227	$218,519,830
4401-1000	Employment Services Program	$14,107,166	$13,933,553
4400-1979	Pathways to Self Sufficiency	$1,000,000	$1,000,000
4408-1000	EAEDC	$76,329,458	$74,059,553
4405-2000	State supplement to SSI	$215,815,853	$207,593,938
4403-2007	Supplemental Nutritional Program	$300,000	$300,000
4400-1020	Secure Jobs Connect	$2,000,000	$2,000,000
4403-2008	Transportation Benefits for SNAP Work Program Participants	$1,500,000	$500,000
4403-2119	Teen Structured Settings Program	$9,362,938	$9,438,466
4400-1100	Caseworkers Reserve	$79,260,992	$80,402,615
4400-1000	DTA Administration and Operation	$66,389,256	$68,784,261
4400-1025	Domestic Violence Specialists	$1,738,420	$1,757,895
4401-1001	Food Stamp Participation Rate Programs	$3,677,882	$3,766,548
4400-1004	Healthy Incentives Program (HIP)	$6,500,000	$5,000,000

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

   - **The Governor proposes $218.5 million for TAFDC (4403-2000), an increase of about $14 million over FY 20.** The main reason for the funding increase is a jump in the number of children receiving TAFDC. This appears to be a result of family cap repeal. In November 2018, before family cap repeal, there were 39,094 children receiving TAFDC. In November 2019 there were 52,519 children receiving TAFDC, an increase of more than 13,000 (34%). The increase in the number of children receiving TAFDC is more than double the number of children DTA identified as barred by the family cap when the family cap was repealed last April. This suggests that some parents may not have told DTA about a child barred by the family cap because they knew they were not eligible for TAFDC for the child. During the same period (Nov. 2018 to Nov. 2019) the caseload went up by about 2,000 families. It is possible that some families may have decided that it was worthwhile to apply for TAFDC once they could get benefits for all of their children.

   - **The Governor would change the annual TAFDC children's clothing allowance from $350 per child paid in September to $175 per child paid in September and March (item 4403-2000).** This change is more consequential than it may seem on the surface because the Governor would eliminate the longstanding provision that increased the standard of need in September by $350 per child when the clothing allowance was paid, thereby allowing very low income working families to qualify. According to DTA, about 350 families qualified for TAFDC in September because of the increase in the standard of need.

- **The Governor does not include a long overdue grant increase for TAFDC.** The maximum TAFDC benefit for a family of three with no countable income is only $593 a month, well below the level of Deep Poverty or half the federal poverty level. Deep Poverty is currently income below $905 a month for a family of three. TAFDC benefits have lost half their value to inflation since 1988. H.102 and S.36 would increase benefits gradually until they reach half the federal poverty level, and then would increase more slowly as the poverty level increases. The bills have been given a favorable report by the Committee on Children, Families and Persons with Disabilities and are current ready for action by the House and Senate Committees on Ways and Means.

- **The TAFDC line item (4403-2000) does not include language adopted last year removing the reduction in benefits for families in shelter.** However, DTA has not said that it plans to reinstate that benefit reduction.

- **The line item for TAFDC (4403-2000) does not include language barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase.** The Legislature adopted this language to bar the Administration from counting a parent's SSI benefits against the TAFDC grant, which would have caused many children to lose their TAFDC. However, unlike in past years, the Governor does not propose to count parents' SSI benefits.

- **The line item (item 4403-2000) also does not include language requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** In FY 20 the Legislature required 75 days' advance notice. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. In FY 10, the advance notice provision was critical to giving the Legislature time to work with the Governor to come up with a solution so that children in 9,100 families headed by a severely disabled parent would not lose their TAFDC benefits. The line item also does not include the current requirement of 75 days' advance notice before DTA proposes any changes to the disability standard. However, unlike in past years, it also does not direct DTA to revise the standards. The Governor also eliminates a requirement that DTA tell recipients about their eligibility for child care. The Governor also does not include language inserted by the Legislature for the past three years allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits.

- **Transitional Support Services specified at $1 million (item 4403-2000).** Currently, these families are eligible for four months of transitional benefits after TAFDC ends, starting at $280 a month and reducing month by month to $70 in the fourth month. The FY 21 budget specifies "no less than $1 million" for these benefits, though the actual cost is about $3.5 million.

