

## Selected Stimulus Provisions<sup>1</sup>

### Massachusetts Impacts and Advocacy Opportunities

| Program   | ARRA Provision  | Special Rules   | Advocacy Implications  |
|---|---|---|--|
| <b>TANF/TAFDC, EA, etc</b>  | \$45.9 M over two years (FFY 09 and 10)   | State qualifies for 80% of increased expenditures over base year (FFY 2007 for MA); qualifying expenditures include TAFDC and EA  | ARRA TANF funds were designed to address increased costs for caseloads that are rising because of the recession, such as the current \$3.4 M shortfall in EA   |
| <b>Homelessness Prevention Fund (Emergency Shelter Grant Program)</b> | \$44.6 M (\$18.4 M for state program, \$26.2 M for 19 cities)   | Can be used to help households avert homelessness or help homeless households become re-housed by helping pay for back rent, utility bills, relocation, short or medium term rental assistance, housing stabilization services, security and utility deposits; 60% must be spent in 2 years, all must be spent in 3 years | Can reduce need for EA shelter by averting homelessness and helping families move out of shelter and thereby avoid cuts to EA; advocacy needed regarding cities' allocation as well as state allocation<br><br>For MA allocations, go to state allocations list at <a href="http://www.hud.gov/recovery/homeless-prevention.cfm">http://www.hud.gov/recovery/homeless-prevention.cfm</a>   |
| <b>Food Stamps/ SNAP</b>  | a. 13.6% increase in max. benefit effective 4/1/09 (average MA increase = \$39/per household/month =18% increase); minimum benefit for 1 and 2 person households increased from \$14/mo to \$16/mo<br>b. Suspend 3-month ABAWD time limit<br>c. \$3.4 M/year for food stamps/SNAP admin | a. Permanent, but no future COLAs until they would exceed the ARRA increase<br><br>b. Suspended for 18 months (4/1/09-9/30/10)  | a. Worthwhile to apply for some who are currently ineligible or eligible only for very small amount; MA estimated to receive more than \$305 M in increased FS/SNAP to Oct. 1, 2010, more if caseload increases (current caseload is 312,000 households and more than 622,000 individuals); clients need to appreciate that it is not a one-time increase; important to publicize increase to current and potential recipients<br><br>b. Simplifies administration, no need to determine if individual is exempt or in waived area<br>c. No guarantee increased admin. funding won't reduce current state appropriation, but DTA is currently anticipating that it will get the increase (advocates need to be watchful) |

<sup>1</sup> American Recovery and Reinvestment Act economic recovery package, signed into law on February 17, 2009 (P.L. 111-5).

| <b>Program</b>                                  | <b>ARRA Provision</b>   | <b>Special Rules</b>   | <b>Advocacy Implications</b>  |
|---|---|--|---|
| <b>Medicaid/<br/>MassHealth</b>                 | Increased FMAP=\$594.2 M for Oct. 08-Mar. 09; state estimated to receive \$3 B for period from 10/1/08 through 12/31/10   | Not available if state cuts eligibility  | Gov's budget counted on \$533 M for FY 09 and \$711 M for FY 10; ARRA amounts are much higher; increased funding goes to General Fund; MA gets disproportionate share of ARRA increased FMAP because of state's high MassHealth expenditures relative to other states   |
| <b>COBRA Premium Assistance</b>                 | Workers laid off between 9/1/08 and 12/31/09 required to pay only 35% of cost of continuing former employer's group coverage starting 3/1/09; employer can recover 65% of cost as credit against federal payroll taxes. Maximum assistance period is 9 months. Employers have to give notice of COBRA Premium Assistance to potentially eligible workers giving them second chance to enroll (60 days from notice to enroll). | Employers with 2-19 workers are exempt from federal coverage but covered under MA mini-COBRA. Workers eligible for mini-COBRA are also eligible for ARRA COBRA Premium Assistance. | <p>State has to decide if workers laid off from employers with fewer than 2-19 workers will have opportunity to elect coverage if haven't already done so. But employers have to give prospective notice of Premium Assistance to newly laid off workers eligible for mini-COBRA.</p> <p>In MA, the Medical Security Plan (MSP) pays 80% of COBRA premium for certain unemployment insurance (UI) recipients. ARRA reduces cost to the recipient from 20% to 7% of the premium. UI recipients below 200% of poverty level or for whom premium cost is hardship are eligible for MSP direct coverage with no premium cost.</p> <p>ARRA COBRA Premium Assistance will offset some increased costs to MSP (funded by assessment on employers) due to increase in unemployment rate and extended period of UI eligibility which extends MSP eligibility.</p> <p>More info at <a href="http://www.mass.gov/dua">www.mass.gov/dua</a> and <a href="http://www.dol.gov/ebsa.cobra.html">http://www.dol.gov/ebsa.cobra.html</a></p> |
| <b>Public housing capital fund</b>              | \$81.9 M to be distributed right away   | Not for operating or rental assistance; use of funds must be consistent with description of capital improvements identified in PHA 1- and 5-year plans                             | <p>Additional funds available through competitive grants to be distributed by Sept. 1, 2009</p> <p>Local Resident Advisory Boards should be alerted about these funds</p> <p>For MA allocations, go to state allocations list at <a href="http://www.hud.gov/recovery/cdblock.cfm">http://www.hud.gov/recovery/cdblock.cfm</a></p>  |
| <b>Community Development Block Grant (CDBG)</b> | \$29 M for 37 localities in Massachusetts   | Must give priority to project that can award contracts within 120 days of grant agreement  | CDBG funds wide range of activities primarily for low and moderate income persons. Advocates can influence local award process. For MA allocations see <a href="http://www.hud.gov/recovery/cdblock.cfm">http://www.hud.gov/recovery/cdblock.cfm</a>  |
| <b>Fuel assistance</b>                          | \$0 (funded in House bill, not in Senate bill)  |  |   |
| <b>Child care</b>                               | \$24 M available to 10/1/10   | \$2 M targeted for quality improvement and \$1.5 M targeted for quality improvement for infants and toddlers   | Child care accounts suffered 9 C cuts, resulting in eligibility restrictions, including restrictions on homeless child care; increased funding creates opportunity for restorations and addressing lengthening waitlist   |

