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FY94 REPORT TO THE GREAT AND GENERAL COURT  
OF THE COMMONWEALTH OF MASSACHUSETTS  
ON STANDARD BUDGETS OF ASSISTANCE  
FOR THE AID TO FAMILIES WITH  
DEPENDENT CHILDREN PROGRAM

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Department of Public Welfare

Executive Office of Health and Human Services

Commonwealth of Massachusetts

## EXECUTIVE SUMMARY

The following report presents the FY94 Standard Budgets of Assistance for a family of three receiving Aid to Families with Dependent Children (AFDC), reviews the benefits available to AFDC recipients in FY94, and compares those benefits to the Standard Budgets.

- Updated Standard Budgets of Assistance. The Department of Public Welfare published the first study on the Standard Budgets of Assistance for families receiving AFDC in August 1986 and has updated the report annually. The standards are based on components of a typical budget for a family of three. The Standard Budgets of Assistance have been updated for inflation in FY94 to:

<u>FY94 Standard Budgets of Assistance</u>	
<u>Living Arrangement</u>	<u>Standard</u>
Public or subsidized housing	\$11,956
Private, unsubsidized housing outside of Boston and not on Cape Cod	\$14,110
Private, unsubsidized housing in metropolitan Boston or on Cape Cod	\$15,168

- Benefits Available to AFDC Recipients. In order to receive AFDC, families must have at least one dependent child and be deprived of the support of at least one parent. AFDC benefits include the following:
  - FY94 AFDC Benefits -- Families on AFDC receive a monthly grant which varies depending on housing size. The maximum grant for a family of three (the average AFDC family size) is \$539. Families in private, unsubsidized housing receive an additional \$40 per month rent allowance. In addition, all AFDC households eligible in September 1993 received a clothing allowance of \$150 per child.
  - Emergency Assistance -- The Emergency Assistance (EA) program provides payments for special services to families facing homelessness or imminent homelessness. In FY94, benefits provided through the EA program include payments for rent and mortgage arrearages to help families stay in their existing housing, and emergency shelter for families who have become homeless. In addition, the Legislature restored disaster assistance for families who have suffered a fire, flood or other disaster. In FY93, approximately 9% of all AFDC families used Emergency Assistance for rent and mortgage arrearages while about 2% received emergency shelter benefits.
  - AFDC Disregard Payments -- Families with earned income (approximately 7% of the AFDC caseload) are eligible for work-related deductions from countable, earned income. For example, for all families with earned income, the first \$90 of earned income does not reduce the AFDC grant. Families for whom a child support payment is collected by the Department of Revenue (approximately 16% of the caseload) retain the first \$50 of the child support payment without reducing their AFDC grant.



- Other Benefits Available to AFDC Families. In addition to AFDC related benefits, low-income families are often eligible for other benefits, funded through other state agencies and/or the federal government. Not all families receive all benefits, but some families do receive a combination of these benefits in addition to AFDC benefits.
  - Public and Subsidized Housing -- Both the federal government and the Commonwealth operate public housing and rent subsidy programs. Approximately 42% of all AFDC clients reside in public or subsidized housing at any given time. The majority of these families pay a maximum of 30% of their income for rent.
  - Food Stamps -- Approximately 95% of all AFDC families receive Food Stamp benefits, which are funded by the federal government and administered by the state. In FY94, the maximum Food Stamp benefit for a family of three in private housing is \$222 per month, or \$2,664 annually. A similar family in public or subsidized housing receives \$172 per month, or \$2,064 annually. The overall average estimated Food Stamp benefits received for a family of three during FY94 is \$2,310.
  - Fuel Assistance -- Administered by the Executive Office of Communities and Development, the Fuel Assistance program provides payments of up to \$520 to help ensure that adequate heating and energy assistance is available for poor families. In FY93, approximately 52,000 AFDC families received aid through the Fuel Assistance program.
  - Other Benefits -- Families receiving AFDC may also be eligible for and receive other benefits, including AFDC special needs payments of \$300 to purchase a crib and layette for a newborn, free school meals, transportation to medical appointments through Medicaid, food supplements through the Women, Infants and Children program, and the federal Earned Income Tax Credit for families with earnings. In addition, the Department provides transitional medical and child care benefits to assist families in moving from welfare to employment.