- **The Employment Services Program (ESP, item 4401-1000) would be cut from $14.1 million to $13.9 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million.** The Governor projects ESP spending for FY 20 at somewhat more than the FY 20 appropriation so the cut for this chronically underfunded program appears to be particularly unwarranted. As in past years, the Governor does not propose any earmarks for ESP. Currently, the program funds the Young Parents Program; some education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); learning disability assessments; and job search services for parents with limited English proficiency. The Governor does not include a current requirement that the Administration report on program outcomes.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $74.1 million, about $2.2 million less than the FY 20 appropriation.** The caseload seems to be holding steady so it is not clear if the reduced appropriation will be enough, even at the current shockingly low benefit amount of $303 a month for a single person with no countable income. EAEDC grants were last raised in the 1980s. The bill to increase TAFDC would also raise EAEDC benefits. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state would recover the cost of any grant increase for some EAEDC recipients. Like the TAFDC line item, House 1's proposed EAEDC line item does not include language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The line item does specify that homeless persons shall receive the same basic grant as recipients who incur shelter costs.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $207.6 million**, about $2.1 million less than the Governor's projected spending for FY 20, and considerably less than the FY 20 appropriation of $215.8 million. The SSI state supplement caseload has gone up so it is not clear why the Governor is proposing less than current spending.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at only $300,000,** as in FY 20. 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). This amount is not enough to provide a meaningful benefit.

- **Secure Jobs Connect (item 4400-1020)** would be level-funded at $2 million. This program provides employment support, job training and job search services for homeless or previously homeless families through community based organizations.

- **Transportation benefits for SNAP Work Program participants (ABAWDs) (item 4403-2008)** would be funded at only $500,000, a third of the FY 20 appropriation of $1.5 million. This account provides transportation assistance to SNAP beneficiaries considered to be "Able Bodied Adults without Dependents" (ABAWDs), who are subject to a work requirement and need transportation to participate in a work activity and keep their benefits. The funding was cut in part due to underutilization of the transportation allocation in FY 19. However, DTA has enrolled significantly more SNAP Employment and Training (ET) providers and Career Centers in its SNAP Path to Work program during FY 20, including providers offering community college certificate and other training programs. Through these providers, participants access transportation and other ET support resources. The Governor's two-thirds cut in transportation funds may undercut these SNAP ET efforts.

- **The proposed budget does not provide additional funds that will be needed to help ABAWDs keep their SNAP benefits.** An estimated 40,000 MA SNAP recipients lost their nutrition assistance because of the ABAWD work requirement from 2016 through 2019. USDA recently adopted rule changes (currently being challenged by Attorney General Maura Healey and attorneys general from other states) that would limit the ability of states to waive the work requirement in areas with elevated unemployment, increasing the number of vulnerable adults at risk of harm. The state has estimated that roughly 16,600 may lose benefits this coming July if the courts do not enjoin the new rules. Providing transportation assistance would help, but, unfortunately, an even greater investment is 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.
- **Increasing participation in SNAP (item 4401-1001).** The Governor proposes $3.8 million for this "Food Stamps Participation Rate Program" line item, a slight increase over FY 20. The line item provides funding for Project Bread's Food Source Hotline and other DTA projects to increase access to SNAP benefits. SNAP outreach activities are 50% federally reimbursable.

2. **Teen Living Programs (item 4403-2119) would be funded at $9.4 million,** very slightly more than the FY 20 appropriation.

3. **DTA Administration**

   - **The DTA worker account (item 4400-1100) would be increased from $79.3 million in FY 20 to $80.4 million for FY 21.** The proposed amount is intended to maintain the current workforce, fill open positions, and cover previous wage and benefit increases, but would not allow DTA to hire additional staff. DTA has reduced the average caller wait times for SNAP to 10 minutes. This is impressive but it still seems like an eternity for callers who have limited cell phone minutes. Additional case managers are needed to reduce wait times and also to help make sure DTA can respond to crises such as hurricanes or widespread winter storm power outages. Additional workers are also necessary to meaningfully address the "SNAP Gap," which the Administration currently pegs at 683,000 MassHealth recipients with income below 150% of the federal poverty level and likely eligible for SNAP. Failure to close the SNAP Gap leaves nearly $1 billion in federal nutrition benefits on the table.

- **DTA central administration (item 4400-1000) would be increased to $68.8 million from $66.4 million appropriated for FY 20.** The proposed line item does not include the FY 20 requirement that DTA submit a monthly report on program savings and revenues, caseloads, and collections, though some of this information is now posted by DTA. The line item also does not include current language providing that an application for TAFDC shall also be treated as an application for MassHealth.

