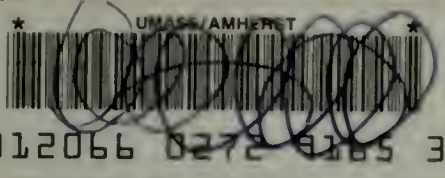


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Report on Standard Budgets of Assistance  
and Efforts in the Commonwealth  
to Assist Families Receiving Aid  
to Families With Dependent Children (AFDC)

University of Massachusetts  
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In response to an Order of the Superior Court dated June 26, 1986, the Department of Public Welfare, with the Executive Office of Human Services, issues this report containing Standard Budgets of Assistance for AFDC families based on the actual cost of living in the Commonwealth, pursuant to G.L. c. 18, s. 2 (B) (g). Moreover, in order to give a full picture of the current circumstances of families receiving AFDC, this report outlines the variety of strategies which have been adopted by the Commonwealth to meet the basic needs of poor families. Although this report suggests that work remains to be done, it also indicates that much has been done to assist poor families in meeting their basic needs and taking advantage of new opportunities for employment and growth.

Since fiscal year 1983, there has been an increase of over 37% in state spending for human service programs. For this fiscal year alone, there is an increase of 13.3% over the fiscal year 1986 appropriation.

As set out in more detail below, Massachusetts is the nation's leader in providing services to the poor:

- o Massachusetts fiscal year 1987 AFDC benefit increase of 14% was one of the highest increases provided by any state in the nation;
- o Massachusetts provided the second largest percentage increase in AFDC benefits over the last four years of fifteen major welfare states in the nation -- 32%.
- o Massachusetts has the most generous and broadly available rental assistance program in the nation servicing 12,000 low income families;
- o Massachusetts is one of the few states in the nation which has state-funded public housing, producing more than 3,500 units of public housing in the past four years;
- o Massachusetts provides the most comprehensive Medicaid, health and nutrition programs of any state in the nation, with the result that infant mortality has fallen to its lowest level in recorded history in Massachusetts;

- o Massachusetts has established the most successful employment and training program for welfare recipients in the nation which has placed over 30,000 recipients into unsubsidized employment.

Of course, while these accomplishments make Massachusetts a leader, work remains to be done, and the Commonwealth's efforts to meet the basic needs of families in poverty will continue.

## II. Current Efforts to Meet the Needs of AFDC Families

In order to determine where Massachusetts should be going, it is important to know where we are. The Commonwealth's current efforts to assist AFDC families focus on three priorities:

1. enabling AFDC families to become self-sufficient so that they need not rely on public assistance,
2. assisting AFDC families in keeping their homes so that they do not become homeless, or in the event of homelessness, helping them secure permanent affordable housing,
3. providing assistance to AFDC families to meet their basic needs through a variety of means, to reduce family instability and strengthen the family unit.

The Commonwealth's recent progress towards meeting the needs of AFDC families is summarized in the following pages.

### A. Enabling AFDC Families to Become Self-Sufficient -- providing routes out of poverty

A primary responsibility of state government in providing assistance to poor families is to provide them with opportunities to become self-sufficient. Ideally, public assistance is a temporary means of support until a family is able to provide for itself. Massachusetts provides two principal ways to help an AFDC family escape poverty: the Employment and Training CHOICES program (ET), and child support enforcement activities.

#### 1. Employment and Training CHOICES (ET)

Begun in October 1983, the Commonwealth's ET Choices program provides AFDC recipients with a wide variety of services aimed at helping clients secure unsubsidized employment. These services include: basic education and adult literacy courses, English as a Second Language, skills training programs, employment, search assistance, and day care during training and for up to a year after placement into a job. Since its inception less than three years ago, ET:

- o has placed more than 30,000 recipients into jobs.



- o is currently providing clients with full-time jobs with an annual income of over \$12,000 -- more than twice the average welfare grant,
- o is reducing welfare dependency, as evidenced by the fact that 86% of ET placements who leave the caseload are still off one year later.

In FY86 the Commonwealth spent \$45 million on the ET program.

