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House Ways and Means FY 2023 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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On April 13, 2022, the House Committee on Ways and Means released its budget proposal for fiscal year 2023 (FY 23), which is referred to as House 4700. 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 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
4403-2000	TAFDC	$275,916,458	$295,946,972	$343,156,179
4401-1000	Employment Services Program	$16,050,103	$15,569,246	$15,569,246
4400-1979	Pathways to Self Sufficiency	$1,000,000	$1,000,000	$1,000,000
4408-1000	EAEDC	$102,738,779	$122,156,849	$137,236,350
4405-2000	State supplement to SSI	$205,280,784	$202,839,098	$209,839,098
4400-1020	Secure Jobs Connect	$5,000,000	$5,000,000	$.5,000,000
4403-2008	Transportation Benefits for SNAP Path to Work Participants	$500,000	$500,000	$500,000
4403-2119	Teen Structured Settings	$9,675,624	$10,827,149	$10,827,149
4401-1003	Two Generation Economic Mobility	$2,500,000	$2,500,000	$3,500,000
4400-1100	Caseworkers Reserve	$83,205,764	$91,711,752	$91,711,752
4400-1000	DTA Administration and Operation	$67,297,970	$72,372,247	$72,461,201
4400-1025	Domestic Violence Specialists	$1,790,076	$1,964,605	$1,964,605
4401-1001	Food Stamp Participation Rate Programs (SNAP) outreach)	$3,873,032	$3,694,680	$3,994,680
4400-1004	Healthy Incentives Program (HIP)	$13,000,000	$5,000,000	$10,000,000 plus $8,000,000 unspent from FY 22

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

- **House Ways and Means proposes $343.2 million for TAFDC (4403-2000), compared with the Governor's proposal of $295.9 million and $275.9 million for FY 22.** The House Ways and Means proposal for TAFDC is based on the Committee's projection that the caseload, which has been going up, will go up even higher and will stay high in FY 23. The recent caseload increase is largely attributable to the end of pandemic unemployment benefits at the beginning of September. Families with children who had been relying on pandemic unemployment benefits for many months were suddenly without any source of income at all. Parents we spoke with were shocked to find out that TAFDC benefits were far less than they had been receiving in pandemic unemployment benefits. These parents had worked before the pandemic and were eager to go back to work as soon as possible. However, they faced substantial barriers to getting back in the work force:

- Parents were expected to keep their children home from school if a child or child's classmate tested positive for COVID-19.

- Childcare was often completely unavailable. When it was available, frequent temporary closures often meant that it was not reliable enough for parents to work.

- Some parents were suffering the effects of Long COVID or were grieving loved ones they lost.

If these barriers ease in the coming months and there is no major resurgence of COVID-19, there is reason to expect that these parents will go back to work. In fact, caseload increases already began to taper off in the first two months of calendar 2022. However, it is not possible at this point to project what the caseload will be in FY 23.

- **House Ways and Means, like the Governor, does not increase TAFDC grants.** The maximum TAFDC benefit for a family of three with no income is only $712 a month, well below half the federal poverty level, also known as Deep Poverty. Deep Poverty is currently income below $960 a month for a family of three. The current maximum grant of $712 a month for three is the result of two historic increases enacted by the Legislature – a 10% increase effective January 2021 and a further 9.1% increase effective July 2021. But 8.5% annual inflation in March 2022 (the highest rate of inflation since 1981) has eroded the recent 9.1% increase to only .06%, nowhere near enough to make up for a generation of frozen grants. Budget amendments have been filed to increase grants by 20% in FY 23 and to adopt a policy of raising benefits by 20% a year until they reach half the federal poverty level and then raising them more slowly as the poverty level increases. The budget amendments are based on bills, H.199 and S.96, co-sponsored by 96 House members and 26 Senators. The Committee on Children, Families, and Persons with Disabilities reported the bills favorably in February 2022.

- **House Ways and Means would keep the annual TAFDC children's clothing allowance at $350 per child paid in September (4403-2000).** House Ways and Means would also retain 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. The Governor proposed paying $175 per child paid in September and another $175 in March. This would have denied the clothing allowance to low-income families slightly above the usual standard of need. According to DTA, a few hundred families qualify for TAFDC in September because of the increase in the standard of need. There is also a risk that paying the clothing allowance in installments would make it countable for SNAP, effectively reducing the value of the clothing allowance by more than $100 a month per child.

- **House Ways and Means' proposal for TAFDC (4403-2000) includes language adopted several years ago removing the reduction in benefits for families in shelter.** The Governor did not include this language.

- **The line item for TAFDC (4403-2000) includes 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. The Governor did not include this language.