- **"SNAP Gap" Common Application with health care.** The Governor's budget creates a new line **item 4000-0030** for an "Integrated Eligibility and Enrollment program," which the Executive Office of Health and Human Services (EOHHS) budget summary says is to "support strategic planning to improve and streamline the consumer experience across benefits programs." It is hoped that this new line item will be used to pilot a common application to allow MassHealth and Medicare Savings Program (MSP) beneficiaries the opportunity to apply for SNAP when they are applying for health coverage. The FY 20 final budget provided $1 million in funding (included in MassHealth line item 4000-0300) and directed EOHHS for the pilot; EOHHS reports that is developing the pilot, but has not released the details.

- **The Governor's Budget also requests an additional $4.7 million in Executive Office of Human Services IT funding (item 4000-1700), increasing the line item from $34.9 million to $39.6 million.** DTA along with other EOHHS agencies relies on this IT funding. DTA now uses text messaging to communicate with consumers and also now allows consumers to file online benefits applications, see information on their cases, upload documents, report changes through the DTAConnect app, and use a telephonic signature. IT funding is essential for DTA and other EHS agencies to successfully administer benefits.

- **DTA domestic violence workers (item 4400-1025)** would be funded at $1.8 million, slightly more than FY 20, likely reflecting increased wage and benefit costs.

4. Additional Nutrition Item Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) would be reduced from $6.5 million to $5 million**. The reduced level of $5 million is the amount Governor Baker proposed in his FY 20 budget; the Legislature increased it to $6.5 million for FY 20. The Administration's position is that HIP should be a "seasonal" program from May through September, but in fact there are many winter markets that have fresh, locally grown foods throughout the year. HIP is a dollar for dollar match, up to a capped amount, for SNAP recipients who buy fresh fruits and vegetables at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. HIP participation is especially high among low-income older adults, helping them to access locally grown food and decrease social isolation. The appropriation for HIP is not enough for full year funding.

5. Nutrition Programs Administered by Other Agencies

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
4513-1002	DPH - Women, Infants and Children (WIC) Nutrition Services	$11.87M	$11.91M
4513-1012	DPH - WIC Program Manufacturer Rebates Retained Revenue	$28.4M	$28.4M
2511-0105	MDAR – Mass Emergency Food Assistance Program (MEFAP)	$20.0M	$20.0M

- **The state subsidy for the Women, Infant and Children's (WIC) Program** (item 4513-1002) has a very slight increase to $11.91 million. The WIC Manufacture Rebates Retained Revenue (item 4513-1012) is projected to remain at $28.4 million. With birth rate declines, the demand for this program is unlikely to grow but the Department of Public Health (DPH) continues to invest in reaching underserved low income women and children.

- **The Massachusetts Emergency Food Program (MEFAP) remains funded at $20 million for FY 21** (item 2511-0105). This program, which supplements federal TEFAP funding, is distributed by the Mass Department of Agriculture Resources (MDAR) to the regional food banks in Greater Boston, Western Mass, Merrimack Valley and Worcester County. The emergency food system is woefully ill-equipped to meet potential emergency food demand, especially if the Trump Administration's harsh SNAP regulations that were proposed in 2019 are not enjoined by the courts and are implemented in 2020. The three federal SNAP rule changes are projected to cut nearly $200 million in SNAP benefits in Massachusetts.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
	Department of Children and Families	$1,063.8M	$1,085.3M
4800-0015	Clinical Support Services and Operation	$109.8M	$114.6M
4800-0030	Local/Regional Management of Services (Lead Agencies)	$6.7M	$8M
4800-0038	Services for Children and Families (Family Foster Care)	$309.2M	$306.4M
4800-0040	Family Support and Stabilization Services	$56M	$67.5M
4800-0041	Congregate Care Services	$297.9M	$296M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$750,000
4800-0091	Child Welfare Training Institute	$2.7M	$2.8M
4800-0200	Family Resource Centers	$17.5M	$16M
4800-1100	DCF Social Workers	$255.4M	$265.3M

1. **In House 2, the Governor proposes funding DCF at slightly over $1 billion.**

   - This would be an increase of $21.5 million over the FY 20 allocation (including supplemental FY 20 allocations).

2. **The Governor proposes the first decrease in spending on out-of-home placements since FY 13.**

   - The Governor proposes reducing spending for out-of-home placements, by $4.7 million (below FY 20 allocations including FY 20 supplemental funding), to $602.4 million. This allocation consists of $306.4 million for family foster care (item 4800-0038) and $296 million for group care (item 4800-0041).