## 2. Child Support Enforcement

More than 90% of AFDC families rely on welfare because one parent is absent and provides either no child support or support insufficient to provide adequately for their needs. If absent fathers met their legal and moral obligation to support their families, welfare rolls could be cut substantially. Aggressive child support enforcement, i.e., locating absent fathers, establishing support orders, and collecting support that is due, moves AFDC families off welfare:

- o Each year Welfare Department staff and local courts establish more than 12,000 new support orders and locate 8,000 absent parents.
- o In FY86, the Welfare Department collected a record \$50.1 million in child support -- 17% more than two years ago-- nearly \$10 million of which went directly to AFDC recipients in addition to their AFDC grants under a new federal procedure.

Recently the legislature passed and the Governor signed tough new child support enforcement legislation which will further strengthen child support enforcement activities to move families out of poverty.

## B. Combatting Homelessness

Due to the shortage of affordable rental units in the Commonwealth, the increased costs of housing, conversion of rental units to condominiums, and a reduction in federal housing resources, homelessness persists as a problem. The State has responded through two approaches:

- o providing direct targeted assistance to prevent homelessness and to respond to homelessness when it does occur, and
- o working to preserve and increase the Commonwealth's supply of affordable low-income housing.

The most important initiatives in each of these areas are outlined below.

### 1. Homelessness Prevention

Direct targeted assistance to AFDC families, designed to prevent homelessness in certain critical situations, or to secure new homes when homelessness does occur, include:

- o Placing 1,750 homeless families from hotels/motels and shelters into permanent housing during FY86.
- o Reforming the AFDC Emergency Assistance (EA) program to make it more responsive to clients' housing needs. As a result of these reforms, contained in Ch. 450, "An Act to Prevent Homelessness", EA expenditures increased from \$7.5 million in FY83 to an estimated \$30 million in FY86. Benefits now provided under EA include:
  - payment of up to four months of rent and utility arrearages,
  - payment of one month's advance rent and a security deposit to help homeless families secure new housing,
  - payment up to \$150 for moving expenses, and
  - providing for emergency stays in hotels and motels for families who are temporarily homeless.

During FY86 the Emergency Assistance program prevented homelessness by paying more than 25,000 utility arrearages, 8,000 rent arrearages, 8,000 advance rent payments, and an additional 8,000 security deposits.

- o Providing 250 Ch. 707 rent subsidy certificates to homeless hotel/motel families in FY86, and an additional 1,500 certificates in FY87.
- o Changing, effective October 1986, emergency access regulations for public housing in the Commonwealth to make homelessness a criteria for priority access to available public and subsidized housing.
- o Providing housing services for counseling and landlord/tenant mediation to over 3,400 low-income tenants, thereby enabling them to remain in their homes.
- o Increasing the number of homeless shelters funded by the Welfare Department from 2 in 1983 to over 50 in 1986, thus expanding the number of available shelter beds from 450 to over 1,900.



- o Providing 41,000 AFDC families with an estimated \$23 million in EOCB fuel assistance funds to help defray utility costs.

## 2. Increasing the Supply of Affordable Low-Income Housing

Affordable low-income housing is integrally linked to the broader issue of general housing supply. As the market tightens, the sheer availability of low-income units diminishes. Preserving and increasing the supply of low-income housing is a critical component of efforts to prevent and combat homelessness. Major efforts of the Administration and the legislature to increase the supply of affordable low-income housing include:

- o passing, in 1983 and 1985, the two largest housing bond bills in the Commonwealth's history -- \$187 million in 1983 and an additional \$344 million in 1985. This funding includes:
  - \$141 million for the production of new subsidized family housing,
  - \$134 million for new low-income housing for the elderly,
  - \$45 million for housing for special needs populations,
  - \$156 million to modernize existing public housing, and
  - \$55 million for infrastructure development and demonstration projects.

In total the 1983 and 1985 bond bills will add more than 6,000 units of low-income public housing and renovate or reclaim over 15,000 units of state and federal public housing.

- o expanding the state's Chapter 707 rent subsidy program 36% since 1983. Ch. 707 -- the most generous and broadly available rent subsidy program in the nation -- currently provides rental assistance to 12,100 households. Poor families receiving Ch. 707 subsidies pay a maximum of 25% of their income on rent -- the balance is paid by the state.
- o developing the SHARP loan subsidy program which provides interest subsidies to private sector developers of rental units, in exchange for a guarantee to set aside at least 25% of the units for low-income households. During FY85 alone, MHFA approved \$11.4 million in SHARP loans for 47 developments, providing 4,600 new rental units in 24

Massachusetts cities and towns. By the end of 1986, this figure will rise to more than 8,900 units, 32% of which will house low-income households.

