

The Senate Ways & Means FY 2017 Budget Proposal: Preliminary Analysis of Selected Cash and Nutrition Assistance, Child Care, Child Welfare, Health Care, Homelessness Services, Housing, and Legal Services Items

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Yesterday, the Senate Committee on Ways and Means (SWM) released its budget proposal for fiscal year 2017 (FY 17), Senate 4. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

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

- 1. Cash assistance (including TAFDC, EAEDC, SSI state supplement, nutrition assistance)**
 - TAFDC (Transitional Aid to Families with Dependent Children, item 4403-2000) includes language barring DTA from counting Supplemental Security Income (SSI) benefits in determining TAFDC eligibility.** The Department of Transitional Assistance was planning to count SSI benefits against the TAFDC grant, causing complete loss of TAFDC for 6,900 families where a parent or child has a severe disability and is receiving SSI, and loss of most TAFDC for another 1,600 families. Families would have lost about 40 percent of their income and many would have been unable to pay rent and would have become homeless. House Ways and Means included the same language to bar DTA from counting SSI, so it is highly likely this language will be adopted in Conference.

- **Clarification that increases in eligibility or benefits are not barred.** The House (and now SWM) language barring DTA from counting SSI says that DTA must calculate benefits in FY 17 the same way benefits it calculated benefits in FY 16. DTA asserted that this language would prevent it from making positive changes, such as eliminating the gross income eligibility test, which denies otherwise eligible working families a small supplemental TAFDC grant. SWM added language clarifying that DTA is not barred from making changes that would increase benefits or eligibility.
- **Clothing allowance increased to \$250 per year per child.** SWM increased the clothing allowance to \$200 last year, and that increase, the first since 1986, was adopted in the final budget. The House kept the clothing allowance at \$200. Like the final House budget, SWM also provides for the \$40 per month rent allowance for families paying private rent. Both SWM and the House include the clothing allowance in the standard of need to allow low- income working families to qualify for it. The Governor did not require the clothing allowance to be included in the standard of need.
- **New language providing that families eligible for TAFDC may opt to receive subsidized child care instead.** Under current law, families who receive TAFDC can get child care to participate in approved activities. Although some families might prefer to get child care without receiving TAFDC, we are concerned that DTA might use the availability of child care to discourage families from receiving the cash assistance for which they are eligible.
- **New language providing that at least \$500,000 be spent for cash and transportation benefits for newly employed families with dependent children “to assistant them with short term self-sufficiency.”** This may be intended to implement a DTA proposal for a one-year phased out cash and transportation benefit for former TAFDC recipients.
- **TAFDC is funded at \$198.2 million, more than \$10 million less than the House,** despite the increase in the clothing allowance and the \$500,000 transitional benefit. This is not quite enough for the current caseload, which has hit a new low of 32,951 families. Unfortunately, it is reasonable for SWM to have projected that the caseload average in FY 17 will be even lower than the current caseload since the caseload has been declining steadily for the past three years. The maximum benefit for TAFDC for a family of three with no countable income is only 37% of the federal poverty level. Grants have lost nearly half their value since 1988.
- **The line item includes language requiring the Governor to give 90 days’ advance notice to the Legislature before cutting benefits or making changes in eligibility.** The House required 60 days’ advance notice. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. Likewise, during FY 10, the advance notice provision was critical to giving the Legislature time to work with the Governor so that children in 9,100 families headed by a severely disabled parent would not lose their TAFDC benefits.

- **The SWM TAFDC line item does not include a House provision requiring DTA – to the extent feasible – to review its disability standards to determine how well the standards reflect current medical and vocational criteria.** The line item does require 90 days’ advance notice before DTA proposes any changes to the disability standard; the House provided for 60 days’ advance notice. DTA plans to eliminate the state standard for disability in December 2016. DTA would likely argue that it has already given the requisite notice and does not have to do so again. DTA projects that 2,200 parents with a severe disability will lose their exemptions from the work requirement and time limit; they will lose all of their benefits for themselves and their children if they can’t meet the work requirement and will lose all of their benefits for themselves and their children after two years even if they do meet the work requirement.
- **The Employment Services Program (ESP, item 4401-1000) is funded at \$12.5 million, about \$600,000 more than the House.** The line item includes level funding for the Young Parents Program; the DTA Works Program (paid internships at state agencies transportation reimbursement for recipients who are working or in education, training or job search (which the Executive Summary says would be maintained at a maximum of \$80 a month); learning disability assessments; and job search services for parents with limited English proficiency. There are no earmarks for other education and training or the cost of HiSET (formerly GED) testing for some recipients, but there is sufficient funding to cover them at current levels. The line item also says that funds may be expended on a program for non-custodial parents of TAFDC children. The Executive Summary explains that \$258,000 would be spent to provide education and training for 100 non-custodial parents, but the line item does not specify a dollar figure or other details. The House provided earmarks only for the Young Parents Program and job search services for non-English speakers.
- **Pathways to Self Sufficiency (item 4400-1979) receives \$1.5 million,** compared with \$1 million in the House, \$15.1 million in the Governor’s proposal and \$3 million appropriated for FY 16. This line item funds job placement and training as outlined in the 2014 welfare bill, but DTA apparently uses this account for the same education and training that it provides with ESP funding.
- **Improved treatment of earnings (sections 7, 52, and 53).** SWM includes two of the Governor’s proposals to improve the treatment of earnings. Like the Governor, SWM proposes to increase the TAFDC work expense deduction for families with earned income from \$150 to \$200. Because of the way grants are calculated, this would raise grants for some households with earnings by \$25 a month. Like the Governor, SWM also proposes to increase a separate deduction from earnings for families who are exempt from the work requirement (generally because they have a young child or are disabled). The House did not include these improvements.
- **College savings accounts (section 51).** SWM exempts 529 college savings plans and plans “consistent with” 529 plans from the TAFDC asset limit. The City of Boston is planning to implement a college savings plan this fall, which we hope would be considered “consistent with” the federal plans known as 529 plans. It is