   - The family foster care allocation includes a much needed $1.8 million foster care rate increase to provide support for foster families.

   - This increase includes services and supports for youth leaving foster care who have not been placed with permanent families ("aging out youth"). It would also support DCF's efforts to increase the rate of adoptions and guardianships, as well as funding for the After Hours Child-at-Risk Hotline.

   - House 2's reduction of funding for out of home placements reflects a decrease in the number of children in DCF out-of-home placements. In March of 2019 when the FY 20 budget was being finalized, there were 9,204 children in out-of-home placements. As of DCF's most recent public report (9/30/19), that number had fallen to 8,719, a 5% decrease.

- The Governor also proposes to invest $750,000 in a foster care recruitment campaign (item 4800-0058) that was established in FY 17. Its purpose is to ensure adequate numbers of good foster families, including kinship foster families, for children to live with when they must be removed from their parents.

- As is typically the case, the Governor has removed all earmarks from the foster care and group care accounts. The legislature generally replaces many of them.

3. The Governor would increase crucial Family Stabilization and Support Services (item 4800-0040).

- House 2 would increase funding for Family Stabilization and Support services by $11.5 million to $67.5 million. These are the preventive services needed to keep children safely in their homes and out of foster care, and to safely reunify children with their families after they've been placed in foster care. However, it appears that $7.1 million of this allocation would fund services to support the clinical needs of foster parents. Deducting this amount from the total increase, the total proposed funding for services to keep and return children safely at home and out of foster care is $4.4 million.

- Family Stabilization and Support services are intended to avoid the trauma of family disruption when possible, as well as the financial costs to the state of placement in foster or group residential 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.

- Family Stabilization and Support services are less expensive than out-of-home placements, and greater investment in these services to keep and return more children safely at home reduces the need for out-of-home placements.

- Funding for this line item has crept up gradually since the line item was created in FY 11. The Governor's proposal would represent the largest increase ever for this small line item.

- Despite this increase, Family Stabilization and Support services would continue to receive a disproportionately small share of DCF's services budget. As of September 2010, 87% of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, yet House 2 would allocate only 10% of DCF's total services budget to the family stabilization and support services that these children are supposed to be receiving.

- In February of this year, Congress enacted the **Family First Prevention Services Act** which requires all states to substantially decrease their reliance on group care, and provides uncapped federal reimbursement to states for family stabilization and support and other prevention services to keep kids safely at home and out of foster care. By increasing investment in services to keep and return children safely home and slightly reducing the Commonwealth's investment in out of home placement, House 2 represents a small step in the direction that Congress has charted in the

Family First Act.

4. **House 2 would cut funding for Family Resource Centers (items 4800-0200 and 4000-0051) by $2 million for a total of $16 million.**

- House 2 eliminates line item 4000-0051, the smaller Family Resource Center account, and with it, the $500,000 in that line item. It also decreases line item 4800-0200 by $1.5 million. Despite the funding cut, the administration states that its proposed FY 21 funding would support expansions of the statewide Family Resource Center network.

- These community-based centers provide one of the few means by which families in crisis can voluntarily receive services to prevent abuse and neglect of their children before it happens. 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 the Children Requiring Assistance ("CRA") law which replaced the former CHINS program with a system of community-based services for families in need. If robustly supported, Family Resource Centers could assist DCF in delivering prevention services to DCF-involved families.

5. **The Governor would slightly increase funding for the Commission on the Status of Grandparents raising grandchildren.**

- Funding for this important Commission would be increased by $9,703 to $163,697. This commission could potentially help DCF achieve its stated goal of increasing kinship foster care placements for children who must be removed from their parents, and kinship guardianships for children who cannot return home to their parents. It could also ensure that DCF provides kinship foster parents the supports they need to best care for the children they have stepped up to care for. DCF's administrative line item (4800-0015) requires that DCF shall "provide services and support to partner with" kinship foster parents "in meeting the child's needs."

6. **House 2 would increase funding for social worker salaries and training.**

- The Governor proposes to increase funding for departmental social workers by $9.9 million to $265.3 million. This includes a $9 million payroll increase to support social worker and staffing ratios, a step towards achieving DCF's goal of a 15:1 caseworker ratio, and towards providing clinical support and oversight to social workers.

- The Governor would also increase DCF's training budget by $72,878 for total funding of $2.8 million. The funding increase will be needed to train not only many new DCF hires, but also all DCF employees on DCF's many new regulations and policies including those required by the federal Family First Act.

