MLRI MASSACHUSETTS LAW REFORM INSTITUTE
40 COURT STREET
SUITE 800
617-357-0700 PHONE
617-357-0777 FAX

The House 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 House Committee on Ways and Means released its budget proposal for fiscal year 2017 (FY 17), House 4200. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP, Related Items Administered by DTA, and 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. The Administration was proposing to direct the savings from this cut to job training for the remaining TAFDC recipients. Families would have lost about 40 percent of their income and many would have been unable to pay rent and would have become homeless. Representative Brian Dempsey, Chair of the House Committee on Ways and Means, told reporters at a news conference shortly after the budget release that "we respect" the governor's effort to redirect aid to job training but believe that "direct assistance is most important." See Boston Globe story here. The House Ways and Means line item requires DTA to calculate benefits in the same manner as in FY 16, thereby barring DTA from counting SSI.

- **The TAFDC line item (4403-2000) does not expressly include the $40 rent allowance or the $200 annual clothing allowance, but these should be covered by the language barring a change in the benefit calculation.** The line item does say that the clothing allowance is included in the standard of need in September but doesn't specify an amount. Including the clothing allowance in the standard of need allows low income working families to qualify for it. The Governor specified the clothing allowance at $200 a year, but did not require it to be included in the standard of need.

- **TAFDC is funded at $203.9 million, enough to cover the current caseload at current benefit levels, including the rent allowance, the clothing allowance, and TAFDC for families where a member gets SSI.** This amount is nearly $17 million less than the FY 16 appropriation, but should be enough for FY 17 at current benefit levels because of the drop in the caseload. The Governor proposed only $181.2 million, $39.5 million less than the FY 16 appropriation after the Governor's 9C cuts. 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 60 days' advance notice to the Legislature before cutting benefits or making changes in eligibility.** As in past years, the Governor's proposal did not include this important provision. 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 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 requires 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 also requires 60 days' advance notice before DTA proposes any changes to the disability standard, another advance notice provision omitted by the Governor. DTA plans to eliminate the state standard in December 2016.

- **The Employment Services Program (ESP, item 4401-1000) is funded at only $5 million, nearly $8 million less than FY 16.** The Governor would have provided $12.4 million. Neither the Governor nor HWM proposes any earmarks. Currently, the program funds the Young Parents Program; limited education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); up to $80 a month in transportation reimbursement for recipients who are working or in education, training or job search; learning disability assessments; job search services for parents with limited English proficiency; and the cost of HiSET (formerly GED) testing for some recipients.

- **Pathways to Self Sufficiency (item 4400-1979) receives only $1 million compared with, $15.1 million in the Governor's proposal and $3 million appropriated for FY 16.** The Administration's proposed increase was funded with the savings from cutting off or drastically reducing TAFDC benefits where a family member receives SSI and the $3 million this year has not been used for the longer term programs recipients need, so the funding reduction here is less concerning than the ESP reduction.

- **HWM does not include two of the Governor's proposals to improve the treatment of earnings.** The Governor proposed to increase the TAFDC work expense deduction for families with earned income from $150 to $200. Because of the way grants are calculated, this proposal would have increased grants for some households with earnings by $25 a month. The Governor also proposed 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).

- **HWM also does not include the Governor's proposal to spend $2.6 million on transportation for SNAP recipients who are not receiving TAFDC (House 2, item 4403-2008).** The funding for this would have come from the "savings" from including SSI as countable income.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) is funded at $79.2 million,** the same as the Governor and $3 million more than the FY 16 appropriation. EAEDC grants 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 HWM proposal includes language – omitted by the Governor – requiring 60 days' advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) is be funded at $224.8 million,** $2.2 million less than the FY 16 and also less than the Governor. The Administration's proposal to count SSI for TAFDC would have required additional funds for the SSI state supplement because some families losing TAFDC would have been eligible for $84 a month more in state-funded SSI.

- **The Supplemental Nutrition Program (item 4403-2007), which provides a small state food SNAP (food stamp) supplement to thousands of low income working families who receive federal SNAP benefits, is funded at $1.2 million,** the same as FY 16.