- o developing the TELLER tax-exempt financing program which offers tax exempt financing to private developers willing to set aside 20% or more of a project's rental units for low-income households. In the coming year TELLER will aid the development of 4,000 units in 20 Massachusetts communities.
- o enacting tough legislation in 1983 to restrict condominium conversions. Chapter 527 of the Acts of 1983 requires that prior to converting an apartment to be a condominium, a landlord must give two years notice to low income tenants, pay moving expenses of \$1,000, and restrict rent increases during the notification period.
- o developing the Home Ownership Opportunity Program as part of the overall Massachusetts Housing Partnership initiative, which will provide home ownership opportunities for 625 low-income households.

#### C. Meeting AFDC Families' Basic Needs

There are many ways of providing assistance to poor families, such as comprehensive medical benefits provided under the Medicaid program, Food Stamps and General Relief. AFDC is the primary cash assistance program for poor families, providing assistance to 84,000 households each month -- almost exclusively mothers and children. In recent years, the administration and the legislature have combined to:

- o increase AFDC grants 32% over the last four fiscal years (FY84 -FY87), the largest four year benefit increase since the state took over the welfare system in 1968. The FY84 to FY87 increase is double that of the previous four years when inflation outstripped grant increases, severely eroding clients' purchasing power. Massachusetts AFDC grant levels are currently the 8th highest in the nation.
- o expand AFDC eligibility and benefits to certain at-risk populations, at 100% state cost. These programs include:
  - Extended Assistance to Pregnant Women who have no other dependents and who are in their first or second trimester of pregnancy. This program is intended to prevent medical complications which cause permanent damage to children born to low-income women. Since the establishment of this program in January 1985, over 1,000 additional pregnant women per month have received assistance.



- Family Reunification Benefits, offering continued assistance to families whose children are temporarily placed in state care, so that families do not become homeless as they prepare for the return of their children.
- o expand the Medicaid program. While in the last few years 40 states have either reduced eligibility for or cut benefits in their Medicaid programs, Massachusetts has actually increased both eligibility and benefits for Medicaid recipients. It is estimated that the state will expend nearly \$1.4 billion for Medicaid coverage for poor people during this fiscal year.
- o expand child health and nutrition. To develop preventive child health and nutrition programs targeted to low-income children, who are documented to be at higher risk of death and a range of health problems, Massachusetts became the first state in the nation to provide substantial state funding to supplement the federal Women, Infants and Children (WIC) nutrition program.

### III. Massachusetts Standard Budgets of Assistance (SBA)

The purpose of this report is to formulate, pursuant to G.L. c. 18 s. 2 (B) (g), Standard Budgets of Assistance which are based on the actual costs of living in the Commonwealth.\*

#### A. Approach

The formulation of revised Standard Budgets of Assistance drew on the expert resources of many different agencies within state government including the Executive Office of Communities and Development, Executive Office for Administration and Finance, Executive Office of Economic Affairs, the Executive Office of Human Services, and the Department of Public Welfare as well as studies of municipal agencies, the federal government and private entities.

In determining the appropriate methodology for formulating Standard Budgets of Assistance, we examined the appropriateness of the two federal standards -- the Federal Poverty Level and the U.S. Department of Labor, Bureau of Labor Statistics' lower budget standard. Because the cost of living in Massachusetts, particularly housing costs, varies substantially from the rest of the nation, a third approach was adopted.

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\* These Standard Budgets of Assistance are not -- and are not intended to be -- standards of payment or need under federal or state law, and this report does not change those standards of needs or payment.

We utilized separate cost components for each of the major categories of consumption, so that individual components could be borrowed or adapted. We then valued each of the components according to actual cost in Massachusetts. These various components were then aggregated to form the total standard budget of assistance.

The cost of health care has been excluded from the Standard Budgets of Assistance because the Medicaid program covers the cost for health care of AFDC families. (The average health care expenditure per year per AFDC family is \$3,000 through the Medicaid program.)