important that these plans be noncountable so that they don't affect low-income families' eligibility for TAFDC.

- **Transportation for SNAP recipients in a work or training program (item 4403-2008).** SWM, like the Governor, provides \$2.6 million, half of which would be reimbursed by the federal government, for transportation for SNAP recipients in education or training. The House did not include this line item. Federal law requires the state to provide transportation assistance to SNAP education and training participants.
 - **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) is funded at \$79.9 million,** slightly higher than the House, and over \$3 million more than the FY 16 appropriation. There is no proposal to increase EAEDC grants, which were last raised in the 1980s. 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. The SWM proposal includes language – omitted by the Governor – requiring 90 days' advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The House provided for 60 days' advance notice.
 - **The state supplement for SSI (Supplemental Security Income, item 4405-2000) is funded at \$224.9 million,** \$2 million less than FY 16 and slightly more than the House.
 - **The Supplemental Nutrition Program (item 4403-2007), which provides a small state food SNAP supplement to thousands of low income working families who receive federal SNAP benefits, is funded at \$1.2 million,** the same as the House and the same as FY 16.
2. **Teen Living Programs (item 4403-2119) are funded at \$10 million,** the same as the the House and the Governor and slightly more than the FY 16 appropriation. One bright spot in the 2014 welfare bill is a provision allowing pregnant teens to access these programs during any stage of pregnancy, instead of having to wait until their last trimester as they did previously.
3. **DTA Administration**
- **The DTA worker account (item 4400-1100) is funded at \$70.8 million.** This is close to the House amount, but \$3.5 million less than total funding for FY 16, which included a \$3.5 million supplemental appropriation. Without additional funding, it is even more critical that DTA work “smarter.” Among other things, DTA needs to reduce excessive demands for verification that create more work for DTA staff and make it harder for low income families to get the benefits for which they are eligible. During the week of May 9, 2016, 30 percent of calls to DTA's call center were disconnected because of high call volumes. The SWM Executive Summary says that the budget provides \$1.9 million for an additional 60 caseworkers who would be needed to process SNAP applications that would be submitted thanks to the new initiative to allow households to apply for SNAP

when they apply for or renew MassHealth. See below “Closing the SNAP Gap”. The caseworker line item does not provide this additional funding but SWM may have intended to fund the additional worker costs in the DTA central administration account.

- **DTA central administration (item 4400-1000) would be funded at \$66.3 million**, nearly \$1.9 million more than FY 16. It is possible that the increase is for the additional workers referred to in the Executive Summary, though normally this account does not cover workers.
- **Funding for the SNAP processing and outreach line item (4400-1001) is** increased slightly from \$3 million for FY 16 to \$3.4 million, the same as the House and the Governor’s proposal. Part of this account pays for a grant to Project Bread and other organizations that do SNAP outreach. These expenditures are matched dollar-for-dollar by the federal government.
- **DTA domestic violence workers (item 4400-1025) would be funded at \$1.4 million**, the same as the Governor and the House, compared with \$1 million last year. DTA expects to hire 8 additional domestic violence workers with this additional funding.

4. Nutrition (Programs Administered by DTA and by Other Agencies)

- **New language and funding to close the SNAP Gap and access other means-tested benefits through a common application portal with MassHealth.** Senate Ways and Means has created a new line item 4000-1100, with \$1M in funding and language directing the Executive Office of Health and Human Services to move toward a “common application portal” for individuals to apply simultaneously for SNAP, MassHealth and subsidized child care by July 1, 2017. The line item language further directs EOHHS and EODC to pursue expansion of this common application portal for housing subsidies and other benefits by July 1, 2018.

In its Executive Summary, SWM notes: “Given that food security, nutrition and high quality health care lead to better outcomes for children and families, this budget includes a \$1M investment to create a new common application portal to help low income families enroll in both MassHealth and SNAP nutrition benefits, as well as an additional \$1.9M for 60 new caseworkers to assist in this enrollment. Many families are eligible for multiple types of assistance, yet they have difficulty navigating several separate application processes and end up without key benefits.”