The following chart indicates the approximate extent to which AFDC families receive these additional benefits.

FY94 ESTIMATED PERCENTAGE OF AFDC FAMILIES RECEIVING ADDITIONAL BENEFITS		
<u>Benefit</u>	<u>Typical Value - Family of Three</u>	<u>Estimated Percentage Receiving Benefit</u>
Basic Grant	\$6,468	100%
Rent Allowance	\$480	56%
Clothing Allowance	\$300	70%
Rent Arrearage	\$1,050	9%
Earned Income Disregard	\$1,440	7%
Child Support Disregard	\$420	16%
Food Stamps	\$2,310	95%
Fuel Assistance	\$520	33%
Crib-Layette Payments	\$300	10%

- Benefits vs. the Standard Budgets of Assistance. FY94 AFDC and Food Stamp benefits do not meet the Standard Budgets of Assistance. Comparisons of the benefits available to AFDC families and the Standard Budgets of Assistance include only AFDC benefits and Food Stamps. As noted above, AFDC families may be eligible for and receive a variety of additional benefits, but only AFDC and Food Stamp benefits are received by nearly all AFDC recipients. As the following chart demonstrates, FY94 AFDC benefits plus Food Stamps are between 65% and 74% of the FY94 standards, depending on living arrangement. Due to inflation, unless the Department is provided with additional resources, the disparity between benefit levels and the Standard Budgets of Assistance will increase.

<u>FY94 AFDC Benefits vs. Standard Budgets of Assistance for a Family of Three</u>			
<u>Living Arrangement</u>	<u>AFDC and Food Stamp Benefits</u>	<u>FY94 Standards</u>	<u>Benefits as a Percentage of Standards</u>
Public and Subsidized Housing	\$8,832	\$11,956	74%
Private Housing Outside Boston and Cape Cod	\$9,912	\$14,110	70%
Private Housing In Boston and on Cape Cod	\$9,912	\$15,168	65%

- Conclusion. The Department of Public Welfare faces a dilemma in fulfilling its obligations under G.L. c.18, § 2 (B) (g) and c.118, § 2 within existing appropriations. To provide AFDC benefits at the levels of the Standard Budgets of Assistance, the AFDC payment and need standards would have to be increased by 69% to 108%, depending on living arrangement. The Department was neither authorized to raise benefits to these levels, nor provided with funding for this purpose in the FY94 budget.

In compliance with the Supreme Judicial Court's decision, the Department requests that the Legislature provide a solution to these dilemmas.



FY94 Report on Standard Budgets of Assistance  
For The Aid To Families With Dependent Children Program

I. INTRODUCTION

A. Legal Background

The Department of Public Welfare submits this report in accordance with G.L. c.18, §2 (B) (g) and c.118, §2 and the decision of the Supreme Judicial Court in Coalition for the Homeless v. Secretary of Human Services, 400 Mass. 806 (1987). This report also fulfills the Department's reporting requirement pursuant to 402 U.S.C. §602 (h).

Under G.L. c.18, §2 (B) (g), the Department has the duty to review annually the adequacy of its standard budgets of assistance in the Aid to Families with Dependent Children (AFDC) program. In formulating the annual standards the Department must establish amounts which satisfy the requirement of G.L. c.118, §2 that the amounts are sufficient to enable AFDC parents to bring up children properly in their own homes.

The amounts actually paid to AFDC families are determined by the Legislature each year when, in line item 4403-2000 of the general appropriation act, the Legislature establishes the "standard of need" and the "standard of payment". Although AFDC is a joint federal and state program, states have considerable discretion in setting the standards of need and payment.