#### B. Complexities of Formulating Standard Budgets of Assistance

Setting one standard for the "average" AFDC household of three is an extremely difficult and complex task. Similar to the population as a whole, AFDC families have a range of needs that vary household by household. As all AFDC families have different needs, receive different services, and have different supports, there is, in reality, no "typical" AFDC household.

For example, the largest single expense families face is housing. Housing costs vary tremendously depending on such factors as:

- o Where a family lives -- The latest comprehensive and statistically valid statewide data on what households are actually paying for rent -- the 1980 Census -- indicates that rent levels in communities outside the Boston SMSA are considerably lower than in Boston. Regional differences are significant. Rent levels in the Fall River SMSA were 62% of the Boston SMSA, compared with 80% for the Worcester SMSA and 90% for the Lowell SMSA. Even within Boston, rent levels vary dramatically by neighborhood. While the 1985 Boston Redevelopment Authority data indicates that the city-wide monthly gross median rent is \$425, 35% of all households in East Boston, South Boston and Charlestown pay less than \$299 for rent (including utilities) each month. In sharp contrast, half of all households in Central Boston, Back Bay-Beacon Hill pay over \$600 a month in rent; 23% of these households pay over \$800 a month for rent. In addition, rents have increased at varying rates for Boston's neighborhoods. Between 1980 and 1985 rents increased by only 3% in Roslindale compared to 39% for Allston/Brighton.
- o How long a family has been in their housing unit -- There appears to be an enormous disparity between the rents that families pay when they have been living in one place for a number of years and the rents they face when they try to find a new apartment.



- As noted above, the median rent of all renters in Boston in April of 1985 was \$425 a month. In contrast, the median monthly rent for vacant unsubsidized apartments on the market in June of 1985 was \$661 (1 bedroom) and \$863 (2 bedroom).
- The median rent of vacant 2-bedroom Boston units has increased 68% since 1982, representing an annual growth of 29%. But the Boston consumer price index for housing, which is based on a sample of what all consumers actually pay, increased only 7.7% from May 1985 to May 1986.

The conclusion is clear: rents are much lower and increase more slowly for those who remained housed. In fact, in Boston in 1985, an estimated 54,000 households in private housing -- 43% of the total -- are paying less than \$400 a month for rent and utilities. But poor families who lose their homes -- because of eviction, fire, condominium conversion, untenable family situations -- face a nearly impossible task in finding a new place to live.

- o What a landlord's particular circumstances are -- A landlord's particular circumstances may significantly affect what he or she charges a tenant for rent. Consider the following:
  - How long a landlord has owned his property and what his carrying costs are will affect his rental income requirements. Tenants whose long-time landlords sell their buildings in today's real estate market may be faced with major rent increases. A new owner may require additional rental income to cover higher mortgage and tax payments, insurance or renovation expenses.
  - Conversely, the dynamics of the landlord/tenant relationship may affect rent levels. Boston is dominated by small 2-4 unit buildings which account for 42% of Boston's housing stock. The small-scale nature of these housing arrangements allows landlords to familiarize themselves with a tenant's individual circumstances and income limitations. A more personal relationship between tenant and landlord is likely to result in rents that are relatively low. For example, East Boston, which has the second lowest median gross rent in the city (\$370 a month), has a high proportion of 2-4 unit buildings (65%).

Based on this diversity of needs, the amount of income that families need to live in the Commonwealth varies greatly depending on individual circumstances. There is no one AFDC grant level which will provide all families with precisely the resources they need to meet their particular expenses. The Standard Budgets of Assistance we present here are, rather, based on median expenditure data for seven components of a family's

budget. The reliance on median expense data necessarily masks the diversity of family circumstances and associated income requirements.

C. The Results of Recent Study: New Standard Budgets of Assistance

The Standard Budgets of Assistance are calculated using a family of three, which is the average size of the AFDC household in Massachusetts.

This report sets forth three (3) distinct Standard Budgets of Assistance for three different categories, based on the significantly varying costs for each type of family:

- o families in private housing within metropolitan Boston--21% of AFDC families;
- o families in private housing outside metropolitan Boston--49% of AFDC families; and
- o families in public housing throughout Massachusetts--30% of AFDC families.

