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The Governor's FY 2020 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 2020 (FY 20), which is referred to as House 1. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP, and Related Items Administered by DTA

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget
4403-2000	TAFDC	$201.58M	$184.88M
4401-1000	Employment Services Program	$14.34M	$13.67M
4400-1979	Pathways to Self Sufficiency	$1.00M	$1.00M
4408-1000	EAEDC	$76.26M	$75.13M
4405-2000	State supplement to SSI	$220.47M	$213.02M
4403-2007	Supplemental Nutritional Program	$300,000	$300,000
4400-1020	Secure Jobs Connect	$1.00M	$1.00M
4403-2008	Transportation Benefits for SNAP Work Program Participants	$1.50M	$1.50M
4403-2119	Teen Structured Settings Program	$8.81M	$9.36M
4400-1100	Caseworkers Reserve	$72.81M	$79.26M
4400-1000	DTA Administration and Operation	$62.69M	$66.39M
4400-1025	Domestic Violence Specialists	$1.61M	$1.74M
4401-1001	Food Stamp Participation Rate Programs	$8.26M	$8.57M

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

- **The Governor proposes to repeal the TAFDC family cap rule – the rule that bars benefits for a child conceived while –or soon after – the parent received TAFDC (sections 54, 55, 80).** The repeal would be effective October 1, 2019. The Legislature included family cap repeal (Lift the Cap on Kids) in the FY 19 budget. The Governor sent it back with an amendment maliciously conditioning family cap on repeal on counting adults' Supplemental Security Income (SSI) benefits. The Legislature overwhelmingly rejected the Governor's amendment and reenacted family cap repeal effective January 1, 2019. The Governor then vetoed family cap repeal after the end of the formal session knowing that the Legislature would not be able to override the veto without a formal session. On January 18, 2019 Representative Marjorie Decker and Senator Sal DiDomenico refiled the bill to Lift the Cap on Kids effective January 1, 2019 (HD 3043, SD 1452)—word for word the same as the bill the Legislature enacted last summer. On the same day the Governor filed House 1, House Speaker Robert DeLeo reiterated his support for lifting the cap on kids and his intention to see whether "we can make it retroactive." "As a commonwealth, we are compelled to support the most vulnerable among us, particularly when it comes to providing basic necessities for children," the Speaker said. Advocates are pleased that the Governor is finally on board with family cap repeal, although he offers no logic for making children wait until October for a clean diaper or clothes for school.

- **Although the Governor does not condition family cap repeal on counting parents' SSI benefits, he does propose to count adults' "social security income" in determining TAFDC eligibility (sections 54, 55, 80).** "Social security" generally refers to Social Security retirement, disability, and survivors' benefits. These benefits, whether paid for adults or children, are already counted. Perhaps the Governor meant to propose counting SSI benefits, as the Governor proposed in his FY 17 and FY 18 budgets and in his amendment rejecting family cap repeal. In FY 17, FY 18, and FY 19 the Legislature included budget language barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase. The Governor vetoed the budget language, and the Legislature overrode the vetoes. In July 2019, the Legislature also rejected the Governor's amendment conditioning family cap repeal on the counting of SSI benefits.

- **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.** This is the language that the Legislature adopted to bar the Administration from counting 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 19 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, though it does expressly authorize 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 two years allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits.

- **The Governor would keep the annual TAFDC children's clothing allowance at $350 (item 4403-2000).** This small payment helps low-income families provide winter clothes for their children. The children's clothing allowance is paid in September for each child receiving TAFDC. For FY 19, the Legislature increased the clothing allowance from $300 to $350 a year. Current and past years' line items also increased the standard of need in September when the clothing allowance is paid to allow very low income working families to qualify. House 1 does not include the clothing allowance in the standard of need.

- **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 19 budget also provides $1 million for these benefits, though the actual cost is about $3.4 million.

- **One vehicle not counted effective October 1, 2019 (sections 54, 80).** This is a good step forward as was the Administration's initiative last year to raise the limit for countable assets from $2,500 to $5,000. The state should consider eliminating the asset test altogether. Applicants for and recipients of TAFDC rarely have substantial assets so the asset test adds to administrative burdens without reducing program costs. States that dropped the asset limit for their cash assistance programs did not see increases in their caseloads. A policy brief from the PEW Charitable Trusts concludes that "[A]sset limits return no advantage to the states that use them and expend resources to administer them." The Administration estimates that not counting one vehicle would cost about $135,000 for 9 months because a few families who would otherwise have been ineligible will meet the asset test.