- **The line item (item 4403-2000) also includes language, omitted by the Governor, requiring the Governor to give 75 days' advance notice to the Legislature before cutting benefits or making changes in eligibility.** 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 includes the current requirement, omitted by the Governor, of 75 days' advance notice before DTA proposes any changes to the disability standard. The line item also includes a requirement omitted by the Governor that DTA tell recipients about their eligibility for childcare and includes prior years' language – omitted by the Governor – allowing DTA to make changes that lead to an increase in eligibility or benefits.

- **Transitional Support Services specified at "no less than $1 million" (item 4403-2000),** like the Governor's proposal. 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 actual cost has been closer to $1.6 million.

- **The Employment Services Program (ESP, item 4401-1000) would be cut from $16.1 million to $15.6 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million.** These amounts are the same as the Governor proposed. Apparently, neither HWM nor the Governor expects to provide increased services for the increased number of recipients they are projecting. The Governor projected ESP spending for FY 22 at $17.8 million so the cut for this chronically underfunded program appears to be particularly unwarranted. HWM would fund 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. As in past years, the Governor does not propose any earmarks for ESP. HWM would retain the current requirement that the Administration report on program outcomes; the Governor omitted this requirement.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $137.2 million, compared with the Governor's proposed $122.2 million and FY 22 projected spending of $111.2 million.** The EAEDC caseload increased substantially in October 2021, largely due to the elimination of asset limits for EAEDC, which previously had an asset limit of $250 for a single person and $500 for a couple. The Legislature eliminated asset limits in the FY 22 budget, but the Governor's vetoes delayed implementation. On October 1, 2021, DTA finally instructed staff to stop counting assets. The caseload increased substantially in October, November, and December, but the increases have tapered off. The bill and budget amendments to increase TAFDC would also raise EAEDC benefits, currently a maximum of $364 a month for a single person as a result of the increases in January and July 2021. 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, HWM's proposed EAEDC line item includes language – omitted by the Governor – requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The HWM line item also specifies 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 $209.8 million,** $7 million more than the Governor, because of a proposed $7 million increase in the rates for residential care facilities and rest homes which are paid from this line item. The Governor proposed to spend less than $202.8 million, about $2.5 million less than the FY 22 appropriation and projected spending for FY 22.

- **Secure Jobs Connect (item 4400-1020)** would be level-funded at $5 million, as in the Governor's proposal. 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 Path to Work participants** (item 4403-2008) would be funded at $500,000, like the Governor's proposal. This account provides transportation assistance to SNAP beneficiaries who need transportation to participate in a work activity and keep their benefits.

- **Increasing participation in SNAP (item 4400-1001).** HWM funds SNAP outreach at just under $4 million, about $300,000 more than the Governor and $100,000 more than FY 22. 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. Young Parents

- **Teen Living Programs (item 4403-2119) would be funded at $10.8 million,** the same as the Governor and about $1.1 million more than the FY 22 appropriation and FY 22 spending. We hope the increase reflects rate increases for staff at these programs.

- **Two Generation Economic Mobility Programs (4401-1003) would be funded at $3.5 million,** $1 million more than the Governor proposed. This is a grant program for parents between ages 14 and 24 experiencing trauma, mental health issues, and domestic violence.

3. DTA Administration

- **The DTA worker account (item 4400-1100) would be increased from $83.2 million appropriated for FY 22 to $91.7 million,** the same as the Governor. The proposed amount, which is less than projected spending for FY 22 of $92.4 million, does not appear to reflect an increase in the number of DTA workers. For the most part, DTA has done an admirable job implementing federal COVID flexibilities to manage the increased caseload and application rates that continue to be higher than pre-pandemic levels. However, the federal public health declaration is expected to sunset in 2022, causing DTA to lose some SNAP administrative options available during the pandemic. In addition, the current COVID boost in monthly SNAP will end, cutting SNAP by at least $95 for all SNAP households (and by much more for about 350,000 households). We expect this precipitous drop in benefits to cause a flood of calls and a major increase in work for DTA. Plus, as of early March 2022 the SNAP caseload was 596,000 households – 36% higher than the start of the pandemic. Additional case managers are needed to explain the benefit changes, maintain customer service with the significantly larger caseload, reduce wait times and processing times, ensure accuracy, and 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." Before the pandemic the Administration estimated there were nearly 700,000 individual MassHealth recipients with income below 150% of the federal poverty level who were likely eligible for SNAP but not receiving it. Failure to close the SNAP Gap leaves nearly $1 billion in annual federal nutrition benefits on the table, not counting the extra SNAP provided during the COVID public health emergency. Starting in July 2022, people applying for or renewing their MassHealth online will be able to apply for SNAP at the same time. DTA will face an increase in administrative work to timely process applications and close the SNAP gap.

- **DTA central administration (item 4400-1000) would be increased to $72.4 million from $67.3 million appropriated for FY 22.** The HWM dollar proposal is the same as the Governor's budget. The HWM line item also includes the FY 22 requirement, omitted by the Governor, 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 HWM line item also includes current language, omitted by the Governor, providing that an application for TAFDC shall also be treated as an application for MassHealth.