The cost of private housing is significantly higher in metropolitan Boston than elsewhere and therefore merits two different standards. Also, because families living in private non-subsidized housing pay significantly more for their shelter than those living in subsidized public housing, the report sets forth separate standards for families living in non-subsidized and subsidized housing. Because the cost of public housing, i.e. the required contribution by the resident toward rent, does not vary by geographic location, and because we have assumed that the cost of other basic necessities does not vary as significantly, the standard for families in subsidized housing is the same for families across the state.

The following tables (which contain the three Standard Budgets of Assistance) also reflect the varied and substantial additional support which is available to many and, with certain kinds of support, all AFDC families, specifically: the value of the rent supplement which is paid to all AFDC families in non-subsidized housing, food stamps which are provided to approximately 82% of all AFDC recipients, the clothing allowance which is available to all AFDC recipients receiving benefits on September 1, and fuel assistance which is provided to approximately 71% of AFDC households living in private housing.



STANDARD BUDGET OF ASSISTANCE  
 Private Housing in Metropolitan Boston  
(family of three)

	<u>Total Standard</u>	<u>Balance After Deducting Additional Benefits<sup>a</sup></u>	<u>Explanation</u>
Shelter and Utilities	\$5,688	\$4,943	(includes \$745 in rent allowance and fuel assistance payments) <sup>b</sup>
Food	3,661	1,969	(includes \$1,692 in food stamps) <sup>c</sup>
Clothing	532	232	(includes \$300 in clothing allowance payments) <sup>d</sup>
Personal Care	107	107	--
Transportation	504	504	--
Household Operations and Furnishings	456	456	--
Other	<u>169</u>	<u>169</u>	--
TOTAL	\$11,117	\$8,380	

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<sup>a</sup> Additional benefits include payments to recipients in addition to the basic AFDC grant.

<sup>b</sup> Includes \$180 per year in rent allowance payments (\$15 per month) and \$565 annually in fuel assistance payments from EOCD.

<sup>c</sup> Current maximum food stamp allotment. Of course if the amounts of cash assistance were at the level of this standard Budget of Assistance, the restrictive policies of the federal Food Stamp program would end benefits for these AFDC recipients.

<sup>d</sup> \$150 annual clothing allowance benefit for each of two children.

STANDARD BUDGET OF ASSISTANCE  
 Private Housing Outside of Metropolitan Boston  
(family of three)

	<u>Total Standard</u>	<u>Balance After Deducting Additional Benefits<sup>a</sup></u>	<u>Explanation</u>
Shelter and Utilities	\$4,944	\$4,199	(includes \$745 in rent allowance and fuel assistance payments) <sup>b</sup>
Food	3,661	1,969	(includes \$1,692 in food stamps) <sup>c</sup>
Clothing	532	232	(includes \$300 in clothing allowance payments) <sup>d</sup>
Personal Care	107	107	--
Transportation	504	504	--
Household Operations and Furnishings	456	456	--
Other	<u>169</u>	<u>169</u>	--
TOTAL	\$10,373	\$7,636	

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<sup>a</sup> Additional benefits include payments to recipients in addition to the basic AFDC grant.

<sup>b</sup> Includes \$180 per year in rent allowance payments (\$15 per month) and \$565 annually in fuel assistance payments from EOCD.

<sup>c</sup> Current maximum food stamp allotment. Of course if the amounts of cash assistance were at the level of this standard Budget of Assistance, the restrictive policies of the federal Food Stamp program would end benefits for these AFDC recipients.

<sup>d</sup> \$150 annual clothing allowance benefit for each of two children.



STANDARD BUDGET OF ASSISTANCE  
Public and Subsidized Housing Across Massachusetts  
(family of three)

	<u>Total Standard</u>	<u>Balance After Deducting Additional Benefits<sup>a</sup></u>	<u>Explanation</u>
Shelter and Utilities	\$2,316	\$2,316	--
Food	3,661	2,497	(includes \$1,164 in food stamps) <sup>b</sup>
Clothing	532	232	(includes \$300 in clothing allowance payments) <sup>c</sup>
Personal Care	107	107	--
Transportation	504	504	--
Household Operations and Furnishings	456	456	--
Other	<u>169</u>	<u>169</u>	--
TOTAL	\$7,745	\$6,281	

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<sup>a</sup> Additional benefits include payments to recipients in addition to the basic AFDC grant.