- **The Governor's proposes $184.9 million for TAFDC (item 4403-2000), somewhat less than the FY 19 appropriation of $201.6 million.** According to House 1, spending for FY 19 is estimated at $190 million, substantially less than the appropriation, which included about $5.5 million for the cost of family cap repeal from January through June of 2019. The Administration says the proposed line item includes $7.8 million for family cap repeal starting October 1, 2019, $2.4 million to stop reducing the TAFDC grants of families in shelter by $148.50 a month (or $129.90 a month for families who pay for a phone) effective October 1, 2019, about $4 million for transportation payments for recipients in education or training, and $3.4 million for Transitional Support Services. The proposed line item also assumes $13.5 million in savings from counting SSI benefits starting October 1, 2019. These savings would be achieved at the expense of children whose parents have severe disabilities and cannot work.

- **The Employment Services Program (ESP, item 4401-1000) would be cut from $14.3 million to $13.7 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 19 at somewhat more than the FY 19 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); $80 a month in transportation assistance for recipients who are working or in education, training or job search; 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 $75.1 million, about $1.2 million less than the FY 19 appropriation.** The proposed line item includes language adopted for FY 19 providing the basic grant of $303 a month to individuals who are homeless. Because the EAEDC caseload has been going down, the reduced appropriation may be sufficient 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 decline in the caseload provides an opportunity to increase grants while still spending less than in past years. 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 state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $213 million**, about $1.6 million less than the Governor's projected spending for FY 19 and considerably less than the FY 19 appropriation of $220.5 million appropriation. The SSI caseload has gone up so it is not clear why the Governor proposes to appropriate less than the FY 19 projected spending. Moreover, the Administration projects that some of the parents with disabilities who would lose TAFDC for their children under the Governor's proposal would be eligible for a small increase in their SSI state supplement at a cost of $1.2 million for the nine months starting October 1, 2019.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at only $300,000,** as in FY 19. 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 $1 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 (item 4403-2008)** would be funded at $1.5 million, the same as FY 19. Federal SNAP law imposes a work requirement on beneficiaries considered to be "Able Bodied Adults without Dependents." An estimated 25,000 MA SNAP recipients lost their nutrition assistance because of this law from 2016 through 2018. USDA has also proposed rule changes 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 in 2019. DTA has expanded its work activity 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 $9.4 million, compared with $8.8 million in FY 19.** According to EOHHS, the reduction last year was because of savings from the declining caseload in the teen parenting program. Projected spending in FY 19 is $9 million so apparently the caseload has not dropped quite as far as was expected.

3. **DTA Administration**

   - **The DTA worker account (item 4400-1100) would be increased from $72.8 million in FY 19 to $79.3 million for FY 20.** Projected spending for FY 19 is $76.2 million. The Administration says that the proposed amount is intended to maintain the current workforce, fill open positions, and cover previous wage and benefit increases, but would not allow for additional staff. DTA has reduced the wait time for callers, but the average wait time is still 23 minutes – far too long, particularly for callers who have limited phone minutes. Additional case managers are needed to reduce wait times and also to help make sure DTA can respond to crises such as the federal government shutdown, Hurricane Maria, or widespread winter storm power outages. During the federal government shutdown, DTA workers came in early and stayed late to process as many cases as possible so households would get their February SNAP benefits. Additional workers are also necessary to close the "SNAP Gap" (Low income MassHealth recipients likely eligible for but not receiving SNAP).

   - **DTA central administration (item 4400-1000) would be increased to $66.4 million from $62.7 million appropriated for FY 19.** The proposed line item does not include the FY 19 requirements for 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. There is no additional funding for the costs of IT needed to close the "SNAP Gap."

   - **DTA domestic violence workers (item 4400-1025)** would be funded at $1.7 million, slightly more than FY 19, likely reflecting increased wage and benefit costs.