- **The "SNAP Gap" and Common Application.** The FY22 budget included language requiring the Baker Administration to allow MassHealth and Medicare Savings Program (MSP) beneficiaries to use their healthcare application or renewal form as a SNAP application. The paper healthcare application and renewal forms now include a simple SNAP "checkbox" that triggers a SNAP application. As a result, the Executive Office of Health and Human Services (EOHHS) has been sending a substantial number of SNAP applications to DTA. EOHHS plans to expand the SNAP "checkbox" application to the MassHealth Connector HIX system at the end of July 2022. In addition, the state will be ramping up MassHealth renewals when the public health emergency (PHE) declaration sunsets this summer, creating another opportunity for MassHealth beneficiaries to apply for SNAP by checking the box. However, the FY23 HWM budget does not include language that would create a “Common Application” – a common front door – to allow low-income households to apply for other means-tested programs beyond SNAP and healthcare such as cash assistance, childcare, fuel assistance, WIC, state veterans benefits and more

- **DTA domestic violence workers (item 4400-1025)** would be funded at just under $2 million, slightly more projected spending for FY 22, likely reflecting increased wage and benefit costs.

4. Additional Nutrition Item Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) would be funded at $10 million in the HWM budget. However, an additional $8 million in unspent FY 22 funding will be available in FY 23, for a total of $18 million,** compared with $13 million appropriated for FY 22. The HWM budget language expressly directs DTA to operate HIP as a year-round program, instead of the seasonal program that would have been allowed by the Governor’s proposal. 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.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
	Department of Children and Families	$1.104B	$1.19B	$1.19B
4800-0015	Clinical Support Services and Operation	$115.3M	$130.6M	$130.6M
4800-0030	Local/Regional Management of Services (Lead Agencies)	$9M	$9.5M	$9.5M
4800-0038	Services for Children and Families (Family Foster Care)	$300.3M	$318M	$318M
4800-0040	Family Support and Stabilization Services	$70.1M	$72.8M	$72.8M
4800-0041	Congregate Care Services	$307.8M	$337M	$337M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$750,000	$750,000
4800-0091	Child Welfare Training Institute	$2.8M	$3.1M	$3.1M
4800-0200 and 4000-0051	Family Resource Centers	$25.5M	$24.8M	$24.8M
4800-1100	DCF Social Workers	$265.3M	$286.1M	$286.1M
0930-0100 and 0930-0101	Office of the Child Advocate	$4.2M	$3.6M	$4.4M $3.5M

1. **House Ways and Means funds DCF at slightly over $1.19 billion, an increase of $86.7 million over FY 22.**

   - Except where noted, the HWM child welfare budget closely tracks the Governor's proposals.

2. **Spending on placing children in the foster system would be increased by $47 million, bringing total foster care spending to $655 million.**

   - This includes $318 million for family foster care (item 4800-0038), and $337 million for group (congregate) care (item 4800-0041) for children living in residential foster care facilities.

   - It appears HWM has adopted the Governor's budget for spending on congregate care for children and youth in the foster system. EOHHS states that $29.9 million of its congregate care budget (in item 4800-0041) is for the costs of its new congregate care network (CCNET) designed to achieve safety, permanency and well-being outcomes for 2,000 DCF-involved children, adolescents and young adults, and to align DCF services with the Requirements of the 2018 federal Family First Prevention Services Act.

- However, **it appears that many Massachusetts congregate care settings will not meet specified quality control and appropriateness of placement requirements of the federal Family First Act.** To the extent that MA does not meet Family First requirements, the Commonwealth will not be eligible for federal Title IV-E reimbursement for the costs of more than fourteen days of the placements of many children who enter congregate care placements. **EOHHS projects that Massachusetts will lose $4.7 million in Title IV-E reimbursements in FY 22 (below the FY 21 reimbursement level) and will lose $12.9 million in federal reimbursements in FY 23. This also means, means that many Massachusetts children who've been taken from their parents' care will not live in group homes that meet federal quality control standards.**

3. At the same time that House Ways and Means proposes a substantial increase in spending on foster care, it provides only a small increase of $2.7 million in much needed services to keep children safely with their parents, bringing the small and underfunded Family Support and Stabilization account (item 4800-0040) to only $72.8 million dollars.