This is a huge step in advancing the [SNAP Gap campaign](#) and removing barriers to other needs-based benefits. SWM also includes a \$1.9M for DTA Central Administration (item 4400-1000), which we presume is intended for the additional administrative costs associated with the SNAP Gap. The SWM budget, however, does not include an increase in the DTA case worker (item 4400-1001), which the Governor had requested in the House 2 budget in order to absorb additional SNAP cases and backfill the significant loss of DTA workers due to

early retirement. In contrast with the Senate, the final House budget included outside section language directing EOHHS and DTA to engage in a “feasibility study” on the creation of a common application, but did not fund any IT systems changes nor increase DTA’s caseworker or Central Office administrative funding.

- **Funding for the SNAP outreach line item (4400-1001) is increased slightly** from \$3 million for FY 16 to \$3.4 million, the same as the House and the Governor’s proposal. Part of this account pays for a grant to Project Bread and other organizations that do SNAP outreach. These expenditures are matched dollar-for-dollar by the federal government
- **The state subsidy for Elder Nutrition Programs (item 9910-1900) is funded at \$7.26M,** at the same level as the House FY2017 budget.
- **The state subsidy for the Women, Infant and Children’s (WIC) Program (item 4513-1002) is level-funded at \$12.5 million.** The WIC Manufacture Rebates Retained Revenue (item 4513-1012) is authorized to expend up to \$25.6M from federal cost containment initiatives, such as infant formula rebates.
- **The Massachusetts Emergency Food Program (MEFAP) (item 2511-0105) is funded at \$16 million,** a significant drop compared with the House FY17 budget of **\$17.66M.** MEFAP, which supplements federal TEFAP funding, is administered by the state Department of Agriculture. Lower funding is not sufficient in light of the unrelenting demand for emergency food and the fact that thousands of Massachusetts residents are now losing their SNAP benefits as of April 1st, due to the [federal three-month SNAP time limit](#) that resumed in January 2016.

Child Care

- **Child care for current and recent recipients of TAFDC and families with active cases with the Department of Children and Families (item 3000-3060) is funded at \$232.5 million,** an increase of \$12.6 million over FY 16, and \$4 million more than the House. The Executive Summary says that \$4 million is included for families eligible for TAFDC who will get a child care subsidy but no cash assistance. The proposed line item, like the House, includes a longstanding provision that TAFDC recipients – whose incomes are far below the poverty level – will not be charged fees. However, the line item does not include a provision in the FY 16 budget that eliminates fees for working families during the first year after they leave TAFDC.
- **Income Eligible Child Care (item 3000-4060) is funded at \$252.8 million,** very slightly higher than the Governor’s proposal and the House amount. It is \$3.6 million less than the final FY 16 appropriation, which included \$3.4 million that was added to this account in November 2015 from funds that were appropriated for FY 15 but not spent. The FY 16 budget also included a \$12 million line item for waitlist reduction (item 3000-4040). The Department of Early Education and Care (EEC) did not start to release those funds until late December 2015 or early January 2016. SWM, like the Governor and the House, does not include funding

for waitlist reduction funding and does not propose enough money for FY 17 to maintain spending for income eligible child care at the FY 16 level. About 26,000 children are on the waitlist for care. According to the Governor, some of the expenses for this account would be covered by the new Quality Improvement line item (3000-1020) discussed below.

- **A child care reserve account (item 1599-0042) is funded at \$10 million to increase reimbursement rates for center-based care** and for salaries, benefits and stipends for professional development and other quality improvements.
- **Head Start (item 3000-5000) is funded at \$9.1 million**, approximately the same as FY 16 and the House.
- **SWM provides a new account (item 3000-5090) funded at \$2 million to plan for and implement high quality pre-kindergarten.**
- **EEC Central Administration (item 3000-1000) would be cut drastically, from \$13.7 million in FY 16 to \$5.6 million**, the same as the Governor's proposal and the House. According to the Governor, some EEC Central functions would be funded by a **new line item for Quality Improvement (item 3000-1020) that SWM funds at \$32.4 million**, \$1 million less than the Governor. This new account provides funds for EEC's licensing staff and other personnel who work on child care quality issues as well as other initiatives to improve quality. Because of this new account, SWM, the House and the Governor also propose to eliminate a line item to improve the quality of pre-kindergarten programs and expand access (item 3000-5075), funded at \$7.4 million in FY 16; a \$750,000 line item (item 3000-6075) to provide mental health consultation services; and a \$500,000 line item (item 3000-6025) for preschool partnerships. In addition, SWM, like the Governor reduces the line item for parenting skills (item 3000-7050), funded in FY 16 at \$21.3 million, to \$13.4 million, slightly less than the House; the Governor said the difference was transferred to the new line item for Quality Improvement.
- **Child Care Resource and Referral Agencies are level-funded at \$6.7 million.**
- **Reach Out and Read (item 3000-7070) is level-funded at \$700,000.** The Governor proposed to eliminate this program, which works to equip parents with tools and knowledge to ensure that their children are prepared to learn when they start school. The House provided \$1 million.
- **A new mentoring pilot "to promote intergenerational economic self-sufficiency" (item 3000-7020) is funded at \$500,000.** The program would be administered through a contractor with a track record in achieving successful outcomes through intergenerational programs, with preference for a contractor with experience running a home-visiting program. The Executive Summary says the mentors would work through existing early education and after school program