In accordance with the decision of the Supreme Judicial Court, the Department, in order to conduct a meaningful review under G.L. c.18, §2 (B) (g), "must issue a written report which shall either provide or permit a comparison in dollars between standard budgets of assistance of each successive year and which shall discuss the adequacy of AFDC grant levels in comparison with the standard budget or budgets of assistance and with changes in the consumer price index."

The Court recognized that the Department may be confronted with a dilemma in dealing with the level of AFDC payments authorized by the budget and its duty under c.118, §2 to provide aid sufficient to enable AFDC parents to bring up their children properly in their own homes. The Court required the Department to respond to this dilemma as follows: "If in any year the department concludes that the funds appropriated for AFDC purposes are insufficient to permit it to furnish that level of financial aid which §2 directs it to provide, the department has an obligation to bring its inability to comply with the payment level described in §2 to the attention of the Legislature and to ask that it appropriate an adequate sum or that it provide some other solution to the dilemma".

The Court held that the Department, in determining whether sufficient funds have been appropriated to give financial assistance at the level required by §2, may consider the assistance provided to parents with dependent children not only through AFDC but also through other financial assistance programs, such as Food Stamps, energy assistance, and public or subsidized housing programs.

Finally, the Court held that the Department has an obligation under c.118, §2 to provide aid sufficient to permit AFDC families to live in a home and that furnishing accommodations in hotels, motels and emergency shelters does not fulfill the Department's duty under §2. "While the provision of temporary emergency housing for

homeless families is a necessary component of any plan to combat homelessness, housing families for extended periods in the conditions of shelters and motels is not an adequate substitute for the permanent, stable home environment contemplated by G.L. c.118, §2."

The Court noted: "[A]s long as G.L. c.118, §2, directs the department to provide aid sufficient to enable AFDC families to have homes, and not just necessities, the department must reasonably seek to fulfill its obligation with such funds as are available for the purposes. If funds appropriated for the purpose are insufficient or if there are no such appropriated funds, the Department should advise the Legislature and either seek an appropriation to cover the apparent deficiency or request the Legislature to take some other action that will eliminate the problem."

#### B. The Aid to Families with Dependent Children (AFDC) Program

The Aid to Families with Dependent Children (AFDC) program is a 50% federally funded, state administered program which provides benefits to families and children with little or no assets and income. In order to qualify for assistance through AFDC, a family must include children deprived of support by an absent, deceased, incapacitated or unemployed parent. In addition, women in their third trimester of pregnancy with no dependents can also receive AFDC benefits. All AFDC recipients must meet income and asset requirements.

A typical AFDC family consists of a single woman and two children with no income other than AFDC benefits and food stamps. The maximum monthly AFDC grant for such a family is \$539, plus a \$40 rent allowance for families in private, unsubsidized housing (the majority of AFDC cases), for a total of \$579. In addition, a family of three in private housing receives approximately \$222 per month in federal Food Stamp benefits. Other benefits include health services through the Medicaid program, a \$150 clothing allowance for eligible dependents granted in September 1993, and Emergency Assistance services for families at risk of becoming homeless.

#### C. Characteristics of AFDC Families

In order to evaluate the adequacy of benefits for AFDC families, it is important to understand certain characteristics of these families. Living arrangement, housing type, and geographic location play a significant role in determining the needs of families throughout the Commonwealth. In this report, the Standard Budgets of Assistance and available benefits are evaluated on the basis of these characteristics.

- Household Composition - Although the majority of the households receiving AFDC are families, the program also serves two other groups: "child-only" cases, in which only children, who are living with another household, are eligible for assistance; and pregnant women in their third trimester. As the following chart shows, pregnant women and child-only cases make up approximately 15% of the caseload. The other 85% of AFDC cases consist of families with dependent children, primarily single parent families.