7. **The Governor would increase funding for DCF's administrative account (item 4800-0015) by $4.7 million to $114.6 million.**

- As is typically the case, House 2 strips most of the line item language in DCF's administrative account.

- House 2 would eliminate a longstanding requirement that DCF ensure its administrative "fair hearing" system is timely and fair, and the requirement that DCF report to the Legislature on its large fair hearing backlog. While DCF has made progress in reducing its fair hearing backlog, it has not yet eliminated it. A currently pending bill would strengthen the fair hearing reporting requirements and move them to a separate statute.

- House 2 would also strip current and longstanding reporting requirements which the Legislature requires to fulfill its oversight responsibilities. Among these are requirements that the Department report on the services it provides to: keep children safely in their homes, support kinship families, maximize federal reimbursements available to support kinship guardianships, and identify where it refers families when it denies their voluntary requests for services. Previous Governor's budgets had also proposed to remove these requirements, but the Legislature included them. A currently pending bill would require a DCF data workgroup to develop reports on most of these items.

8. **House 2 increases the lead agency account (item 4800-0030) by $1.4 million to $8 million.**

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

9. **The domestic violence line item (item 4513-1130), formerly in DCF's budget and now in DPH's budget, would be funded at $9.9 million.**

- This is an increase of $1.7 million over the current allocation. The costs of DCF's domestic violence specialists and some shelter costs are covered under several DCF line items.

- Domestic violence services in this line item include beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and salaries for DCF domestic violence staff. These are preventive services that can 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.

10. **Funding for the Bureau of Substance Abuse Services (BSAS) (item 4512-0200) would be increased by $2.9 million to $153 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.

11. **House 2 funds the Committee for Public Counsel Services (CPCS) at $71.9 million for its operations account (0321-1500) and $165.5 million for its private counsel account (0321-1510).**

- CCPS provides attorneys for indigent litigants in criminal and child welfare court proceedings,

12. **Funding for the Office of the Child Advocate (item 0411-1005), would be increased by $1,290 (beyond the FY 20 initial and supplemental allocations) to $2.1 million.**

- The Office of the Child Advocate also received a $300,000 funding increase in a FY 20 supplemental budget enacted on December 13, 2019. The proposed increase in FY 21 maintains the FY 20 increase and expands funding slightly beyond that.

- The increases in FY 20 and proposed for FY 21 fund a substantial expansion of the Child Advocate's office which has a broad set of responsibilities to oversee the Commonwealth's services to and protection of its children.

- Outside Sections 34 and 35 of House 2 would relocate the state child fatality review team from the Office of the Medical Examiner to the Office of the Child Advocate, and modify the composition of the state and local fatality review teams.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
4000-0030	Integrated Eligibility Systems	$0	$1,000,000
4000-0500	MassHealth Managed Care	$5,602,464,479	$5,500,755,355
4000-0601	MassHealth Senior Care	$3,746,483,697	$3,665,313,653
4000-0700	MassHealth Fee For Service Payments	$2,874,688,066	$2,886,113,859
4000-0940	MassHealth ACA Expansion Populations	$2,334,634,687	$2,491,506,382
4000-0990	Children's Medical Security Program (CMSP)	$14,700,000	$15,435,000
1595-5819	Commonwealth Care Trust Fund	$0	$92,068,536

1. No cuts to MassHealth eligibility or services

- House 2 recommends $16.772 billion gross, $6.740 billion net funding for MassHealth, a growth of 0.6% gross (0.5% net) over FY 20 spending. The Administration attributes the lower growth rate in MassHealth to program integrity initiatives and creative reforms such as the added authority the agency received in FY 20 to negotiate deeper drug discounts from manufacturers.

- MassHealth assumes stable overall caseload growth of approximately 0.7% over FY 20 with 0.0% growth for non-disabled adults. In December 2019, total MassHealth enrollment was 1.75 million compared to 1.76 million in December 2018 and 1.88 million in December 2017. The slow process of correcting multiple defects in the problem-plagued HIX eligibility system has kept caseload growth in check, but too often at the cost of "churning" eligible individuals in and out of coverage.

- House 2 identifies no cuts in MassHealth eligibility levels or benefits and limited rate increases except for certain targeted investments. The targeted investments include $60 million in rate increases related to ambulatory behavioral health services, and $35 million for expanded capacity in the Acquired Brain Injury and Moving Forward Plan home and community based services waivers.

- While some of the billion dollar line items are higher or lower than the amounts in FY 20 GAA or than projected spending in FY 20, such differences are generally not attributable to programmatic changes in the underlying budget assumptions. In 4000-0300 the Administration asks for transfer authority among line items, and while it may not get such authority in the GAA, it typically does get the authority in later supplemental budgets.