Child Welfare: Department of Children and Families and Office of the Child Advocate

- 1. SWM appropriates \$939.4 million to DCF in FY 17. This is \$7.9 million more than the House.** Accounting for a line item that SWM would transfer out of DCF's budget, SWM funding for DCF is \$40.8 million more than the FY 16 allocation (as adjusted by mid-year supplemental funding).
 - **Increases over the adjusted FY 16 allocation include: \$11.3 million more for DCF's administrative account (4800-0015), \$1.5 million more for Family Stabilization and Support services (4800-0040), \$5.8 million more for group foster care (4800-0041), \$2.6 million more for Family Resource Centers, and \$19.6 million more for social workers (4800-1100).**
 - **The difference between SWM and House funding for DCF is due mostly to SWM's appropriating \$6 million for lead agencies (line item 4800-0030) as the Governor proposed, while the House included no lead agency funding.** Also, SWM appropriates \$2.5 million more for Family Resource Centers within DCF's budget (4800-0200) than the House.
- 2. SWM increases crucial Family Stabilization and Support services by \$1.5 million for total funding of \$47 million.** This is \$100,000 more than the House, and the same as the Governor proposed. The Governor's proposed increase was intended to cover only the cost of increased provider rates. Thus the SWM allocation for this line item would not increase the availability of these crucial services.
 - These services are significantly underfunded and are needed to keep children safely in, or return them safely to, their homes. **Although 89% of the children in DCF's caseload need these services to stay or return safely home and out of foster care, Family Stabilization and Support funding is less than 8% of DCF's services budget.**
 - 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.
 - **More robust investment in Family Stabilization services would keep more children safe at home and out of foster care. This would ease the foster care crisis** of not enough homes for all the children in foster care, and preserve quality foster care for the children who really need it.
 - Family Stabilization services also can avoid the trauma of family disruption when possible, and the financial costs to the state of placement in foster or group residential care.
- 3. SWM slightly decreases funding for the foster care account (4800-0038) by \$743,000 below current funding to \$282.9 million.** This is \$735,000 less than the House. **At the**

same time, SWM increases funding for group foster care (4800-0041) by \$5.8 million to \$265.1 million, the same level as the House.

Funding for out-of-home placements (line items 0038 and 0041) has risen dramatically over the past several years as DCF has relied more and more heavily on placing children in foster care. Compared to the FY 14 allocation, SWM family foster care funding represents an increase of \$33.5, and group foster care funding represents an increase of \$58.6 million. Thus **SWM increases funding for out-of-home placements by \$92.1 million over its funding level three years ago. In sharp contrast, SWM increases Family Stabilization and Support funding by only \$2.4 million above what it was three years ago.**

- **This increase in foster care funding is primarily to cover the costs of the enormous spike in removals of children from their homes and their placement in foster or group residential care that has taken place since December of 2013. There are well over 1300 more children in out-of-home placements now than at the end of 2013 when the Jeremiah Oliver tragedy became public. This represents at least an 18% increase in out-of-home placements.**
 - **The increase in group foster care funding for children is due to both increased use of group foster care and the far greater cost per child of group care.** Although fewer children are placed in congregate care than in family foster homes, congregate care is significantly more expensive. According to DCF, on average each 10 children in congregate care cost DCF over \$1 million a year.
 - SWM would also continue to authorize DCF to transfer funds among its three services accounts (see DCF's administrative account, 4800-0015).
 - SWM also allocates \$100,000 in this line item for a project to provide support and therapy for substance exposed newborns. This may assist in the implementation of the federal requirement that DCF must provide a "Plan of Safe Care" for substance exposed newborns reported to the Department.
- 4. SWM funds social workers (4800-1100) at \$223.5 million, as the House did. This is a \$19.6 million increase over the adjusted FY 16 allocation.** According to the SWM's executive summary, this would fund an additional 100 new social workers and 125 new social worker technicians to move closer to an 18:1 caseload ratio.
- DCF's contract with its union requires social worker caseloads of 15:1. The SWM increase would not achieve this ratio.
 - Social workers need the time to adequately monitor families, intensively manage those that present risk factors, and make sound decisions about whether a child can remain safely at home or needs to be removed.
 - Despite the large number of new hires, SWM, the House, and the Governor all propose to cut DCF's training budget by over \$44,000 to \$2.5 million.