February, 1994 AFDC Caseload  
Household Composition

Total AFDC Caseload	110,947
Less Child-Only Cases	(15,571)
Less Pregnant Women with No Dependents	(1,297)
Typical AFDC Families	94,079

- Housing Type and Location - In addition to variations in household composition, AFDC clients' needs vary as a result of housing type and location. The majority of clients in public or subsidized housing pay a maximum of 30% of their income for rent, while clients in private housing are required to pay market rents. Moreover, clients who live in metropolitan Boston and on Cape Cod are likely to pay higher housing costs than clients in other areas of the state. The chart below shows the distribution of AFDC clients by housing type and location.

AFDC Caseload  
Housing Type and Location\*

	<u>Percent</u>
Private Housing, Metro Boston and Cape Cod	27%
Private Housing, Outside Boston and Cape Cod	34%
Subsidized Housing Across the State	39%

\* Based on the breakdown of 157,000 families receiving AFDC in FY93.

**D. Contents of the Report**

The remainder of this report is divided into three sections:

- A review and update of the Standard Budgets of Assistance;
- An overview of the benefits available to AFDC recipients; and
- A review of the progress made in improving the adequacy of benefits and a comparison of available benefits with the Standard Budgets of Assistance and the federal poverty level.

## II. REVIEW AND UPDATE OF THE AFDC STANDARD BUDGETS OF ASSISTANCE

### A. Previous Standards

This study is the eighth report on the Standard Budgets of Assistance completed by the Department of Public Welfare. The first report, released in August 1986, formulated three Standard Budgets of Assistance for AFDC families for FY87. The standards were based on the components of a typical budget for a family of three, including: shelter, utilities, food, clothing, personal care, transportation, household operation and furnishings, and other items. Of the eight components, shelter and utility costs generally represent the most significant strain on families with limited resources. Moreover, these costs vary markedly by shelter type and location. To reflect this variation, the Department constructed three standards to approximate living expenses for families:

- in public or subsidized housing,
- in private housing outside the greater Boston area and Cape Cod, and
- in private housing in metropolitan Boston or on Cape Cod.

The Standard Budgets of Assistance from FY87 through FY93 were established as follows:

	Standard Budgets of Assistance <u>FY87 - FY93</u>						
	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>
Public/Subsidized Housing	\$7,745	\$9,430	\$9,922	\$10,484	\$10,953	\$11,449	\$11,601
Private Housing Outside Boston and Cape Cod	\$10,373	\$10,920	\$11,708	\$12,408	\$13,074	\$13,560	\$13,794
Private Housing in Boston and on Cape Cod	\$11,117	\$11,705	\$12,570	\$13,325	\$14,054	\$14,572	\$14,833

### B. The Complexity Involved in Formulating AFDC Standard Budgets of Assistance

Setting one standard for the "typical" AFDC household is an extremely difficult and complex task. Like the population as a whole, AFDC families have a range of needs that vary household to household.



As noted, the largest single expense AFDC families face is housing. While the three standards capture the overall variation in housing costs between subsidized and non-subsidized housing, and between living in metropolitan Boston and Cape Cod and living outside metropolitan Boston or Cape Cod, they do not account for other sources of variation. For example:

- In reality, housing costs are different in every Massachusetts community.
- Approximately 15% of AFDC households consist of pregnant women with no other dependents or children only cases. An additional 2% of AFDC families live with another household and, therefore, may pay little or no shelter expenses. These families usually have lesser housing and utility needs than families living by themselves.
- Families who live in the same apartment for a number of years are likely to pay lower rents than families who have moved recently. For example, a family living in the same apartment in East Boston for seven years may pay much less than a family moving every two to three years in a neighborhood like Jamaica Plain.

Similarly, the needs of AFDC families with respect to the other components of the Standard Budgets may vary depending on other family circumstances.

#### C. FY94 AFDC Standard Budgets of Assistance

The following pages contain the FY94 Standard Budgets of Assistance. Each of the components in the Standard Budgets has been adjusted for inflation as indicated by the Boston Consumer Price Index (CPI). The Boston CPI, which is calculated by the federal Bureau of Labor Statistics, measures inflation on a component by component basis for the Boston metropolitan area.