2. **Expansion of substance use disorder services continues in FY 21**

- According to the Administration's list of budget highlights, H2 reflects $328.3 million in new funding for addiction treatment across several agencies—a 17% increase over FY 20-- including $74.8 million for expanded access to services in MassHealth under the 1115 demonstration. This refers to the extension and amendment of the MassHealth 1115 Demonstration approved in Nov. 2016 for the period from July 2017 to June 2022 which authorized new substance use disorder services for MassHealth.

- In October, 2019 the Governor also introduced a comprehensive health care bill that includes a 15% gross receipts tax on the revenues of opioid manufacturers and distributors from the sales of their opioid products in Massachusetts. H. 4134, An Act to improve health care by investing in VALUE. A hearing on the bill is scheduled for Jan. 28, 2020 before the Joint Committee on Health Care Financing.

3. **Increase in CMSP spending but no relief from benefit limits (4000-0990)**

- The Children's Medical Security Program (CMSP) provides a basic package of primary care services to over 40,000 children and youth under 19 who do not qualify for MassHealth either due to immigration status or family income. H-2 increases the CMSP appropriation in FY 21 compared to FY 20. However, nothing in the line item overrides the outdated dollar limitations of the program including a $200 a year cap for prescription drugs and a 20 visit maximum on mental health visits. These and other benefit limitations are in the statute at GL c. 118E, sec. 10F. Legislation is pending this session to provide more comprehensive coverage for children regardless of immigration status (H. 162 and S. 677, An Act to ensure equitable health coverage for children).

4. **$92 million transfer needed for the Commonwealth Care Trust Fund (1595-5819)**

- House 2 provides for an operating transfer of $92 million into **1595-5819**. This line item is for the Commonwealth Care Trust Fund (CCTF) which provides supplemental state funding for the ConnectorCare program and other initiatives of the Health Connector. This is the first time since the Affordable Care Act (ACA) took effect in 2014 that the CCTF has required an appropriation from the General Fund. Since 2017, the federal administration has taken a series of actions to undermine the ACA, , but despite these challenges, Massachusetts has maintained its commitment to affordable coverage for families with income too high for MassHealth but under three times the federal poverty level. In December 2019, over 215,000 people were enrolled in ConnectorCare. Open enrollment for 2020 ends today Jan. 23, 2020.

5. **$1 million for integrated eligibility and enrollment (4000-0030)**

- This is a new line item which H2 describes as "for the operations of the program management office developing the integrated eligibility and enrollment system" to streamline access to services across its benefit programs. It will build on work undertaken in prior years including the FY 20 appropriation of $1 million to pilot efforts to address the SNAP Gap. The SNAP Gap refers to the large number of MassHealth members who are eligible for SNAP but not receiving it.

6. Long term care ombudsman office moved from Elder Affairs to EOHHS (Sections 4, and 15-20)

- Section 4 in House 2 creates a new section of the General Laws, Section 16CC of Chapter 6A creating a long term care ombudsman office under EOHHS. Currently, the ombudsman office is under the Executive Office of Elder Affairs. Sections 15-20 update other sections that refer to the ombudsman program. The purpose of the change was to give the ombudsman's office independence from the agency that licenses and regulates nursing homes and was required by federal funders.

Homeless Services

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
7004-0101	Emergency Assistance	$178.7 M	$184.4 M
7004-0108	HomeBASE	$25.8 M	$27.2 M
7004-0099	DHCD Administration	$7.4 M	$7.5 M
7004-0100	Operation of Homeless Programs	$5.6 M	$6.1 M
7004-0102	Homeless Individual Shelters	$53.4 M	$53.4 M
7004-0104	Home and Healthy for Good Program	$2.9 M	$2.9 M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$16.3 M*	$13.6 M**

* In addition to this appropriation, $4.7M was allocated to RAFT from the Housing Preservation and Stabilization Trust Fund (HPSTF) for FY 20.
** In addition, $2M was allocated for use in FY 21 from the FY 19 closeout supplemental budget. DHCD has also indicated that approximately $7.3 million will be made available from HPSTF for RAFT in FY 21.