5. **SWM would match both the House and the Governor’s proposed increase of \$11.3 million to DCF’s administrative account (item 4800-0015).** According to DCF, \$5 million of this would go towards initiatives to de-couple area offices (that were combined in the early years of the previous administration) and some to support greatly needed additional domestic violence and substance abuse specialists.
- **SWM maintains a longstanding requirement that DCF report on the backlog in its administrative “fair hearing” system.** The Governor had proposed to strip these requirements. While DCF has made progress in reducing its fair hearing backlog, it has not yet eliminated it.
 - Unlike the House, SWM would also include important language requiring DCF to maintain a timely, independent and fair administrative hearing system.
 - **SWM maintains longstanding reporting requirements on services which the Legislature requires to fulfill its oversight responsibilities.** The Governor had proposed to strip these requirements. 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 DCF denies their voluntary requests for services.
6. **SWM would follow the lead of the Governor and the House in transferring the account for services to victims of domestic violence (item 4800-1400) out of DCF’s budget and into the Department of Public Health’s budget (item 4513-1130). The costs of DCF’s domestic violence specialists and some shelter costs, currently covered by 4800-1400, would be covered under other DCF line items.**
- The DCF domestic violence account has provided beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pays for DCF domestic violence staff. These preventive services are not restricted to DCF involved families, and can help prevent abuse and neglect from happening in the first place. 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.
7. **SWM funds Family Resource Centers at \$12.5 million. This consists of \$10 million in DCF’s budget (4800-0200) and \$2.5 million in the EOHHS budget (4000-0051).**
- This is \$2.5 million more than the Governor’s proposal, \$5.1 million more than the House and \$2.6 million more than the current allocation. It would be used to increase the number and accessibility of Family Resource Centers around the state.
 - These centers connect families to community and state services, educational programs and peer support. They also provide a mechanism for the juvenile court to refer families to community-based services in order to fulfill the requirements of recent legislation (the “CRA” law) which replaced the former CHINS program with a system of community-based services for families in need.

8. SWM increases funding for the Office of the Child Advocate (item 0411-1005) by \$400,000 to bring it to \$1 million. The House funded the child advocate at its current level of \$600,000. SWM also includes 16 outside sections which would amend the current Child Advocate statute to restructure the Office of the Child Advocate in important ways.

- The outside sections would, among other changes, 1) make the Office of the Child Advocate more independent of the Governor, by a) eliminating current statutory language in chapter 18C, that the child advocate “serves at the pleasure of the Governor,” and reports directly to the Governor, and b) setting a five year term for the child advocate that is not co-terminus with that of the Governor, c) designating that the child advocate be appointed by majority vote of the Governor, Attorney General and State auditor, rather than solely by the Governor as currently, d) removing the provision that the Governor alone may appoint an interim child advocate, e) specifying that the child advocate may be removed by a majority vote of the three appointing officials, and only for cause; 2) limit the scope and mandatory nature of some of the many requirements for the child advocate, particularly by making the writing of a comprehensive plan discretionary advocate (it is currently mandatory); and 3) reduce some of the requirements regarding investigation of critical incidents.

9. SWM funds the Committee for Public Counsel Services at \$179.3 million and allows its chief counsel to waive, in compelling circumstances, the cap on billable hours for private attorneys representing parents and children in Care and Protection proceedings. The limit would be 1,800 billable hours rather than the current 1,650. This is to address the current shortage of counsel for parents and children in Care and Protection proceedings caused by the sharp increase in petitions DCF has filed to remove children from their homes.

Health Issues in MassHealth, ConnectorCare and the Health Safety Net

1. SWM like the House preserves MassHealth eligibility and services but does not protect the Health Safety Net.

- There are no major differences in the MassHealth budget proposed by the Governor, the House and SWM. Individual MassHealth line item amounts and line item language suggest no major changes in eligibility or services in FY 17. SWM like the House does not go along with the Governor’s proposals to give the administration sweeping power to restructure MassHealth benefits or expand MassHealth estate recovery. Also like the House, SWM adds \$15 million to the Health Safety Net Trust Fund but takes no steps to prevent cuts in the Health Safety Net program scheduled to take effect June 1, 2016.

2. Uninsured and underinsured people have reduced access to the Health Safety Net.

- In **Section 72** SWM, like the House, provides \$15 million for the Health Safety Net program compared to the Governor’s proposal to provide no state support for

the program. However, despite the appropriation of funds, neither SWM nor the House includes language to mitigate the Governor's plan to cut program benefits under rules scheduled to take effect June 1, 2016. There was overwhelming opposition to the proposed rules at a public hearing in February from all the stakeholder groups: hospitals, community health centers and consumers as well as from many legislators. It is not clear why, having restored some state funding, SWM did not prevent at least some program cuts. Supporters of these essential services will be filing an amendment to the Senate budget to prevent the cuts from taking effect.

- The Health Safety Net (HSN) reimburses community health centers and acute care hospitals for providing services to uninsured and underinsured state residents. Despite the state's high rate of insurance coverage, some people remain uninsured for part or all of the year, and others may have insurance but cannot afford high deductibles and coinsurance. The Health Safety Net provides a source for revenue for hospitals that disproportionately serve the uninsured and underinsured and for community health centers. It is funded by hospitals and surcharge payers and the state. In recent years the state has contributed \$30 million. There is generally a shortfall in HSN funding which is borne by hospitals. The program cuts will reduce the HSN shortfall but this does not mean any savings for hospitals. Rather the cuts will add to the debt of low income patients but few will be in a position to pay off their debt.
- The Governor has filed rules making three significant eligibility changes. First, the new rules will reduce the eligibility period from 6 months to 10 days. Currently, hospital bills tell patients that financial aid is available and patients who didn't know about available aid can apply. The patients avoid medical debt and the hospitals receive reimbursement. With only a 10 day window from the date of service, far fewer will benefit. This change is estimated to reduce HSN services by \$8 million. Second, the new rules will impose a deductible of over \$500 on patients with incomes as low as \$1535 per month (150% of the poverty level). Providing only "partial" HSN to the near poor will affect 14,000 people and reduce HSN services by \$5 million. Finally, the new rules will cut off partial HSN at 300% of the poverty level instead of 400% of poverty, denying about 9200 hospital patients any assistance even after they have met deductibles starting at \$4700. This change is expected to reduce HSN services by \$10 million.