Overall, the two budgets for families in unsubsidized housing are 2.3% higher for FY94 than the previous year, as a result of using component by component inflation factors.

Since the majority of residents of subsidized housing are required to pay up to 30% of their total income for rent, the subsidized housing standard includes a component for the public housing contribution that equals 30% of the total Standard Budget of Assistance. As a result, this component of the subsidized housing standard was not updated using the Boston CPI. The Standard Budget of Assistance for families in subsidized housing is 3.1% higher in FY94 than the previous year.

While none of the three Standard Budgets of Assistance include a health care component, the Medicaid program provides for AFDC families' health care needs. AFDC families are categorically entitled to Medicaid benefits under federal and state law. In FY94, the Welfare Department will spend about \$5,500 per household on Medicaid services for AFDC recipients.

PUBLIC AND SUBSIDIZED HOUSING ACROSS MASSACHUSETTS

FY94 Standard Budget of Assistance  
(family of three)

	<u>Standard</u>
Public Housing Contribution	\$3,587
Excess Utility Costs	1,277
Food	4,790
Clothing	741
Personal Care	132
Transportation	663
Household Operation and Furnishings	492
Other Items	<u>274</u>
TOTAL	\$11,956



PRIVATE HOUSING OUTSIDE OF METROPOLITAN BOSTON  
AND CAPE COD

FY94 Standard Budget of Assistance  
(family of three)

	<u>Standard</u>
Shelter and Utilities	\$7,018
Food	4,790
Clothing	741
Personal Care	132
Transportation	663
Household Operation and Furnishings	492
Other Items	<u>274</u>
<b>TOTAL</b>	<b>\$14,110</b>

PRIVATE HOUSING IN METROPOLITAN BOSTON  
AND ON CAPE COD

FY94 Standard Budget of Assistance  
(family of three)

	<u>Standard</u>
Shelter and Utilities	\$8,076
Food	4,790
Clothing	741
Personal Care	132
Transportation	663
Household Operation and Furnishings	492
Other Items	<u>274</u>
TOTAL	\$15,168



### III. BENEFITS AVAILABLE TO AFDC FAMILIES

#### A. Available Benefits

As part of the Department's review of the AFDC Standard Budgets of Assistance, this report also examines the types and amounts of assistance available to AFDC families in FY94. By definition, all AFDC families are eligible for an AFDC grant. AFDC families also benefit from additional AFDC-related services and cash assistance, including: a \$150 clothing allowance for children granted in September 1993, a monthly rent allowance for families living in private, unsubsidized housing, Emergency Assistance (EA) for families in danger of becoming homeless, and monthly child support incentive payments. In addition to benefits provided through the AFDC program, many AFDC families are eligible for and receive a number of other benefits, most notably Food Stamps, fuel assistance, and housing subsidies.

#### FY94 AFDC Benefits

Aid to Families with Dependent Children (AFDC) is a program of assistance available to families who have at least one dependent child with an absent, deceased, disabled, or unemployed parent. Low income pregnant women in their third trimester with no other dependents are also eligible for AFDC. To qualify for AFDC, families must meet asset and income guidelines. In FY94, basic AFDC benefits include the following:

- AFDC Grant -- All families on AFDC receive a monthly grant which varies depending on family size. Since July 1, 1988, the maximum monthly grant for an AFDC family of three (the average AFDC family size) has been \$539, or \$6,468 annually.
- Rent Allowance -- Established by the Legislature in FY87, a rent allowance is available to AFDC clients who live in private, unsubsidized housing. The rent allowance is currently \$40 per month, or \$480 annually. Approximately 56% of all AFDC households receive the rent allowance each month (about 42% of the caseload at any given time are in public or subsidized housing, and approximately 2% do not pay shelter expenses).
- Clothing Allowance -- All AFDC households eligible for assistance in September 1993 received a clothing allowance of \$150 per child.