4. **Other Nutrition Items Administered by DTA**

   - **Support for the Healthy Incentives (HIP) Program and increased participation in nutrition assistance programs (item 4401-1001).** The Governor proposes $8.6 million for this line item, including $5.04 million for HIP and the balance for Project Bread's Food Source Hotline and other DTA projects to increase access to nutrition benefits. HIP is 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. The appropriation for HIP isn't enough for full year funding.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget
	Department of Children and Families	$1B	$1B
4800-0015	Clinical Support Services and Operation	$102.78M	$109.85M
4800-0030	Local/Regional Management of Services (Lead Agencies)	$6.67M	$6.67M
4800-0038	Services for Children and Families (Family Foster Care)	$298.82M	$307.74M
4800-0040	Family Support and Stabilization Services	$50.50M	$50.97M
4800-0041	Congregate Care Services	$285.76M	$293.44M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$750,000
4800-0091	Child Welfare Training Institute	$2.68M	$2.75M
4800-0200	Family Resource Centers	$15.05M	$15.00M
4800-1100	DCF Social Workers	$236.81M	$255.41M

1. The Governor proposes funding DCF at slightly over $1 billion.

- This is an increase of $43 million over the FY 19 allocation.

- After three years of cuts, from FY 10 through FY 12, DCF funding began to increase in the FY 13 budget. The Governor's proposed FY 20 budget would bring the increases in DCF's budget under the current administration (FY 16 through FY 20) up to $142.6 million, demonstrating this administration's strong commitment to strengthening DCF. This robust funding during four previous tight budget cycles has allowed DCF to gradually address a number of underlying management and workforce problems that had given rise to a sense of crisis at the agency. Much progress has been made.

- However, $72.3 million of that increase over the course of this administration, including $16.6 million in House 1 alone, would cover the additional costs of out-of-home care for the children being removed from their homes. This enormous ongoing investment in out-of-home care, particularly in group care, raises serious questions as to whether the Commonwealth is making a serious enough investment in providing services and supports to fulfil its primary mission of keeping children safely at home whenever possible and placing them out of their homes only as a last resort.

- In assessing this tremendous investment in placing children in foster and group care, the legislature and the public needs to ask whether this investment is producing good outcomes for our children. Budget language that will likely be introduced this year to require DCF to provide data on the outcomes it is achieving for the children that live in the DCF foster care system should help ensure that these questions are answered.

2. The increased investments in out-of-home care include increased investments in both family foster care and group care.

- Since December 13, 2013, following a series of child tragedies, the number of children placed out of their homes has increased by 22% (from 7677 children in 2013 to 9371 children in September of 2018). This steep increase in out-of-home placements is due in part to increased vigilance at DCF, in part to the impact of the opioid crisis on families and children, and in part to the fact that funding to keep children safe at home (substance use prevention and treatment, mental health, domestic violence services, parenting skills training, housing and family homelessness services) has not kept pace with the need.

- The Governor proposes a total of $601.2 million in spending in FY 20 for out-of-home placements (in line items 4800-0038 and 0041).

- The proposed investments in out-of-home care in House 1 include increased funding for family foster care placements (item 4800-0038) of $8.9 million, for a total of $307.7 million, and increased funding for group care placements (item 4800-0041) by $7.7 million, for a total of $293.4 million. (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.)

- The Governor also proposes to invest $750,000 for the fourth year in a new foster care recruitment campaign (item 4800-0058) 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 proposes to increase crucial Family Stabilization and Support Services (item 4800-0040) by $470,000 thousand for total funding of almost $51 million.

- These are the preventive services needed to keep children safely in their homes and to safely reunify children 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 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.

- While this small increases to this item is necessary, it is not nearly enough to meet families' needs or achieve the department's mission of keeping children safely at home and out of foster care whenever possible. Under House 1, Family Stabilization and Support services would continue to receive a disproportionately small share of DCF's services budget. As of September 2018, 87% of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, yet House 1 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.