1. **Emergency Assistance (7004-0101) would be funded at $184.4 million,** an increase over the appropriation and projected spending for FY 20**.** The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

   - House 2 retains language added by the legislature in FY 20 intended to protect many families and children from first having to prove they slept in a place not meant for human habitation before they can be eligible for shelter. Advocates continue to push for clarification about how this new language will be implemented so that children must not first sleep in cars, emergency rooms, or other inappropriate places before they can access shelter.
   - House 2 proposes to eliminate the obligation that DHCD 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.
   - House 2 proposes to eliminate requirements that DHCD report quarterly to the Legislature about what is happening to families, including those denied shelter. These requirements were included in the FY 20 budget, and advocates will work to ensure they continue to be included.
   - House 2 adds language directing DHCD to attempt to convert scattered site units to congregate units, and to generally reduce the number of scattered site units.
   - House 2 retains language directing DHCD to expend funds to make shelter units available to meet households with disabilities, but eliminates the $4,000,000 directed to this purpose.

2. **HomeBASE (7004-0108) would be funded at $27.2 million,** a slight increase over the previous several years. HomeBASE was created in FY 12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

   - House 2 maintains the maximum assistance level in a 12-month period at $10,000.
   - House 2 proposes to eliminate the obligation that DHCD provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions.
   - House 2 proposes to eliminate DHCD's obligation to provide timely reports to the Legislature. This language was included in the enacted FY 20 budget, and advocates will work to ensure it continues to be included.
   - House 2 would continue to allow DHCD to expend funds 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. Only families in these shelters who meet all 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) would be funded at approximately $7.5 million,** a slight increase over the FY 20 final appropriation.

   - House 2 would eliminate a requirement that DHCD promulgate and enforce regulations clarifying that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years, including the enacted FY 20 budget. Advocates will be work to ensure this language continues to be included.

   - House 2 proposes to eliminate language requiring DHCD to maintain in-person intake locations in the 10 offices that were open as of January 2018. Advocates will advocate to restore this language and monitor to ensure that offices remain available for in-person access.

   - House 2 also proposes to eliminate language requiring DHCD to ensure that in-person offices be sufficiently staffed, enables DHCD to operate additional offices close to families experiencing homelessness, and requires DHCD to submit a report to the legislature regarding plans for maintaining in-person offices and any changes to intakes, such as increased use of telephonic intakes. Advocates will continue to monitor this issue and restore this language.

4. **DHCD homelessness operations account (7004-0100) would be funded at $6.1 million**, a slight increase over FY 20.

5. **Shelters and services for homeless individuals (7004-0102) would be level funded at $53.4 million**.

6. **Home and Healthy for Good program (7004-0104) would be level funded at just under $3 million**. This program provides housing for chronically homeless individuals.

7. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be funded at $13.6 million,** a decrease of over $4.5 million from the FY 20 appropriation and well below anticipated spending**.** RAFT is a homelessness prevention program for families with children.

    - In FY 20 the administration made approximately $4.7 million for RAFT available from the Housing Preservation and Stabilization Trust Fund, or HPSTF. Comments to the House 2 RAFT line item indicate "decreased funding to move budgeted spending off of the operating budget." DHCD has indicated that **$7.35 million will be made available from HPSTF for the RAFT program, bringing the total budget to around $21 million**. HPSTF appears in House 2 at line item 7004-4778 with anticipated spending of $8.5 million but does not indicate how funds will be allocated.

    - The FY 19 closeout supplemental budget, completed in December 2019, makes $2 million available for RAFT through FY 21. It also provides for not less than $7 million to be used to fund an **'upstream' rental and mortgage arrears pilot program**, which follows most RAFT eligibility guidelines but does <u>not</u> require that an eviction case be filed before a household can be eligible. Upstream eviction prevention resources have been proven to be successful in preventing homelessness and are a crucial tool in stabilizing households and neighborhoods.

    - As in prior years RAFT would provide up to a maximum of $4,000 in assistance, but no family could receive assistance from both HomeBASE and RAFT above the HomeBASE maximum of $10,000.

    - House 2 would provide that up to $3 million could be used for recipients who fall under an expanded definition of "family" including unaccompanied youth, elders, persons with disabilities, and other households.

    - House 2 would eliminate the obligation that DHCD provide quarterly reports to the Legislature, which was included in previous budgets.

Housing

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
7004-9005	Public Housing Operating Subsidies	$72.00M	$72.00M
7004-9007	Public Housing Reform	$1.00M	$1.00M
7004-9024	Massachusetts Rental Voucher Program	$116.00M	$120.00M *See notes in text*
7004-9030	Alternative Housing Voucher Program	$8.00M	$7.40M *See notes in text*
7004-3045	Tenancy Preservation Program	$1.30M	$1.30M
7004-9033	Rental Subsidy Program for DMH Clients	$7.55M	$7.55M

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, would be funded under House 2 at **$72 million, which is level funded** from last year's FY 20 budget. House 2 also provides, as in the final FY20 budget, that the Department of Housing and Community Development (DHCD) make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less.