3. SWM declines to give the Governor broad authority to restructure benefits

- In House 2 the Governor had proposed sweeping authority to restructure MassHealth benefits and announced a plan to use that authority to eliminate certain benefits from the Primary Care Clinician Plan but retain those benefits in the MassHealth Managed Care Organizations (MCOs) in order to drive more members into MCOs. **Section 71** of the SWM budget does not give the administration the broad authority it sought, nor did the House. However, now EOHHS states that it does not need legislative authorization to reduce services in the PCC Plan despite the fact that G.L.c. 118E, § 53 requires coverage of all adult optional services covered in 2002.

- The services initially targeted for cuts included eyeglasses, physical, occupational and speech therapies, chiropractic services, hearing aids and orthotics. SWM includes language in the **4000-0700** account to prohibit any cuts in chiropractic services in the PCC plan; similar language was also in the House budget. While language specifically protecting the other services was not in the House or SWM budgets, the Administration has stated its plans for cuts to the PCC program will not occur until October 2017.

4. SWM does not include the Governor’s plan to expand Estate Recovery.

- The Governor’s budget proposed a section that would amend the General Laws to expand MassHealth’s ability to recover benefits from the property of deceased members over age 55 and deceased members of any age who received long term care services. MassHealth is already in the minority among states in pursuing optional estate recovery for services other than long term care. The House did not include this provision, and SWM is not going along with it either.

5. SWM includes funding for MassHealth Delivery System Reform.

- **Sections 25, 37, 38, 39, 40 and 58 pertain to a MassHealth Delivery System Reform initiative that has been in the planning stages for several years.** SWM, like the House, includes provisions for financing the Governor’s proposal for an 1115 demonstration program to change the current MassHealth delivery system through the use of Accountable Care Organizations with hopes to receive over \$2 billion in upfront investment for this change from the federal Medicaid program. A portion of the state’s share of costs will come from a \$250 million assessment on hospitals in Section 37 that is paid into a new trust fund created by Section 25. The trust fund will also receive federal matching payments and effectively pay \$250 million back to the hospitals. Section 37 would take effect October 1, 2016 (Section 79) and sunset in 2022 (Section 80), when the proposed Medicaid demonstration waiver would expire.

6. No major changes to the state’s ConnectorCare Program.

- **Section 59** authorizes a transfer of up to \$110 million from the Commonwealth Care Trust Fund (CCTF) to the General Fund at the request of the Secretary of Administration and Finance who is also the ex officio chair of the Connector Authority board. The same provision was enacted in FY 2016 and reflects reduced state spending for ConnectorCare in light of federal tax credits and subsidies available through the Affordable Care Act. ConnectorCare provides coverage to about 150,000 people not eligible for MassHealth or other affordable care.

7. The MassHealth Dental Program remains at the levels set for the end of FY16.

- **Section 71** preserves the scope of dental services for adults in MassHealth at the same level as the end of the 2016 fiscal year. This scope of services includes the restoration of fillings and dentures that were cut in 2010 and restored in FY 15 and

FY 16, but does not represent a full restoration of all dental services that were cut in 2010, such as periodontal services.

8. SWM exempts college savings plans as countable assets in MassHealth.

- **Section 36** amends G.L.c. 118E, § 64 to add tax exempt § 529 college savings accounts to the list of noncountable assets in the MassHealth program. This will benefit people age 65 and older and certain people receiving nursing facility care or alternatives to nursing facility care who must still satisfy an asset test to qualify for MassHealth. There is no similar provision in the House budget.

9. SWM creates a special commission on Home Health Agencies.

- **Section 74** creates a special commission to make recommendations for oversight and licensing of home health agencies. A similar provision was proposed on the House floor but not adopted. This proposal is related to a spike in spending for home health agencies that appears to be related to new providers entering the market and aggressively driving demand. EOHHS has implemented new prior authorization requirements for this service and referred several of the new providers to the Attorney General's office for investigation of possible fraud.

10. SWM creates two new line items to support a common application and maximizing federal revenue

- SWM appropriates \$1 million in a new line item, **4000-0010**, to support the administrative costs of a common application for MassHealth, SNAP (food stamps) and other programs as discussed above in the section on Cash Assistance, SNAP and Related Programs. It also appropriates \$200,000 for a new **4000-0328** for the administrative costs of developing a state plan amendment, waiver or other authority needed for an array of initiatives including federal reimbursement for integrated eligibility systems, criminal justice involved individuals, and lead testing and lead poisoning follow up care.