2. **Teen Living Programs (item 4403-2119) are funded at $10 million,** the same as the Governor's proposal 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 the amount in the FY 16 general appropriations act, but $3.5 million less than total funding for FY 16, which included a $3.5 million supplemental appropriation. Without the 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.

- **DTA central administration (item 4400-1000) would funded at $65.9 million,** about $1.5 million more than FY 16. Some of this increase could pay for systems changes needed to address (see below) which is the number of households receiving MassHealth who are not getting but are likely eligible for SNAP. House Ways and Means does not include current language that gives the Commissioner the authority to transfer funds between the TAFDC, EAEDC and SSI State Supplement accounts "for identified deficiencies." This language would allow transfers even if they would create deficiencies.

- **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 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, 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)

- **Closing the "SNAP Gap:"** Following the release of the Governor's budget in January, both DTA and EOHHS publically shared their interest in moving toward a common application portal and more efficient use of client information, but it's unclear when and how that will happen. Meanwhile, a federal clock is ticking for states to receive enhanced federal "90/10 funding" for integrated eligibility systems. The Ways and Means budget does not include specific language directing the Administration to address this, however there is $1.5M in increased DTA central administration (item 4400-1000) that could be used – and federally reimbursed – if invested in integrated eligibility systems upgrades to close the Massachusetts SNAP Gap.

- **The state subsidy for Elder Nutrition Programs (item 9910-1900) is** level funded at $6.5M, about $1M less than the Governor's House 2 budget request.

- **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) remains level funded at $17 million**. This program, which supplements federal TEFAP funding, is administered by the state Department of Agriculture. Maintaining this funding level is a good starting place, but it may not be 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 $228.4 million,** an increase of $8.5 million over FY 16. The Governor proposed an increase of nearly $17 million, which the Administration said would be funded by eliminating TAFDC for families where one member gets SSI, even though the families losing TAFDC under the Governor's proposal would not qualify for child care. DTA said that some of the Governor's proposed increase would provide child care subsidies to grandparents who are working and receiving TAFDC for their grandchildren but not themselves. Advocates have been urging the Administration to provide subsidies to these grandparents for many years. The proposed line item 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 $252.5 million,** the same as the Governor's proposal. This amount is about $3.9 million less than the final FY 16 appropriation, including $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. Neither the Governor nor HWM included waitlist reduction funding or proposed enough money for FY 17 to maintain spending for income eligible child are 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.

- **Head Start (item 3000-5000) is cut to $8.6 million,** $500K less than FY 16 and the Governor's proposal.

- **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. According to the Governor, some EEC Central functions would be funded by **a new line item for Quality Improvement (item 3000-1020) that House Ways and Means funds at $31.5 million,** $1.9 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, HWM 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, HWM reduces the line item for parenting skills (item 3000-7050), funded in FY 16 at $21.3 million, to $13.3 million; the Governor reduced it by slightly less and said the difference was transferred to the new line item for Quality Improvement.

- **Child Care Resource and Referral Agencies receive a very small increase to $6.8 million,** compared to $6.7 million for FY 16.

- **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.

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

1. **HWM funds DCF at $930.6 million in FY 17. This is $7.5 million less than the Governor proposed.** Accounting for a line item that House Ways and Means would transfer out of DCF's budget, the HWM funding level is $23,000 more than the FY 16 allocation for DCF.

   - Since DCF received additional funding of $17.1 million over the course of FY 16, **the HWM budget represents only $5.9 million over the adjusted FY 16 allocation,** which includes an April 2016 supplemental budget.

   - The difference between the HWM funding level and the Governor's proposed funding for DCF is mostly due to the fact that **HWM does not fund lead agencies (line item 4800-0030)** which the Governor had proposed to level fund at $6 million.

   - HWM matches the Governor's proposed increase to cover the **costs of hiring new social workers ($19.6 million increase to line item 4800-1100)**, and also increases funding for **group residential care for children removed from their families by $5.9 million (line item 4800-0041**), slightly more than the Governor proposed.

