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Report on Economic Independence Accounts

February 2017

Massachusetts Department of Transitional Assistance

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OVERVIEW

Chapter 18 Section 2 of the Massachusetts General Laws requires the Department of Transitional Assistance (DTA) to annually report on the status of Economic Independence Accounts:

"q) annually, on or before December 1, file a report detailing the use of economic independence accounts, established pursuant to section 16 of chapter 118, opened by recipients of cash assistance under transitional aid to families with dependent children; provided, that the report shall include, but not be limited to, the number of accounts opened and the average balances in the accounts and a detailed list of reasons for expenditures from the accounts. The report shall be filed with the clerks of the house of representatives and the senate who shall forward the report to the house and senate chairs of the joint committee on children, families and persons with disabilities and the house and senate committees on ways and means;"

BACKGROUND

DTA's mission is to assist and empower low-income individuals and families to meet their basic needs, improve their quality of life, and achieve long-term economic self-sufficiency. DTA offers programs and supports to help individuals and families achieve greater economic self-sufficiency, including food and nutritional assistance, cash assistance, and employment supports. DTA serves one out of every eight people in the Commonwealth including working families, children, elders, and people with disabilities.

ECONOMIC INDEPENDENCE ACCOUNTS

Since 2014, DTA has been working to implement *An Act to Foster Economic Independence* (Chapter 158 of the Acts of 2014). The law includes a series of comprehensive reforms designed to reduce fraud and enhance the Department's approach to supporting pathways to economic self-sufficiency for recipients of Transitional Assistance to Families with Dependent Children (TAFDC).

With the core elements of the 2014 law now implemented, DTA is reviewing how to best implement Economic Independence Accounts (EIA) to best aid our clients while ensuring program integrity and effective oversight. As of this reports filing, the EIAs are not yet operational. As outlined by the 2014 law, EIAs are optional accounts intending to allow TAFDC clients to save a portion of their grant for use on specific expenses. The allowable expenses are strictly prescribed by the law and include: costs related to supporting housing stability; work related expenses; or other limited purposes related to maintaining economic self-sufficiency. There are several hurdles to effectively implementing these accounts, including: TAFDC grants have not been increased since the year 2000 and therefore it is unlikely that many clients have extra money they could put towards savings; the law sets forth penalties if a client must access their savings for a cost not specifically laid out in the law and this makes the accounts particularly unwieldy. DTA has concerns about the current language of this provision, however, DTA remains committed to meeting the spirt of this section and helping DTA clients save when they are able.