<sup>b</sup> Estimated maximum food stamp allotment for a family in public housing.

<sup>c</sup> \$150 annual clothing allowances benefit for each of two children.

The rationale for the valuation of each of the component parts is as follows:

1. Shelter and Utilities

a. Non-Subsidized Housing

The shelter and utilities component of the Standard Budgets of Assistance for private housing is based on data from the only large-scale, scientifically designed sample of what households actually face in terms of rent since the 1980 Census -- the 1985 Boston Household Survey-Characteristics of Housing Units. This survey was conducted by the Center for Survey Research of the University of Massachusetts for the Boston Redevelopment Authority (BRA). Its purpose was to provide up-to-date, representative, accurate information about persons living in households in the City of Boston and its neighborhoods. The 1985 BRA rent data is invaluable since, like the 1980 census, it comes directly from a representative sample of households, instead of landlords, real estate brokers or newspaper advertisements. The households interviewed were chosen by a stratified two-stage cluster sampling process which yielded 1,625 completed interviews. The interviews were conducted in April 1985.

This survey provided us with median gross rent data by household size. Gross rent is defined as the monthly dollar amount spent by a household unit for apartment rent, heat, natural gas and electricity, even if such expenses were not included in the rent payment. The gross median rent for a household of three was used for calculating the standard of assistance.

The median figures used excluded public housing units owned by the Boston Housing Authority. In order to determine a 1986 median gross rent figure, we inflated the 1985 survey data by 7.7%, which is the Bureau of the Census -- Boston Consumer Price Index (CPI) inflation factor for housing between May 1985 and May 1986.

Boston/Non-Boston -- The latest available statewide data on what households are actually paying for rent -- the 1980 Census -- indicates that:

- .. rent levels in communities within the Boston Standard Metropolitan Statistical Area (SMSA) are comparable to those within the City of Boston, but
- rent levels in communities outside the Boston SMSA are considerably lower than in Boston.



Using these data, we determined separate housing needs for families in the Greater Boston region and those outside the region. The "Non-Boston" shelter and utilities component was calculated at 87% of the Boston gross median rent.

b. Subsidized Housing

Approximately 30% of all AFDC families in Massachusetts live in public or subsidized housing. Families living in public or subsidized housing pay a maximum of 25% or 30% of their income for rent -- 25% for those in state subsidized housing and 30% for those in federally subsidized units.

For purposes of developing a living standard for those in subsidized housing, it was assumed that, regardless of whether a family was in subsidized or unsubsidized housing, they would need the same amount of income for non-shelter related consumption.

Federal rules require a maximum shelter contribution of 30% of income for residents of public housing. (Residents in state-funded housing pay only 25% of their income.) The dollar value of the 30% contribution was calculated by assuming that the non-shelter portions of the standard represented 70% of what a public/subsidized housing resident would need, and then adding in an additional 30%.

2. Food

The food component of the standards is based on the cost of a diet developed by the United States Department of Agriculture (USDA), the "Thrifty Food Plan" (TFP). This diet is designed to meet the minimum nutritional needs of a family of four for one month.

In this analysis, the estimated cost of the TFP has been revised based on a survey conducted by the Food Research Action Center (FRAC), a non-profit anti-hunger group based in Washington, D.C. In the spring of 1985, FRAC surveyed the actual cost of purchasing the Thrifty Food Plan in eight cities, including Boston. Volunteers collected prices at stores in the Boston metropolitan area. FRAC provided separate breakdowns for grocery stores in low-income areas and for name-brand and generic food brands.

For the standard, FRAC's estimate of the cost of purchasing generic brands in low-income neighborhoods was used. This estimate was adjusted for inflation since the Spring of 1985 using the food component of the Boston Consumer Price Index (CPI).

### 3. Clothing

The amount included in the standards for clothing is based on the actual expenditures of low-income families, as reported in the 1980-81 Consumer Expenditure Survey (CES). The Consumer Expenditure Survey is a nationwide household survey conducted by the Bureau of Labor Statistics to determine household expenditure patterns. The estimated cost of the clothing component was based on the expenditures reported for low-income Northeastern households. Adjustments were made for inflation since 1981 using the apparel component of the Boston CPI. Adjustments were made for family size using the expenditure levels for different household sizes reported in the 1980-81 CES.