4. By proposing increased investment in group care paired with minimal, albeit slightly increased, investment in services to keep children safely at home and out of foster care, House 1 is out of alignment with core federal funding priorities. Other aspects of House 1 better align with federal funding priorities

- 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 incentivizes states to invest in family stabilization and support and other prevention services to keep kids safely at home and out of foster care. While the federal law allows states to delay implementation until no later than 2021, even states such as Massachusetts that chose to delay implementation must start to move in the direction Congress has charted. House 1 which continues to propose substantial increases in group care, and refrains from proposing the robust investment in family stabilization and support needed to keep children safely at home and out of foster care raises serious questions as to whether Massachusetts will be prepared to implement the requirements and the vision of the Family First Act.

- Elements of House 1 that are aligned with the Family First Act include its support of Family Resource Centers (4800-0200) which are an excellent community-based, prevention services delivery system, and the foster parent recruitment campaign (4800-0058) which is consistent with the Family First Act's emphasis on ensuring strong, supportive foster families, especially kinship families, for children who must be removed from their parents.

5. In House 1, the Governor proposes to level fund the social workers' account.

- The Governor proposes to increase funding for departmental social workers by $18.6 million to $255.4 million.

- House 1 would increase DCF's training budget by $73,000 to $2.7 million, however this is only $47,000 more than FY 19 projected spending. The funding increase will be needed to train not only many new DCF hires, but also all DCF employees on DCF's many new policies and the many new regulations DCF has written and is expected to implement.

6. **DCF's administrative account (item 4800-0015) would be increased by $7.1 million to $109.8 million.**

- As is typically the case, House 1 strips most of the line item language in DCF's administrative account.
- House 1 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.
- House 1 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 Governors' budgets had also proposed to remove these requirements, but the Legislature included them.

7. **For Family Resource Centers, the Governor proposes $15 million in new spending, but also proposes to carry over from FY 19 $2.7 million in expansion funds it was unable to spend. These would be used to convert five "micro centers" to full family resource centers and to add two new centers.**

- These 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 recent legislation (the Children Requiring Assistance or "CRA" law) which replaced the former CHINS program with a system of community-based services for families in need.

8. **House 1 proposes to level-fund the lead agency account (item 4800-0030) at $6.7 million.**

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

9. **House 1 would fund the domestic violence line item, formerly in DCF's budget and now in DPH's budget, at $37.8 million.**

- This is an increase of $514,000 over the current allocation.
- The account for services to victims of domestic violence (item 4800-1400) was transferred out of the DCF budget and into the DPH budget (item 4513-1130) in FY 17. The costs of DCF's domestic violence specialists and some shelter costs that were covered by the DCF line item are now covered under other DCF line items.

- Domestic violence services include beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pay 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) would be decreased by $2.5 million below the FY 2019 allocation to $139.4 million (item 4512-0200).**

    - 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 1 would fund the Committee for Public Counsel Services, which provides attorneys for indigent litigants in criminal and child welfare court proceedings, at $69.1 million for its operations account (0321-1500) and $158 million for its private counsel account (0321-1510).**

12. **Funding for the Office of the Child Advocate (item 0411-1005), would be increased by $137,000 to $1.3 million.**

    - This is a substantial increase for the Child Advocate's office which has a broad set of responsibilities to oversee the Commonwealth's services to and protection of its children

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget
4000-0500	MassHealth Managed Care	$5,759.01M	$5,602.46M
4000-0601	MassHealth Senior Care	$3,587.52M	$3,746.48M
4000-0700	MassHealth Fee For Service Payments	$2,646.23M	$2874.69M
4000-0940	MassHealth ACA Expansion Populations	$3,587.52M	$3746.48M
4000-0990	Children's Medical Security Program (CMSP)	$12.10M	$14.70M
1595-5819	Commonwealth Care Trust Fund	$45.77M	$0

1. The Governor proposes to expand Medicare Savings Programs for 40,000 low-income seniors (sections 49 and Item 4000-0601).

- House 1 proposes to expand the financial eligibility criteria for three existing Medicaid programs that help Medicare recipients with Medicare premiums and cost sharing. Currently, 1 in 3 low income seniors in Massachusetts spend more than 20% of their incomes on health care. According to the Governor, the added state spending of $7 million annually ($4 million in FY20) will help up to 40,000 low income seniors pay for Medicare Part B premiums ($135.50 per month in 2019), other Medicare cost-sharing and provide automatic eligibility for the federal low income subsidy to lower the costs of Medicare drug coverage.