- Massachusetts and federal law require that protecting children by providing services to keep them safely with their families is the core mission of the Department of Children and Families. Yet, **many Massachusetts families that need and are eligible for services to keep their children safely at home or to reunify with their children in foster care don't receive these services because those services aren't adequately funded.**

- **Over 87% of the children in DCF's caseload need family support and stabilization services to remain and return safely home with their parents, but the HWM budget would allocate only 10% of DCF's services budget to the services they need.**

- **DCF plans to further reduce the funds in this overstretched line item that are available for the line item's purpose of keeping and returning children safely with their own families.** In a public Request for Information DCF distributed to plan for procuring these services, DCF made clear it plans to use funds in this line item for purposes it was not intended for. (See DCF Support and Stabilization RFI, p. 6). It plans to do this by redefining the "family" these services would support to include not only the children's own family, but also "other individuals who are important to a youth, who can serve as lifelong connections for a youth, and who may care for a youth in their home…[including] foster, pre-adoptive family members, or other caring adults in a youth's life." Thus, DCF proposes to tap this tiny line item to fund services provided by foster and congregate care providers and others, in addition to its intended purpose of keeping children with their own families. **While all services to support youth are important and worthwhile, services to youth in out-of-home placements, must be funded by the much larger line items already available for that purpose, so that the family support and stabilization line item can be preserved for its intended purpose of keeping families safely together.**

- **Massachusetts is also leaving much federal funding on the table that is available for services to keep children safely with their families.** The 2018 Family First Prevention Services Act made open-ended federal reimbursement available to states to reimburse half the costs of the services they provide to keep children safely at home and out of foster care. This could save Massachusetts not only the costs of these services, but the costs of the foster care placements they would prevent. **After two years of potential eligibility, DCF has only this year filed its plan to become eligible for federal reimbursements under the Family First Act. That plan, which DCF has not made available to the public, was created with no public input, including from stakeholders who will be directly impacted, and makes only limited use of federal reimbursement opportunities, thereby leaving greatly needed federal funding untapped for the families and children that need it in Massachusetts.**

2. **In the FY 2022 budget, the legislature required, in the foster care line item (4800-0038), that DCF file racial impact statements describing the racial impact of reforms intended to improve foster care, placement stability and permanency for DCF-involved children.** This requirement was enacted due, in large part, to legislators' concerns about the racial impact of DCF's potential use of predictive analytics (algorithms or actuarial tools) in predicting which foster children should be reunified with their families, despite the well documented disparate impact of such tools. DCF reported (in the Child Advocate's March 2022 update to her David Almond Report at p. 21) that beginning in July 2021, it began to implement Structured Decision Making, which it describes as a research-based actuarial tool for reunification decisions. However, DCF has not filed the required racial impact statement with the Clerk's office. **The need for racial impact statements is even greater now that legislators' primary potential concern appears to have become a reality. The mandate should be re-affirmed in the FY 2023 budget, not removed, in the face of DCF's apparent lack of compliance with the legislature's original requirement.**

3. **HWM reduces funding for Family Resource Centers (items 4800-0200 and 4000-0051) by $694,000 for a total of $24.8 million.**

   - HWM eliminates line item 4000-0051, the smaller Family Resource Center account that was in the FY 2022 budget, and the $500,000 in that line item, and reduces line item 4800-0200 by $194,000.

   - 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. This is a cornerstone of primary prevention and it minimizes unnecessary involvement with the child welfare system. Family Resource Centers can 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 for community-based services for families in need.

4. **HWM would increase funding for social worker salaries (item 4800-1100) by $20.8**

million to $286.1 million, and increase training (item 4800-0091) by $264,410 to $3.1 million.

- EOHHS says it is continuing to work towards a social worker weighted caseload ratio of 15:1 and providing clinical support and oversight to DCF social workers.

5. **HWM would increase funding for DCF's administrative account (item 4800-0015) by $15.3 million to $130.6 million.**

6. **HWM increases the lead agency account (item 4800-0030) by $488,429 to $9.5 million.**

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

7. **The domestic violence line item, now combined with three other DPH items in a new line item (item 4513-1136), would be funded at $72.5 million.**

- This is $7.5 million more than combined funding for these four line items in the FY 22 budget, and $5 million more than the Governor proposed. 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 are preventive services that can help prevent abuse and neglect. They include beds for domestic violence shelter, supervised visitation, supports to victims of domestic violence, and salaries for DCF domestic violence staff.

8. **Funding for the Office of the Child Advocate (item 0930-0100), would be increased by $3.7 million, an 87% increase.**

- HWM increased the Child Advocate's operating budget by $185,557 for a total of $4.4 million, but removed from that line item the responsibility for the state Center on Trauma and Wellness. In place of the $1 million that had been allocated to the Trauma and Wellness Center in the child advocate's operating budget, HWM separately allocates $3.5 million for that Center to a separate line item (0930-0101) in the Office of Child Advocate's budget.

- The HWM budget does not state what the newly available $1.2 million in the Child Advocate's operating budget would be used for, or what the additional $2.5 million in the Center on Trauma and Wellness would fund.

- Funding for Child Advocate's office has grown by 502% over the seven years since this child advocate first entered the office in FY 15, and by $1.3 million from FY 21 to FY 22 alone. HWM's proposed addition of another $3.7 million to the budget of this office would result in a ten-fold increase in the budget of the Office during the tenure of this Child Advocate. **It is essential that the public and lawmakers have**

an opportunity to carefully examine outcomes for children and families that have resulted from the substantial investments already made and the purposes of new proposed investments.