The cost of the clothing component and the following three components were based on the actual expenditures of low-income families, because there seemed to be no available absolute standard of the minimum expenditure requirements for these items. The 1980-81 Consumer Expenditure Survey was used because it was the most recent published information available. Although BLS' 1981 Lower Urban Budget presents information specific to Boston, it was not used because it was based on expenditure patterns during 1960-61, which do not reflect current expenditure patterns.

### 4. Personal Care

The personal care component of the standards includes toiletries, sanitary and hygienic supplies, and haircuts. The estimated cost of this component is based on personal care expenditures reported in the 1980-81 Consumer Price Survey for Northeastern families in the bottom two income categories. This component is adjusted for inflation since 1981 using the personal care component of the Boston CPI. Adjustments are made for family size using the expenditure levels reported for different household sizes in the 1980-81 CES.

### 5. Household Furnishing and Operations

The household furnishings and operations component includes items such as telephone, bedding, towels, curtains, appliances, detergent and furniture. The estimated cost of this component is based on expenditures reported in the 1980-81 Consumer Expenditure Survey for low-income Northeastern families. This component was adjusted for inflation since 1981 using the household and furnishings and operations component of the Boston CPI. Adjustments were made for family size using the expenditure levels reported for this component for different household sizes in the 1980-81 CES.



## 6. Transportation

For the transportation component we distinguished between the needs of employed heads of households and of nonemployed household heads. For each group we separately calculated the adult's public transit fares, children's public transit fares, and a small amount for cab fare.

We estimated that an employed adult would use a Boston MBTA "C" pass each month, and that an unemployed adult would need to make three trips each week on public transit. We computed a weighted average monthly fare per child of \$3.70 based on the age distribution of children on the caseload and the greater needs for public transit of older children. Last, since a few trips each year must be made when public transit is unavailable, e.g. emergencies, we estimated six taxicab trips each year, each at \$15.

After estimating these expenses, we weighted transportation cost based on the proportion of AFDC household heads employed (8.2%) and not yet employed (91.8%).

## 7. Other

Other includes basic costs for education, reading materials, and recreation for a single parent and two children.

## D. Conclusion

The purpose of this report was primarily to set forth up-to-date reliable Standard Budgets of Assistance under G.L.c. 18, s. 2 (B) (g), which reflected the actual costs of living for AFDC families in the Commonwealth.

As this report indicates, the Commonwealth affords to most poor families an array of supplementary benefits for housing, food, heat, health care and other basic necessities.

Indeed, these supplementary benefits cover a significant portion of the basic requirements reflected in the Standard Budgets of Assistance: for example, state assistance helps meet the cost of heating, food stamps cover a significant portion of the need for food, the rent supplement provides additional rental assistance to AFDC families who live in non-subsidized housing; subsidized transportation associated with employment and training or medical emergencies covers much of the transportation costs, the \$300 clothing allowance covers a major portion of the clothing costs, and Emergency Assistance, which provides funding for either rent or utility arrearages, prevents many families from being evicted or becoming homeless.



Cash assistance is only one approach to meeting the basic needs of poor families, particularly their housing needs, and may not be as effective in the long run as other strategies. Higher cash payments alone may simply cause landlords to raise rent proportionately. A more potent approach, which has been pioneered in Massachusetts, is to encourage public-private partnerships in the development of low-income housing.

As part of its broad-based approach, Massachusetts will continue to: 1) keep housing affordable through rental assistance, public housing, fuel assistance, and weatherization aid; 2) stimulate the overall development of housing units with the subsequent impact of increasing housing affordability for low-income households; 3) respond to housing crises through counselling and search efforts and targeting of public housing and private rental assistance to priority cases; 4) increase the number of communities which participate in the development of family housing units; 5) stimulate low-income public and private housing development.

Through these varied strategies and with the guidance of the new up-to-date Standard Budgets of Assistance, Massachusetts will continue to lead the nation in the effort to meet the basic housing and other needs of its poor families.