2. **HWM increases crucial Family Stabilization and Support Services by $1.4 million for total funding of $46.9 million.** This is $100,000 less than the Governor's proposed increase which was intended to cover the cost of increased provider rates. **Thus the**

HWM allocation for this line item would not increase the availability of these crucial services. These services have been significantly underfunded and are greatly needed to keep children safely in, or return them safely to, their homes. They help avoid the trauma of family disruption when possible, and the financial costs to the state of placement in foster or group residential care.

- In the approximately 75 percent 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. However, **Family Stabilization and Support services receive a disproportionately small share of DCF's services budget**. As of March 2015, 89 percent of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, and needed family stabilization and support services to remain safely with, or return safely to, their families.

3. **HWM funding for the two service accounts that fund out-of-home placements for children** (item 4800-0038: foster care and adoption and item 4800-0041: group residential care) is **$19.1 million more than the FY 16 allocation.** This increase 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 over 1300 more children in out-of- home placements now than at the end of 2013. This represents an 18% increase in out-of-home placements.**

- **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. **HWM's proposal represents an increase of more than $90 million in funding for out-of-home placements since FY '14.**

- **HWM increases group residential care services for children who have been removed from their families by $5.9 million.** This is $1.2 million more than the Governor proposed. 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.

- HWM would also continue to authorize DCF to transfer funds among its three services accounts. (This is line item language in DCF's administrative account 4800-0015).

4. **HWM increases spending for social workers (4800-1100) by $19.6 million over the FY 16 allocation.** This would fund an additional 281 new social worker and case manager hires for a net total of 236 additional workers.

- DCF's contract with its union requires social worker caseloads of 15:1. This 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, both HWM and the Governor propose to cut DCF's training budget by over $44,000 to $2.5 million.

5. **HWM matches 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.

   - **HWM 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.

   - **HWM maintains longstanding reporting requirements 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. HWM follows the Governor's lead in **transferring the account for services to victims of domestic violence (item 4800-1400) out of the DCF budget and into the DPH 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. **HWM decreases funding for Family Resource Centers by $2.5 million.**

   - Currently, family resource centers are funded by two separate line items. Line item 4800-0200 in DCF's budget is funded at $7.4 million and line item 4000-0051 in the EOHHS Secretary's budget is funded at $2.5 million for a total of $9.9 million. HWM would eliminate the line item in the EOHHS budget and level fund the line item in DCF's budget for total funding of $7.4 million. Thus the HWM funding would represent a cut of $2.5 million to this important program. The Governor had proposed to combine the two accounts into DCF's budget with total funding of $10 million.

   - 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. **The Office of the Child Advocate (item 0411-1005) is level-funded at $600,000**.

Health Issues in MassHealth, ConnectorCare and the Health Safety Net.

1. **HWM limits the rate of growth in the MassHealth accounts to 5 percent for FY 17.**

- Like the Governor, HWM proposes to hold the rate of growth in the MassHealth program to 5 percent over FY 16 spending. Individual MassHealth line item amounts and line item language suggest no major changes in eligibility or services in FY 17. HWM follows the Governor's lead on a funding mechanism for the administration's planned Delivery System Reform Initiative, but does not go along with proposals to give the administration sweeping power to restructure MassHealth benefits or expand MassHealth estate recovery. HWM 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 42** HWM provides $15 million more than the Governor proposed for the Health Safety Net program but does nothing to prevent cuts in the program that are scheduled to take effect June 1, 2016. **Section 43** requires a report on the consequences of rule changes in the Health Safety Net program (101 CMR Part 613) that take effect after April 1, 2016. There was overwhelming opposition to the proposed rules at a public hearing in February, and supporters of these essential services will be filing an amendment to prevent the rule change from taking effect.

- The Health Safety Net currently reimburses community health centers and acute care hospitals for providing services to uninsured and underinsured state residents with income up to 400 percent of the poverty level. Residents with income between 200 percent and 400 percent of poverty are eligible only for partial payments and must pay a portion of the costs of care based on their income. The April 2016 rule changes scheduled to take effect June 1, 2016, impose a deductible starting at 150 percent of the poverty level and cut off all HSN eligibility at 300 percent of poverty. The new rules also reduce the period in which residents surprised by a hospital bill can apply to have a past bill covered by the Health Safety Net from the current 6 month period to only 10 days from the date of service. These changes will reduce revenue to Safety Net providers who care for the uninsured and increase the burden of medical debt on the uninsured and underinsured.