- For example, one of the several projects added in FY 22 to the Child Advocate's already long list of legislatively mandated activities included coordination of a pilot for an evidence-based mandated reporter training for educators. Data that would be useful to legislators and other stakeholders in evaluating the effectiveness of this pilot before expanding it include: whether the training reduced the documented racial disproportionality in reporting by mandated reporters, whether the training reduced reports that DCF screened out or did not substantiate, whether the training increased referrals of families to appropriate community-based resources when reporting to DCF was not warranted.

9. HWM increases funding for court appointed counsel in child welfare and criminal cases in the Committee for Public Counsel Services account (item 0321-1510) by $39.6 million

- Attorneys appointed by the courts are essential. In child welfare cases, they defend parents and children in Care and Protection and Termination of Parental Rights proceedings -- which determine whether parents will lose custody of their children to the state, potentially forever -- and in cases concerning children in need of services.

Criminal Justice Reform

1. **Sections 45 and 46** of the HWM budget adopt the Governor's proposal to eliminate the fees required to be paid by persons on probation (**Section 45**) or parole (**Section 46**). The obligation to pay these fees often works as a barrier to successful re-entry for persons who have been convicted of crimes. As a result of the operation of systemic racism, this population consists disproportionately of persons of color.

2. Under **Section 39** of the HWM budget, the cost of telephone calls made or received by prisoners in the custody of Department of Correction or the county sheriffs will be paid by the state rather than the person making or receiving the call. The change will alleviate a significant financial burden on prisoners and their families.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
4000-0300	EOHHS and Medicaid Administration	$120,584,923	$123,844,597	$123,444,597
4000-0500	MassHealth Managed Care	$6,048,311,781	$5,332,060,744	$5,530,060,744
4000-0601	MassHealth Senior Care	$3,714,225,672	$3,725,368,077	$3,715,210,993
4000-0700	MassHealth Fee For Service Payments	$3,135,853,542	$3,511,975,144	$3,556,175,144
4000-0880	MassHealth Family Assistance Plan	$448,183,863	$325,501,115	$325,501,115
4000-0940	MassHealth ACA Expansion Populations	$3,675,946,600	$2,855,462,041	$3,233,462,041
4000-0990	Children's Medical Security Program (CMSP)	$16,206,750	$17,017,088	$17,017,088
1595-5819	Commonwealth Care Trust Fund	$35,000,000	$35,000,000	$50,000,000

1. MassHealth Spending Reflects the Extension of the COVID 19 Public Health Emergency to July 2022, and Anticipates the End of Both Continuous Coverage Protections and Enhanced Federal Matching Funds After the Public Health Emergency Ends

- HWM recommends $18.406 billion gross funding for MassHealth which now insures 2.2 million people. This is a $645 million gross increase over the House 2 recommendation. The difference between HWM and House 2 is attributable to the fact that House 2 was developed under the assumption that the federal public health emergency (PHE) would end in April, 2022. House 2 therefore assumed that the continuous coverage protections provided by the Families First Coronavirus Response Act (FFCRA), which protects MassHealth members from losing coverage during the PHE, would end in April, 2022 and eligibility redeterminations for members whose coverage has been protected would begin in May, 2022, and that the 6.2% enhanced federal matching rate would end in June 2022.

- However, as the Medicaid Director testified at the March budget hearings, if the PHE were extended into July, 2022, with eligibility redeterminations expected to resume in August, 2022, it would require an additional $645 million in gross spending over House 2 representing $21 million less in net spending due to the added quarter of enhanced federal revenue through September 2022. On April 13, 2022, the PHE was extended once again into July 2022.

- In a typical year, pre-COVID, as much as a third of the MassHealth caseload might lose coverage at annual renewal, many for simply failing to return forms on time, and later re-enroll. MassHealth resumed its annual renewal process in May 2021, but with the protection in place for individuals who did not return forms on time or whose circumstances had changed and were no longer eligible. MassHealth estimates that approximately 700,000 individuals are protected in coverage due to the FFCRA, and will have their eligibility redetermined after July, 2022.

- The federal Medicaid agency (CMS) has advised state Medicaid agencies that they will have at least 12 months to return to normal operations after the PHE ends, and that Medicaid members must be allowed an opportunity to update information about their current circumstances before the agency makes a new determination about whether or not they are still eligible.

- The unwinding of the continuous coverage protection will be a complicated and challenging process. For over two years, most members' coverage has been protected regardless of whether they completed renewals or responded to MassHealth's requests for information. Once the continuous coverage protection ends, members will need to respond or risk termination or downgrade of their benefits. The challenge ahead is to ensure that members who are eligible for benefits do not lose coverage for administrative reasons such as wrong addresses, and out-of-date information.