- The three Medicare Savings Programs (MSP) currently assist Medicare recipients with income up to 100% of the federal poverty level (FPL), 120% FPL, or 135% FPL and countable assets less than $7,560 for an individual or $11,340 for a couple (2018). At the lowest income level, the program pays Medicare Part A premiums if needed, Part B premiums and other Medicare cost-sharing; at the intermediate level, it pays the Part B premium; and at the 135% level the program also pays the Part B premium but is entirely federally funded up to a capped amount. The two lower income tiers are funded by the state and reimbursed by federal Medicaid at the 50% match rate. In addition, anyone enrolled in one of these programs qualifies for the entirely federally-funded low income subsidy that helps with the costs of Medicare Part D, the Medicare drug benefit. There are other advantages to enrollment as well including elimination of the late enrollment penalty for Medicare recipients who delayed enrollment into Part B or Part D.

- Section 49 would use a method permitted under federal law to increase the minimum income limit by disregarding an amount equivalent to 30% FPL effectively increasing the three income upper limits to 130%, 150% and 165% FPL, and by disregarding the amount of the current asset test effectively doubling the amount of countable assets.

This expansion will enable 25,000 Medicare recipients to newly qualify for assistance, and another 15,000 to move up to an income tier where they qualify for help with Medicare cost sharing not just the Part B premium.

- Section 72 authorizes fund transfers from the Prescription Advantage program and the Health Safety Net Trust Fund should they have savings related to the MSP expansion.

- The Massachusetts Senior Action Council has championed expansion of these programs by eliminating the resource test entirely–a step that other states have taken—and using a higher income disregard to provide more relief for seniors and other Medicare recipients. Legislation has been introduced this session to eliminate the asset test and raise the income limit by 65% FPL. (SD741 and HD1218). The Governor's inclusion of at least some expansion of these programs in House 1 is a welcome step in the right direction.

2. The Governor tries again to win approval to negotiate supplemental drug rebates this time without a closed formulary (sections 48 and 6)

- Last year, House 2 proposed a drug pricing initiative giving MassHealth more authority to negotiate supplemental rebate agreements directly with drug manufacturers. Unfortunately, this promising idea for controlling rising drug costs was coupled with the controversial idea of a closed drug formulary that would have restricted access to certain high cost drugs for MassHealth members. Both proposals failed in 2018. This year the Governor wisely drops the closed formulary approach and focuses on giving the state more tools with which to negotiate lower drug prices.

- Section 48 allows MassHealth to negotiate supplemental rebate agreements directly with drug manufacturers, and in Section 6 authorizes the Health Policy Commission to hold drug manufacturers more accountable, including by referring unreasonable drug pricing to the Attorney General's Office. MassHealth will also seek more transparency from Pharmacy Benefit Managers in contracts with MassHealth managed care entities. These MassHealth pharmacy initiatives are projected to save $80 million in net state spending in FY 20.

3. MassHealth's expansion of substance use disorder services continues in FY20

- According to the Administration's list of budget highlights, H1 reflects $266 million in new funding for addiction treatment over 5 years across several agencies including $49.4M for expanded access to services in MassHealth. The extension and amendment of the MassHealth 1115 Demonstration approved in Nov. 2016 for the period from July 2017 to June 2022 authorized new substance use disorder services for MassHealth.

4. **The MassHealth Dental Program will include periodontal services in FY20. (Section 76)**

- **Section 76** maintains the scope of dental services for adults in MassHealth at the same level in place as of June 30, 2019. This is significant because the 4000-0700 line item in FY 19 GAA restored adult periodontic services effective June 1, 2019. Section 76 would continue that coverage into FY20. With the restoration of periodontal services, the adult dental program has finally regained most of the coverage lost in 2010 thanks to the persistence of oral health advocates within and without the legislature.

5. **No cuts to MassHealth eligibility or services**

- According to the Administration, MassHealth has reduced annual spending growth to 1.9% in 2020 through a combination of program integrity initiatives and improvements in the HIX eligibility system. It projects .6% enrollment growth in MassHealth in FY20. In December 2018, total MassHealth enrollment was 1.76 million compared to 1.87 million in December 2017. H-1 also assumes that the temporary increase in the employer medical assistance contribution (EMAC) enacted in 2017 will sunset as scheduled on Dec. 31, 2019.