- Historically, the state has contributed about $30 million to this program with $320 million paid by the hospitals and insurers. In FY 16 $30 million came from a fund transfer from the Commonwealth Care Trust Fund (CCTF). **Section 42** authorizes a $15 million transfer from the CCTF.

3. **HWM rejects the Governor's proposal to cut benefits for 300,000 MassHealth members in the Primary Care Clinician Plan**

- 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 36** of the HWM budget would not give the administration the authority it needs to implement such a plan. Recent front page headlines about MassHealth members with hepatitis C being unable to get authorization from their MCOs for drugs that will cure their disease (Boston Globe, April 9, 2016), and children with disabilities unable to continue seeing specialist at Children's hospitals through their MassHealth MCO (Boston Globe April 7, 2016) illustrate the problem with restricting member choices instead of addressing underlying problems with costs and access to care. The Administration has recently indicated it is still committed to its approach, but has deferred it until FY 18.

4. **HWM 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. HWM included no amendment to the current estate recovery law.

5. **HWM includes funding for MassHealth Delivery System Reform.**

- **Sections 6, 17, 19, 41, 48 and 49 pertain to a MassHealth Delivery System Reform initiative that has been in the planning stages for several years.** The Governor is proposing an 1115 demonstration program to change the current MassHealth Delivery System through the use of Accountable Care Organizations and 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 17 that is paid into a new trust fund created by Section 6. The trust fund will also receive federal matching payments and effectively pay $250 million back to the hospitals. Section 17 would take effect October 1, 2016 (Section 48) and sunset in 2022 (Section 49), when the proposed Medicaid demonstration waiver would expire.

6. **No major changes to the state's ConnectorCare Program**

- **Section 31** 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 36** 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.

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 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.

- HWM does not insert new language to reform these restrictions, in spite of strong demand by medical providers and others working with homeless families to provide shelter to those "within 24 hours of staying in a place not meant for human habitation" so that children do not have to sleep in cars, emergency rooms, or other inappropriate places before receiving shelter.

- With the level of funding provided by HWM, supplemental appropriations will almost certainly be needed in FY 17.

- **HWM includes important language barring eligibility or benefits restrictions except after 60 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. HWM also includes quarterly reporting requirements to the Legislature about what is happening to families, including those denied shelter. HWM also includes language requiring DHCD to continue a pilot program in Western Massachusetts to provide healthy food to families in motels. It also includes a new earmark for the Emmaus House in Haverhill.

- **HWM 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.** This language was first proposed by the Governor but within the HomeBASE line item, where it seems more appropriately to belong. As with the Governor's proposal, this aspect of the HWM proposal includes troubling language requiring 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. This language is problematic because it will cause unnecessary disruption to families, including to families for whom a placement in systems outside the EA shelter system are not appropriate. Also like the Governor's proposal, the HWM proposal seems to require families in these other forms of shelter to meet all of the onerous EA eligibility requirements to access these benefits, even though they may not be subject to them in their current shelter systems.

- HWM, for the first time, expressly allows funds in the EA line item to be used for "personnel and administrative costs ... [directly] ... associated with the coordination and placement of homeless families in hotels and motels used as overflow shelter capacity and oversight of hotel/motel compliance with state requirements." However, HWM establishes a cap on such expenditures of $360,000. The Governor had proposed to authorize unlimited expenditures from the EA shelter account for these personnel and administrative costs. The cap is appreciated to avoid too many funds needed for shelter being funneled into administrative costs, but we continue to believe these costs would more appropriately be funded through the DHCD homeless administrative account (item 7004-0100) discussed in number 5 below.