2. Medicare Savings Plan Expansion (Outside Sections 28 and 60)

- HWM expands upon the Governor's recommendation in House 2 to expand the Medicare Savings Program (MSP). House 2 proposed an increase of $21 million to expand the Medicare Savings Program (MSP) by effectively raising the income upper limit from 165% FPL to 200% of the federal poverty level (FPL). HWM goes further, proposing an increase of $37 million in funding to raise the income cap from 165% FPL to 250% FPL. This expansion would be effective January 1, 2023. Neither House 2 nor HWM proposes a much needed further increase in the MSP asset test.

- This builds on an earlier expansion of the MSP program that took effect in 2020. MSP helps low-income older adults and people with disabilities on Medicare by paying their Medicare Part B premium, now $170 per month for most people, and for those at the lowest income level, the MSP program also covers Medicare co-insurance, deductibles and copays for Medicare Parts A and B. The 2020 expansion raised the upper income level for MSP from 135% to 165% of the poverty level, and doubled the asset test.

- HWM anticipates that this MSP expansion will result in savings to the EOEA Prescription Advantage Program, and the Health Safety Net. Outside section 60 proposes offsetting the cost of this MSP expansion with these savings by authorizing the transfer of funds from these programs to fund the Medicare Savings Program.

- While this expansion of MSP's income limit would be a significant step forward, it stops short of the increasing the asset limits, which are currently $16,800 for individuals and $25,200 for married couples. Ten other states have eliminated the asset test for MSP. By increasing the asset test, Massachusetts could significantly improve the economic security of older adults in the Commonwealth. The MSP asset test penalizes older adults for anticipating the challenges of living on fixed incomes and saving for retirement.

3. Children's Medical Security Program (4000-0990)

- The Children's Medical Security Program (CMSP) provides a basic package of primary care services to children and youth under 19 who do not qualify for MassHealth either due to immigration status or family income. HWM like House 2 increases the CMSP appropriation in FY 23 compared to FY 22. 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. This legislation, H.1309/S.762, *An Act to ensure equitable health coverage for children*, would provide comprehensive coverage to over 30,000 children and young adults whose coverage is limited because of their immigration status.

4. HWM like House 2 provides for a major increase and restructuring of hospital assessments to fund performance incentives and other hospital reimbursements (Section 17 and multiple other sections)

- HWM like House 2 creates two new trust funds to receive an increased and restructured hospital assessment that is now used as the nonfederal share of certain Medicaid expenditures under the 1115 demonstration. The 1115 extension request, currently pending at CMS for the five-year period beginning July 1, 2022, provides for performance based incentive payments to hospitals based on quality and health equity improvements. These incentive payments along with across-the-board hospital rate increases would be paid out of the new trust funds.

- MassHealth uses various complex funding mechanisms to make up the non-federal share of Medicaid spending that is eligible for federal reimbursement at a rate of 50 percent or more from sources other than the General Fund. The hospital assessment is one of those mechanisms for maximizing federal revenue. The proposed changes were developed in concert with the Massachusetts Health and Hospital Association and are contingent on federal approval.

5. HWM directs the Health Connector to create a two-year pilot to extend ConnectorCare eligibility from 300% of the poverty level to 500% of the poverty level (Section 52 pilot and Sections 68, 73 and 74 effective dates)

- Though Massachusetts remains a national leader in health insurance gains, having achieved near universal coverage, an estimated 200,000 individuals remain uninsured. HWM proposes a two-year pilot program to extend more affordable ConnectorCare coverage to people with no other access to coverage and with incomes up to 500% of the poverty level ($68,000 a year for an individual in 2022).

The current upper income limit for ConnectorCare is 300% of the poverty level ($40,770 for an individual in 2022). It also directs the Health Connector and the Health Policy Commission to gather data and report back on how the pilot has affected health care access and racial and ethnic disparities. This provision would be effective from June 1, 2023 to May 31, 2025.

- This proposal is building on changes in the American Rescue Plan Act (ARPA) for calendar years 2021 and 2022 that both lowered the percentage of income considered affordable thereby increasing the federal government's share of the advance premium tax credits that lower premium costs, and lifted the upper income limit for premium tax credits which was 400% of the poverty level. In addition to these federal premium tax credits, Massachusetts has always provided additional state funding from the Commonwealth Care Trust Fund to make insurance more affordable for people with income up to 300% of the poverty level through its ConnectorCare plans.

- In 2021 and 2022, the state outlay for ConnectorCare has been lower than past years in light of the federal government supporting more affordable coverage. The costs and scope of the pilot in 2023-25 will depend in part on whether Congress takes action to extend the temporary availability of premium tax credits for those with income over 400% of the poverty level and to support more affordable premium contributions beyond the 2022 calendar year.