- H-1 assumes no cuts in MassHealth eligibility levels or benefits and limited rate increases. While some of the billion dollar line items are higher or lower than the amounts in FY 19 GAA or than projected spending in FY 19, 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. See, e.g., section 7, chapter 277 Acts of 2018.

6. **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-1 increases the CMSP appropriation by 22% over FY 19 GAA and FY19 spending. 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 has been introduced this session to provide more comprehensive coverage for children regardless of immigration status (HD 2615 and SD 1167).

7. **No transfer needed for the Commonwealth Care Trust Fund (1595-5819)**

- **1595-5819** does not appear in House 1. This line item is for the Commonwealth Care Trust Fund (CCTF) which provides supplemental state funding for the ConnectorCare program. Since the ACA took effect in 2014, the CCTF has not required any appropriation from the General Fund but a transfer of over $45 million was authorized in item 1595-5819 in the 2019 GAA in connection with the Governor's proposal to drop approximately 140,000 adults from MassHealth and shift coverage to the Connector. Neither the legislature nor the federal Medicaid agency approved that proposal and no fund transfer was needed in FY19. The Governor has not re-introduced the proposal for FY 20.

Homeless Services

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget
7004-0101	Emergency Assistance	$161.75M*	$177.93M
7004-0108	HomeBASE	$32.00M	$25.83M
7004-0099	DHCD Administration	$7.68M	$7.12M
7004-0100	Operation of Homeless Programs	$5.37M	$5.85M
7004-0102	Homeless Individual Shelters	$48.18M	$48.36M
7004-0104	Home and Healthy for Good Program	$2.39M	$2.39M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$20.00M*	$15.27M

* These appropriations were augmented later in FY 19, either by supplemental budgets or some other means.

1. **Emergency Assistance (7004-0101) would be funded at $177.9 million,** an amount similar to the projected spending for FY 19**.** 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 1 would continue restrictions on access to EA shelter that force many families and children to first prove they slept in a place not meant for human habitation before they can be eligible. Advocates continue to push for a more humane policy so that children must not first sleep in cars, emergency rooms, or other inappropriate places before they are eligible for shelter.
   - House 1 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 1 also 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 19 budget. Advocates will work to ensure they continue to be included.
   - House 1 maintains language that first appeared in the in FY 19 budget requiring 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, but this language raises concerns about EA funds potentially being shifted towards non-EA shelter services.
   - House 1 removes language that would allow other department-approved entities to conduct health and safety assessments to determine eligibility. This language was first introduced in the FY 19 budget, partly due to concerns about whether DCF involvement discourages participation in the EA shelter program.

2. **HomeBASE (7004-0108) would be funded at $25.8 million,** a decrease from the previous several years. HomeBASE was created in FY 12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

- House 1 maintains the maximum assistance level in a 12-month period at $10,000.
- House 1 proposes to eliminate language ensuring that families not be terminated from the program based on a single violation of certain program rules.
- House 1 proposes to eliminate the obligation that DHCD provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions. House 1 also proposes to eliminate DHCD's obligation to provide timely reports to the Legislature. This language was included in the enacted FY 18 budget. Advocates will work to ensure it continues to be included.
- House 1 would continue to allow 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. 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 $7.1 million,** a decrease from the FY 19 appropriation.

- House 1 would eliminate a requirement that DHCD promulgate and enforce regulations that would 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 19 budget. Advocates will be work to ensure this language continues to be included.

- House 1 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 monitor to ensure that offices remain available for in-person access.

- House 1 also proposes to eliminate language requiring DHCD to ensure that in-person offices be sufficiently staffed, and that 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.

4. **DHCD homelessness operations account (7004-0100) would be funded at $5.8 million**, an increase of about $5 million from FY 19.

5. **Shelters and services for homeless individuals (7004-0102) would be funded at approximately $48.3 million,** a slight increase over FY 19.

6. **Home and Healthy for Good program (7004-0104) would be funded at just over $2 million** matching the FY 19 appropriation. This program provides housing for chronically homeless individuals.

7. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be funded at $15.2 million,** a decrease of nearly $5 million from the FY 19 appropriation**.** RAFT is a homelessness prevention program for families with children.

   - The administration notes its intent to level-fund RAFT by making approximately $4.7 million for RAFT available from the Housing Preservation and Stabilization Trust Fund, or HPSTF. Although HPSTF does not appear in the line item summary it is listed in the House 1 document at line item 7004-4778 with anticipated spending of $8 million, though it is unknown exactly what funds are available.

   - 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 $8,000.

   - House 1 adds language that would require administering agencies to make findings that RAFT payments to recipients would enable them to avoid homelessness. It is unclear how agencies would be required to make or report such findings.

   - House 1 would designate $3 million for recipients who fall under a broader the definition of "family" including unaccompanied youth, elders, persons with disabilities, and other households.

   - House 1 would eliminate the obligation that DHCD provide quarterly reports to the Legislature, which was included in previous budgets.

Housing

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget
7004-9005	Public Housing Operating Subsidies	$65.65M	$65.50M
7004-9007	Public Housing Reform	$1.00M	$1.00M
7004-9024	Massachusetts Rental Voucher Program	$100.00M	$100.00M
7004-9030	Alternative Housing Voucher Program	$6.15M	$6.15M
7004-3045	Tenancy Preservation Program	$1.30M	$1.30M
7004-9033	Rental Subsidy Program for DMH Clients	$6.54M	$6.54M
0336-0003	Housing Court Expansion	$2.6M	Consolidated into existing Judiciary line-items

1. **Public Housing Operating Subsidies (item 7004-9005),** which provide housing authorities with operating funds for state public housing, would be funded under House 1 at **$65.5 million, a decrease of $150,000** from last year's appropriation.

   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, 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. In addition:

   - House 1 provides 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.

   - House 1 did not include language included in the FY19 budget which required housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers.

2. **Public Housing Reform (item 7004-9007)** for costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 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 that was successfully launched by the Mel King Institute at the Massachusetts Association of Community Development Corporations. The Program has been developed 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 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**), which provides long-term rental subsidies to low-income tenants in the private housing market. Under House 1, MRVP would **be level funded at $100 million (although the Governor's summary says only $94 million was actually spent in FY 2019**.) **Advocates are working for an increase to $130 million** which is needed to meet the well-documented affordable housing crisis and because the subsidy and ceiling rents are often too low to allow voucher holders to successfully rent units or find landlords that will accept 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 giving DHCD the discretion to target up to 75% of the vouchers to extremely low income households (ELI) with incomes of not more than 30% of area median. We have advocated for a required, not discretionary, targeting to ELI applicants. Nevertheless, we believe that this provision has had very little effect on the income profile of MRVP tenants which remains predominantly ELI.

    - The Governor's bill removes the current budget provision limiting all MRVP tenants' rent share to 40% of income. Instead, House 1 keeps the 40% cap at initial occupancy and allows tenants, after initial occupancy, to pay more than 40% of income if they choose. This is similar to the federal Housing Choice Voucher (Section 8) program.

    - The Governor's budget again proposes to remove the requirement that DHCD report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth. The FY 2019 final budget continues to require that report.

    - 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.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** would be **level funded at $6.15 million**. House 1 omits the requirement 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. This language was in the final FY19 budget. House 1 also includes language that this line item does not give recipients an enforceable entitlement to housing. This language was not included in the final FY19 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. In FY18, approximately 522 cases were closed by TPP and homelessness was prevented in over 90% of these cases. TPP staff also provided consultation services to an additional 2,326 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 $5.5 million**.

7. **Housing Court Expansion (item 0336-0003)** which was funded at **$2.6 million in FY19** has been now been consolidated into the existing Housing Court Department's line item (0336-0002) and the Superior Court Justice Salaries (0330-0101).

Legal Services

Account	Description	FY19 General Appropriation	FY 20 Governor’s Budget
0321-1600	MLAC	$21.04M	$21.00M

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 1 recommending an appropriation of $21.00 million, essentially identical to the FY 19 appropriation. MLAC is seeking a $5 million increase (to $26 million) to help meet the growing statewide demand for civil legal services.

For more information on our House 1 summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.