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| <b>Economic Recovery Payments for SSI, Social Security and Veterans' Benefit recipients</b> | \$250 per person if received benefits in Nov. or Dec. 08 or Jan. 09; estimated 1.2 million persons in MA  | Deducted from new Making Work Pay credit if eligible for both; noncountable for food stamps but subject to recovery for federal benefit overpayments and child support | Advocate to assure maximum noncountability in state programs<br><br>Notice of nonreceipt of payment due to overpayment or child support can lead some individuals to seek advice, creating opportunity to try to address underlying overpayment or child support arrears  |
| <b>Unemployment Insurance (UI)</b>  | <p>a. \$25/wk increase</p> <p>b. Extended Unemployment Compensation (EUC) program (59 weeks of benefits total) extended from 3/31/09 to 12/31/09; benefits payable to 5/31/10.</p> <p>c. State option for additional 13-20 weeks of Extended Benefits (EB) after worker has exhausted EUC benefits</p> <p>d. \$11.7 M over 3 years in increased admin. funding. \$54.2 M over 3 years to UI Trust Fund because MA allows alternate base period</p> <p>e. \$108.4 M over 3 years to UI Trust Fund if state improves UI program by making it more accessible to part-time workers, easing rules for those who left job to follow a spouse, or increasing time allowed for vocational training</p> <p>f. Suspend federal income tax on first \$2,400 of UI benefits for 2009</p> |  | <p>a. Estimated 500,000 UI recipients in MA</p> <p>b. Estimated 84,000 will get extended benefits.</p> <p>c. State is investigating participation in the EB program.</p> <p>d. Funding will be used in part to hire more UI claims representatives and reduce delays in benefits</p> <p>e. Advocates discussing strategy and priorities</p> <p>f. So far, no headway suspending state tax</p> |
| <b>Child support</b>  | Temporarily suspends reduction in federal child support matching payments; \$12 M increase to MA over 2 years   |  | In MA, these funds historically go the General Fund; provides advocacy basis for child support improvements   |

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|--|--|---|---|
| <b>Earned Income Tax Credit</b>                              | For tax years 2009 and 2010:<br>(1) increases EITC for families with 3 or more children (about 12% increase);<br>(2) increases income limit for couples from \$3,000 to \$5,000 more than limit for singles  | \$5,000 indexed for inflation in 2010   | State EITC is 15% of federal amount.<br><br>Increased state and federal EITC for larger families and couples should be part of EITC outreach. Families can benefit from increases sooner if they choose EITC advance payment option in 2009 |
| <b>Child Tax Credit (Alternate Child Tax Credit portion)</b> | For tax years 2009 and 2010: eligibility for this refundable credit begins at \$3,000 in earnings (currently eligibility begins at \$8,500 in earnings)  |   | Families may benefit in 2009 if they adjust 2009 withholding  |
| <b>Making Work Pay Credit</b>                                | For tax years 2009 and 2010: up to \$400 for individual (phase out at \$75 K in earnings) and \$800 for couple (phase out at \$150 K in earnings)  | Credit reduced by any Economic Recovery payments for SSI, Social Security or Veterans' benefits | The IRS has issued new tax withholding tables incorporating this credit, so for most taxpayers, this credit will begin showing up in paychecks automatically by April 2009  |
| <b>American Opportunity Tax Credit</b>                       | Higher education credit for tax years 2009 and 2010: replaces Hope Scholarship Credit; provides partially (40%) refundable credit up to \$2,500/year for first 4 years of post-secondary education; phase out starts at \$80-\$90 K for individual and \$160-\$180 K for couple. |   | Families may benefit in 2009 if they adjust 2009 withholding  |
| <b>Foster Care and Adoption</b>                              | State estimated to receive increased match of \$7.2 M for period from 10/1/08 through 12/31/10)  |   | Increased funding goes to General Fund; provides advocacy basis to improve DCF services, including voluntary and family stabilization services as well as foster care and adoption  |