- In March 2022, 154, 800 individuals were insured by ConnectorCare which offers plans with no premium contribution for people with income of 150% of the poverty level or less, no deductibles or co-insurance, and copayments on a sliding scale based on income for people with income of 100-300% of the poverty level. In April 2021, with no upper income limit, 17,400 people had APTC-only benefits; in March 2022 this had grown to 34,984 people with the APTC-only benefit. However, overall enrollment in ConnectorCare plans have been lower since MassHealth members have been able to retain MassHealth during the COVID-19 emergency despite increases in income that might otherwise have moved them into the Health Connector, and this has probably reduced the rate of growth in APTC-only plans too.

- The $15 million increase in the general fund contribution to the Commonwealth Care Trust Fund in 1595-5819 is likely unrelated to the pilot program which is not slated to begin until the last month of FY 23. It does reflect the expected transition into ConnectorCare of thousands of individuals now in MassHealth who will be called on to update their income information after the COVID-19 emergency ends and will then receive new eligibility determinations based on their current income. The emergency declaration was just extended into mid-July 2022, but this extension is widely expected to be the last.

- The Health Connector recently adopted new policies to make it easier for people who will be losing MassHealth after the COVID emergency ends to not only qualify for ConnectorCare but take the additional steps to enroll in a plan by the deadline for doing so. New policies will offer an option for people with income of 150% of the poverty or less to be automatically enrolled into a zero-contribution plan, and will allow eligible individuals an opportunity to select or change plans once a month during 2022. The Health Connector's "Simple Sign Up" campaign is targeting uninsured state residents filing 2021 state tax returns. It is changes like these, as well as a concerted outreach effort, that will be needed to assure that eligible individuals are seamlessly enrolled and that Massachusetts remains a leader in health care coverage in 2023.

Homeless Services

Account	Description	FY 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
7004-0101	Emergency Assistance	$196,960,750	$213,209,537	218,241,057
7004-0108	HomeBASE	$25,970,612	$56,911,201	$59,411,201
7004-0099	DHCD Administration	$7,771,502	$8,811,761	$8,811,761
7004-9316	Residential Assistance for Families in Transition (RAFT)	$22,000,000*	$80,000,000	$140,000,000
7004-0100	Operation of Homeless Programs	$6,233,744	$7,168,363	$7,168,363
7004-0102	Homeless Individual Shelters	$57,855,000	$83,255,000	$100,000,000
7004-0104	Home and Healthy for Good Program	$5,938,605	$3,890,000	$6,390,000

* In addition to this direct appropriation, an additional $4,725,768 was allocated from the Housing Preservation and Stabilization Trust Fund.

1. **Emergency Assistance (7004-0101) would be funded at $218.2 million,** an increase over the Governor's FY23 Budget. The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

    - HWM retains language added by the legislature 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.
    - HWM adds a new eligibility category for the EA program, for applicants facing ongoing barriers due to being immunosuppressed or immunocompromised.
    - HWM reinstates 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.
    - HWM restores language requiring DHCD to report quarterly to the Legislature about what is happening to families, including those denied shelter, and also requires quarterly reports about EA system capacity, numbers and reasons for entries and exits from the EA system, and total applications and denials.

2. **HomeBASE (7004-0108) would be funded at $59.4 million,** an increase over the Governor's FY23 Budget and a significant 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.

   - HWM retains the Governor's proposed increase of the HomeBASE benefit limit to $20,000 in a 24-month period.
   - HWM proposes language that HomeBASE participants become ineligible if they exceed 50% of area median income for a period of six months.
   - HWM restores the obligation that DHCD provide the Legislature with 90 days' advance notice before imposing new eligibility restrictions or benefits reductions.
   - HWM reinstates language obligating DHCD to provide timely reports to the Legislature.
   - HWM 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.

3. **DHCD Administrative line item (7004-0099) would be funded at $8.8 million,** matching the Governor's H2 proposed amount.

   - HWM reinstates language requiring DHCD to promulgate and enforce regulations to clarify that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing.

   - HWM restores language requiring DHCD to maintain in-person intake locations in the 10 offices that were open as of January 2022.

   - HWM reinstates 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.

   - HWM includes language authorizing neighborhood housing services corporations to use funds for repayment of loans made under the neighborhood housing services rehabilitation program.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) funded would be increased to $140 million. RAFT is a homelessness prevention program.**

   - HWM proposes to eliminate a dollar amount cap for RAFT benefits. Although HWM language retains the current RAFT cap of $7,000 in a 12-month period, that proviso does not apply until June 30, 2023.

- HWM includes language requiring DHCD to continue verification documents and processes in effect in FY 22 or fewer documents, and requires a short, simple application and minimal processing times.

- HWM would allow applicants who are "at health risk due to being immunosuppressed or immunocompromised" be eligible up to 60% area median income (AMI).

- HWM restores language requiring DHCD to provide quarterly reports to the legislature about families who applied, were approved, amounts awarded, household income information, and reasons for assistance.

- HWM 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.

5. **DHCD homelessness operations account (7004-0100) would be funded at $7.2 million**, matching the Governor's H2 proposal.