Homeless Services

1. Emergency Assistance (item 7004-0101) for homeless families with children would be funded at \$155.12 million, which equals the initial FY 16 appropriation and the House initial appropriation for FY 17, but is \$41 million less than the current FY 16 appropriation and almost \$37 million less than what the Governor had proposed for FY 17.

- The Emergency Assistance (EA) program provides emergency shelter to certain families who are homeless and whom the Department of Children and Families verifies have no other safe place to stay. In FY 13, the Department of Housing and Community Development (DHCD) implemented restrictions on access to shelter so that many families with children must first become so desperate that they have slept in a place not meant for human habitation before they are eligible for shelter.
- So far in FY 16, 535 families have been approved for shelter only after the children have stayed in a place not meant for human habitation.

<http://www.mass.gov/hed/docs/dhcd/hs/ea/eamonthlyreport.pdf> . SWM inserts **new language to prevent children from suffering this fate by requiring DHCD to place families in shelter if they would otherwise not yet be eligible solely because they have not yet spent a night in a place not meant for human habitation.** We estimate the cost of placing these families in shelter one night earlier would be less than \$65,000 for a year.

- With the level of funding provided by SWM and the House, supplemental appropriations will almost certainly be needed in FY 17.
- **SWM includes important language barring eligibility or benefits restrictions except after 90 days' advance notice to the Legislature.** This language has been critical in prior years to giving the Legislature time to ensure that access to emergency shelter for children and their families is not unduly restricted. The House budget requires 60 days' advance notice. SWM includes a monthly reporting requirement to the Legislature about program administration, but for reasons that are not clear, omits a long-standing quarterly reporting requirement that has provided the basis for important policy adjustments in the past. SWM, unlike the House, does not include language requiring DHCD to continue a pilot program in Western Massachusetts to provide healthy food to families in motels.
- **SWM includes language in the EA line item establishing a pilot program to give families in domestic violence, DCF and substance abuse shelters access to HomeBASE assistance under item 7004-0108.** A version of this language was first proposed by the Governor but within the HomeBASE line item, where it seems more appropriately to belong and where the House ultimately placed it. SWM wisely omits language proposed by the Governor and the House that would require that any shelter spaces created in domestic violence, substance abuse and DCF-funded shelters must be filled by transferring dually-eligible families out of EA shelter and into the vacated spaces, regardless of the appropriateness of such a placement for those families. SWM caps the amount for this pilot at \$300,000.

2. HomeBASE (item 7004-0108) is funded at approximately \$31.94 million, approximately \$2.5 million less than current FY 16 appropriations but the same amount that is in the FY 17 House budget.

- This program was created in FY 12 to provide short term rental assistance instead of shelter to homeless families. Under the SWM proposal, as in FY 16 and in the House budget, the maximum level of assistance in a 12-month period is \$8,000. And combined assistance from the RAFT program and HomeBASE cannot exceed \$8,000 in a 12-month period.
- The House FY 17 budget includes a new proviso which says that “the continued eligibility of the family shall be determined on an annual basis.” We believe this was intended to respond to DHCD’s current position that a family housed with HomeBASE cannot obtain a second year of HomeBASE assistance to remain housed, but rather must be evicted and become homeless again before they can receive more HomeBASE. The DHCD policy is inconsistent with the goal of preventing family homelessness. Unfortunately, the SWM proposal does not address this issue.

- As with EA, SWM requires the Administration to provide the Legislature with 90 days' advance notice before new eligibility restrictions or benefits reductions are imposed and to provide timely reports to the Legislature.
 - See the fourth bullet point under Emergency Assistance (7004-0101) for discussion of language allowing receipt of HomeBASE by families in other forms of shelter.
3. **The \$1 million End Family Homelessness Reserve Fund (1599-0017) created in FY 16 is included in the SWM proposal.** It was not included in the House budget. How the Administration would intend to spend these funds is not clear, but SWM mandates that funds “shall be used to provide tailored and flexible short-term assistance to families that are homeless or in danger of becoming homeless with a goal of rapid housing stabilization, and to coordinate the delivery of public benefits and human services to families who apply for or are receiving benefits through items 7004-0101, 7004-0108, 7004-3036 or 7004-9316 and to families who are homeless or at risk of becoming homeless through programs within the executive office.”
 4. **Shelters and services for homeless individuals (item 7004-0102) are funded at just over \$44 million.** The **Home and Healthy for Good program (item 7004-0104)**, which provides housing for chronically homeless individuals, **is level funded at \$1.8 million.**
 5. **The DHCD homelessness administrative account (item 7004-0100) is funded at just over \$5.2 million.** This is \$360,000 more than the House budget due to SWM appropriately putting funds for administration of motels in this item as opposed to in the EA item.
 6. **The Residential Assistance for Families in Transition (RAFT) program (item 7004-9316),** a homelessness prevention program for families with children, **is level-funded at \$12.5 million,** the same as the House amount.
 - As in FY 16, RAFT provides up to a maximum of \$4,000 in assistance, but no family could receive from HomeBASE and RAFT more than a total of \$8,000 in a 12-month period.
 - SWM, like the House, retains RAFT reporting requirements to the Legislature that were included in the FY 16 and earlier budgets.
 7. **A new Interagency Council on Homelessness and Housing Memorandum of Understanding** is required by Outside Section 54.
 - This section mandates that the Council, in consultation with the Secretaries of Housing and Economic Development, Health and Human Services, Labor and Workforce Development and Education, execute a memorandum of understanding to ensure services aimed at preventing homelessness and fostering economic stability are coordinated and better meet the needs of low-income households, the homeless and those at risk of homelessness, based on input from recipients of services, providers, advocates and other interested parties. Beginning on April 1, 2017, the cross-agency teams would have to file reports with the Legislature every six months as to the total number of housing units needed for those who are extremely low income, plans for better coordination and to ensure needy