   Public Housing is one of the most critical sources of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 45,600 state public housing units (13,450 units for families, 30,250 units for seniors and people with disabilities, and 1,900 for people with special needs). With over 152,000 households on the state's public housing waiting list, every one of these apartments is critical to maintain through operating subsidies. An increase in operating subsidy is needed to preserve public housing and ensure that units do not remain vacant because they are not up to code.

   In addition, last year, DHCD issued a Notice of Funding Availability for Resident Services Coordinators,[1] and set aside $1.5 million from the FY 20 public housing operating subsidy line item for this purpose. Resident service coordinators provide essential support to help stabilize residents, enabling seniors to age in place and families to maintain their residency. An increase in operating funds is further needed to continue to support this initiative.

[1] https://www.mass.gov/doc/2019-19-notice-of-funding-availability-resident-service-coordinators/download

2. **Public Housing Reform (item 7004-9007)** for costs associated with the implementation of the public housing reform law passed in 2014 would be **level funded at $1 million**. The line item specifically references funds for the creation and implementation a centralized waiting list for public housing applicants, now known as CHAMP and scheduled to launch in February or March.

   Other reforms in the 2014 law in need of continued funding include technical assistance training for resident commissioners and tenant organizations. Over the past two years this line item has contributed to funding a Public Housing Training Program successfully launched by the Mel King Institute at the Massachusetts Association of Community Development Corporations. The trainings help 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 approximately ten thousand low-income households for use in the private housing market. H2 proposed $112.2 million for MRVP. Subsequently, on January 31st, the Governor submitted an **FY2020 supplemental budget H.4354** which proposes to transfer $7.8 million in *anticipated* unexpended funds from FY2020 to FY2021 for MRVP. If H2 and the supplemental budgets are approved by the Legislature, the Governor's proposed MRVP amount would be $120 million. As a result, the Governor's budget and the supplemental FY2020 budget would **increase MRVP by $4 million** from total FY20 appropriation. Advocates will continue to work for $135 million which is needed to meet the well-documented affordable housing crisis and to increase the usefulness of MRVP vouchers.

   - The Governor's budget continues the provision in previous budgets setting the MRVP income limits at 80% of area median ("low-income") and allowing DHCD to target up to 75% of the vouchers to extremely low-income households with incomes of not more than 30% of area median. The Governor's bill keeps the current language requiring each household to pay at least 30%, but not more than 40% of income for rent.

   - The Governor's budget again proposes to remove the requirement in the current and previous budgets that DHCD report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth.

   - Advocacy groups are proposing some needed changes to MRVP that would better align it with the federal Section 8 voucher program and in other ways to make the program more useful and allow more households to successfully rent units with their vouchers. Advocates are also supporting a bill to codify MRVP in Chapter 121B of the General Laws rather than in each year's budget. See, https://www.chapa.org/sites/default/files/chapa-priorities-items-2019/MRVP%20Reforms_0.pdf

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. The Governor's FY 20 supplemental

budget proposes an additional $2.3 million to the H2 amount of $5.1 bringing the total to $7.4 million - a **decrease of $.6 million.** Advocates will be working for $12 million.

- House 2 omits the requirement in the current 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. House 2 also includes language that this line item does not give recipients an enforceable entitlement to housing. This language was not included in the final FY 20 budget.

5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a homeless prevention program that helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, **would be level-funded at $1.3 million**. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets and is increasingly being used to preserve tenants homes "upstream" before they are faced with an eviction in court. In FY19, approximately 527 cases were closed by TPP and homelessness was prevented in over 94% of these cases. TPP staff also provided consultation services to an additional 2,867 households ineligible or waitlisted for services across the state.

6. **Department of Mental Health Rental Subsidy Program (item 7004-9033)**, which provides rental subsidies to eligible clients of the Department of Mental Health, **would be level-funded at approximately $7.5 million.**

Legal Services

Account	Description	FY 20 General Appropriation	FY 21 Governor's Budget
0321-1600	MLAC	$24.00M	$24.00M

1. For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, House 2 is recommending an appropriation of $24.00 million, the same as the FY 20 appropriation. MLAC is seeking a $5 million increase (to $29 million) to help meet the growing statewide demand for civil legal services.

For more information on our House 2 summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.