6. **Shelters and services for homeless individuals (7004-0102) would be increased to $100 million.**

7. **Home and Healthy for Good program (7004-0104) would be increased to $6.4 million.** This program provides housing for chronically homeless individuals.

Housing

Account	Description	FY 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
7004-9005	Public Housing Operating Subsidies	$85M	$85M	$92M
7004-9007	Public Housing Reform	$1M	$1M	$1M
7004-4314	Public Housing Resident Service Coordinators	$3M	$3M	$5M
7004-9024	Massachusetts Rental Voucher Program	$129.9M	$129.9M	$171.9M
7004-9030	Alternative Housing Voucher Program	$8.6M	$8.6M	$13.7M
7004-3045	Tenancy Preservation Program	$1.8M	$1.8M	$1.8M
7004-9033	Rental Subsidy Program for DMH Clients	$12.5M	$12.5M	$12.5M

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, would be funded under House Ways & Means budget at **$92 million an increase of $7 million over** last year's FY22 budget - an increase of just $14 per apartment/per month. HW&M provides, as does the final FY22 budget and the Governor's FY23 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.

   HW&M includes language that housing authorities operating elderly public housing must offer a first preference for elderly public housing units that are vacant to people 60 and older who are receiving a Mass Rental Housing Voucher. This language was included in the final FY22 budget, but not included in the Governor's FY23 budget.

   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 43,000 state public housing units. 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 the units do not remain vacant because they are not up to code.

2. **Public Housing Reform (item 7004-9007)** would be **level funded at $1 million**. The line item provides for funds to implement **chapter 235 of the Acts of 2014** which includes technical assistance training for resident commissioners and tenant organizations. 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, done in partnership with resident leaders and the Massachusetts Union of Public Housing Tenants, supports

residents as they contribute to creating stronger public housing communities.

3. **Public Housing Resident Services (item 7004-4314**) provides **$5 million for resident service coordinators in state public housing, an increase of $2 million** over the Governor's FY23 budget and the final FY22 budget. Resident service coordinators provide essential support for people with disabilities, help seniors pay their bills, coordinate health clinics and food programs, and prevent evictions. Last year, the resident service coordinator program funded 58 resident service coordinators. A $2 million increase would fund 30-40 new resident service coordinators.

4. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024)** provides long-term project-based and mobile rental vouchers to approximately 10,000 low-income households for use in the private housing market. DHCD intends to shift the program to a modified payment standard system similar to Section 8 and says there is no need for new budget language to accomplish this transition. Because DHCD's initial plans for this transition don't take account of tenant-paid utility costs, which are spiking to new levels, advocates are urging DHCD to ensure that under a modified payment standard system MRVP tenant share of gross rents (contract rent plus utilities) are close to 30% of net income. Because the details of the proposed payment standard system don't appear in the Governor's FY23 budget or in the HWM FY23 budget, we will provide a complete analysis when the full plan is available.

   - While DHCD plans these changes, advocates are working for an amendment to the HWM line item which would lower MRVP tenant rents (including utilities) from 40% to 30% of net income, adopt a payment standard system, allow for payment standards over 120% of FMR, allow for small area FMRs, and more.

   - Although the HWM budget proposes $150 million, $21.9 million in unspent FY22 funding can carry over into FY23 bringing the total to **$171.9 million**. This is a substantial increase from the FY 22 amount of $129,981,667. As in previous budgets, the MRVP income limit is 80% of area median ("low-income") with not less than 75% of new vouchers targeted to extremely low-income households (30% of area median.)

   - The HWM budget continues to require DHCD to report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth. However, the reports submitted thus far have been incomplete because DHCD lacks the technology to compile the necessary data. DHCD hopes that several new systems will soon be available that would allow the department to better keep track of the information requested in the line item and more.

   - Advocates are also supporting a bill to codify MRVP in Chapter 121B of the General Laws rather than in each year's budget and incorporate needed reforms. See, https://www.chapa.org/housing-news/hearing-on-strengthening-ma-rental-voucher-program-mrvp-oct-12-2021.

5. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. House Ways & Means proposed

funding of $13.7 million, an increase of $5.1 million. Included in the House Ways & Means budget (which was not included in the Governor's FY23 budget) is language that continues to require DHCD to submit a report to House and Senate Ways Committees detailing: (i) expenditures; (ii) the number of outstanding rental vouchers; and (iii) the number and types of units leased. The budget provides that the prior appropriation is continued.

6. **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 $1.8 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.

7. **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 $12.5 million.**

Legal Services

Account	Description	FY 22 General Appropriation	FY 23 Governor's Budget	FY 23 HWM
0321-1600	MLAC	$35.00M	$35.00M	$39.50M

For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, HWM is recommending an appropriation of $39.5 million, a $4.5 million increase over the FY 22 appropriation. MLAC is seeking an additional $1.5 million increase (for a total of $41 million) to help meet the growing statewide demand for civil legal services.

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