households receive the benefits and services for which they are eligible, and proposals for new legislation or regulations to fulfill best practices in homelessness prevention.

Housing

1. **Public Housing Operating Subsidies (item 7004-9005)**, which provide housing authorities with operating funds for state public housing, **is level funded at \$64.5 million**, \$1 million less than the amount appropriated by House in its FY17 budget. Advocacy organizations are requesting \$72 million to be able to more adequately maintain state public housing. State public housing is an essential affordable housing investment to make in order to provide families and individuals who are vulnerable and facing homelessness with permanent and stable affordable housing options.

SWM also continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring \$10,000 or less. The House FY17 budget targeted units requiring up to \$20,000 in repairs. In addition, the SWM budget would require housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers as was included in the FY16 final budget.

2. **Public Housing Reform (item 7004-9007)**, which was a new line item last year for costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014) is **level funded at \$800,000**. Reforms in the new law includes new capital assistance teams, a centralized waiting list, training for public housing authority commissions, technical assistance training for resident commissioners and tenant organizations, new performance benchmarks and residents surveys. There are no details about how these funds would be targeted.
3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024)** provides critically needed long-term rental subsidies to low-income tenants in the private housing market. MRVP is among the most effective and flexible of the state's housing programs and a proven tool to assist families and individuals experiencing or facing homelessness to find affordable housing. **SWM increases MRVP from \$90 million in the FY16 budget to \$100.1 million** which includes up to \$14.7 million in surplus funds from FY16. The surplus is a result of delays of distribution, the time needed to lease up, and development of new project based units. This amount is still not sufficient to cover the cost of what is needed to increase the value of the vouchers so that they better match the current rental market and it is not enough to provide new vouchers.
4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** is an essential rental assistance program for non-elderly, disabled households. **SWM increased AHVP to \$6.2 million from the House appropriation of \$5.1 million**. Advocates are seeking \$7.1 million. Unlike the House budget, SWM does not include a requirement that DHCD 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.
5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a housing court-based homeless prevention program which helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, is **\$750,000, a \$250,000 increase over last year's funding**. TPP is a highly successful homelessness

prevention program based in Housing Courts across the state. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets.

- 6. DHCD Administrative Account (item 7004-0099) is decreased from \$8.6 million in FY16 and \$7.5 million in the House budget to \$6.4 million in the SWM budget.** The SWM budget includes the requirement in previous budgets that DHCD promulgate regulations ensuring that households who qualify for any preference or priority for state subsidized housing based on being homeless or at-risk of becoming homeless keep their priority when they become temporarily housed with HomeBASE or other temporary subsidies. This language is essential so that people who have temporary subsidies, who may still be at-risk of homelessness, will not lose their priority.
- 7. Department of Mental Health Rental Subsidy Program (item 7004-9033),** which provides rental subsidies to eligible clients of the Department of Mental Health, is **level-funded at approximately \$5.5 million.**
- 8. Housing Services and Counseling (item 7004-3036),** which provides grants to nine regional housing consumer education centers for housing services and counseling, is **funded at \$2,641,992, a \$250,000 decrease** from FY16. SWM also removed language requiring the department to submit annual reports to the legislature detailing expenditures of the program.
- 9. Housing Court Expansion, a new item (item 0336-0003) appropriated \$1,194,614 million** for costs associated with the expansion of the housing court statewide along with **Sections 43-47** to authorize the expansion of the housing court statewide from five to six divisions. **Section 81** would make it effective July 1, 2016. The Governor also included \$1 million and the authorization for housing court expansion in his FY17 budget. Housing Courts have a broad base of support, special resources and expertise to address housing issues, including Housing Specialists, the Tenancy Preservation Program, and Lawyer for the Day tables for both tenants and landlords. [Over 120 organizations](#) and a [growing list of municipalities](#) support the statewide housing court expansion.

Legal Services

- 1. For the Massachusetts Legal Assistance Corporation (item 0321-1600),** which supports grants for civil legal aid programs for low-income residents of Massachusetts, SWM is recommending an appropriation of \$17 million, level funding from FY 16. Far more funding is needed to help meet the growing statewide demand for civil legal services.

For more information, contact Margaret Monsell (mmonsell@mlri.org), who will direct your question to the appropriate advocate.