2. **HomeBASE (item 7004-0108) is funded at approximately $31.94 million, approximately $2.5 million less than current FY 16.**

- This program was created in FY 12 to provide short term rental assistance instead of shelter to homeless families. Under the HWM proposal, as in FY 16, 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.
- HWM includes a new proviso which says that "the continued eligibility of the family shall be determined on an annual basis." We believe this is intended to respond to DHCD's current positon 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 homelessness.
- As with EA, HWM retains the Administration's obligation to provide the Legislature with 60 days' advance notice before new eligibility restrictions or benefits reductions are imposed and its obligation 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 eliminated under the HWM proposal.**

4. **Shelters and services for homeless individuals (item 7004-0102) are funded at just under $44 million,** a decrease of approximately $825,000 as compared to the initial FY 16 appropriation. The **Home and Healthy for Good program (item 7004-0104)**,

which provides housing for chronically homeless individuals, **is level funded at $1.8 million**. These funding levels are the same as those requested by the Governor.

5. **The DHCD homelessness administrative account (item 7004-0100) is funded at just over $4.84 million,** a decrease of approximately $1.4 million as compared to the initial FY 16 appropriation. As noted in item 1 above, last bullet point, we believe funding for administrative and personnel costs related to motels should be in this item, as opposed to the EA item (7004-0101) to avoid conflicts between providing shelter and paying for administration.

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.**

   - 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 1-month period.

   - HWM retains RAFT reporting requirements to the Legislature that were included in the FY 16 and earlier budgets.

Housing

1. **Public Housing Operating Subsidies (item 7004-9005),** which provide housing authorities with operating funds for state public housing, is funded at $65.5 million, an **increase of $1 million** over last year's FY16 budget of $64.5 million. Advocacy organizations are requesting $72 million to be able to more adequately maintain state public housing, an essential housing resource for extremely low income families, seniors, and people with disabilities.

   HWM continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring $20,000 or less, as the FY16 budget provided. With family homelessness on the rise, it is critical to rehabilitate family public housing and bring apartments back on line. In addition, the HWM 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.

   HWM also removes an earmark of $500,000 in the FY16 budget for implementing public housing reform.

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), which provides critically needed long-term rental subsidies to low-income tenants in the private housing market, is **increased from $90 million in FY16 to $100 million**. The $100,000 million, however, includes $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. While this brings it closer to the $120 million which advocates are seeking, $100 million is not sufficient to cover the cost of what is needed to increase the Fair Market Rental value of the vouchers so that they better match the current rental market and it is not enough to provide new vouchers. 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.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** is **level- funded at $4.6 million**. Advocates are seeking an increase to $7.1 million. This is an essential rental assistance program for non-elderly, disabled households. While the Governor omitted the requirement that DHCD must submit an annual report to the Secretary of Administration and Finance and the Legislature on the number of outstanding vouchers and the number of types of units leased, HWM includes this requirement.

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 **level-funded at $500,000.** Advocates are seeking an increase to $975,000 which would provide an additional 200 households with TPP services and could increase consultation services to 600 additional households. 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 to $6.7 million.**

   - The Governor's budget deleted 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. HWM apparently intended to include the requirement, but failed to include the entire proviso, omitting the following essential language: "notwithstanding receipt of assistance that is intended to be temporary, including, but not limited to, any temporary or bridge subsidies provided with state or federal funds, which shall include households receiving assistance under item 7004-0108 after July 1, 2013." This language is essential so that people who have temporary subsidies, who may still be at-risk of homelessness, will not lose their priority.

   - HWM also includes language from previous budgets that funds shall be expended for the implementation and evaluation of establishing a homeless preference in private multi-family housing.

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.

9. **Housing Preservation and Stabilization Trust Fund (HPSTF) which was a new item in the Governor's budget (item 7004-4778) that allocated $5 million** for this flexible fund to help to build affordable housing was not included in the HWM budget. Advocates are working to increase the amount to $11.5 million in the final House budget.

10. **Housing Court Expansion, a new item included in the Governor's budget (item 0336-0003)** to appropriate $1 million for costs associated with the expansion of the housing court statewide along with **Sections 15-17 and Section 46** to authorize the expansion of the housing court statewide from it five divisions to six divisions **was not included** in the HWM 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, HWM is recommending funding in the amount of $18 million, a welcome increase above the FY 16 appropriation of $17 million, but short of the $27 million that was requested and 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.