In addition to basic AFDC benefits, the Legislature and the federal government have authorized other supplementary benefits and allowances which are provided through the AFDC program. These include:

- Emergency Assistance -- Through the Emergency Assistance (EA) program, special payments can be authorized for families at risk of homelessness. In FY94, EA benefits available to AFDC families include payments for rent and mortgage arrearages to help families stay in their existing housing, and temporary emergency shelter to families who have become homeless. In addition, the Legislature approved the Governor's supplemental appropriation, which restores disaster assistance for families who have suffered a fire, flood or other disaster. Disaster assistance includes payment for one month's rent and security deposit assurance, food, clothing, and household supplies.

In FY93, approximately 9% of all AFDC families used Emergency Assistance for rent and mortgage arrearages while 2% received emergency shelter benefits. These expenditures totalled approximately \$53 million, and were partially reimbursed by the

federal government. The average EA rent arrearage benefit received per family in FY93 was approximately \$1,050.

- AFDC Earned Income Disregards -- Approximately 7% of all AFDC families have some earned income. These families are eligible for a number of work-related deductions from countable, earned income. For example, all working recipients receive a work-related expense deduction. Effective October 1, 1989, the work related expense deduction was increased by \$15, to \$90 per month. Working recipients also receive a \$30 per month earned income disregard for the first year of employment. Thus, at a minimum, these families are able to keep the first \$120 per month (\$1,440 annually) of their first year's earned income without having their AFDC grant reduced. Also, for the first four months an AFDC client has earnings, an additional one-third of those earnings are disregarded before calculating the household's grant.
- \$50 Child Support Disregard Payment -- In accordance with the federal Deficit Reduction Act of 1984, the Department returns the first \$50 of child support collected by the Department of Revenue on behalf of an AFDC family to the appropriate family without reducing its AFDC grant. Approximately 16% of the AFDC caseload receives a \$50 child support disregard payment in any given month. On an annual basis, a family may receive up to \$600 in child support disregard payments. The actual value of child support disregard payments differs, depending on whether or not a client is receiving Food Stamp benefits. Under federal regulations, clients receiving Food Stamp benefits have their food stamps reduced when they receive a child support disregard payment. For every \$10 in child support received, the family will lose about \$3 in food stamps. Thus, for a family receiving food stamps, the annual value of child support disregard payments is about \$420.

#### Other Benefits Available to AFDC Families

In addition to benefits and allowances available through the AFDC program, a number of other benefits are available to AFDC families. These benefits, which are provided by or funded through other state agencies and/or the federal government, include:

- Public and Subsidized Housing -- Both the federal government and the Commonwealth operate public housing and rent subsidy programs. Approximately 42% of all AFDC clients reside in public or subsidized housing at any given time. The majority of these families pay a maximum of 30% of their income for rent.
- Food Stamps -- Funded by the federal government and administered by the state, the Food Stamp program provides coupons that can be used by eligible families to purchase food. Effective October 1993, the maximum Food Stamp benefits available to an AFDC family of three in unsubsidized housing is \$2,664 per year while a similar family living in public or subsidized housing receives up to \$2,064 per year. (The overall average estimated Food Stamp benefits received for a family of three during FY94 is \$2,310). Approximately 95% of all AFDC families participate in the Food Stamp program. The fact that some AFDC households do not participate may be due to a number of factors including avoidance of the stigma attached to making purchases with Food Stamps, or living with another family not on assistance whose income makes the household ineligible for Food Stamps.
- Fuel Assistance -- Administered by the Executive Office of Communities and Development (EOCD), the Fuel Assistance program provides fuel payments to low income families, including nearly 52,000 families receiving AFDC in FY93. In FY94, the maximum Fuel Assistance benefit is \$520. The program represents a joint effort



by federal and state government to ensure that adequate heating and energy assistance is available to poor families in the Commonwealth.

- Other Benefits -- Families receiving AFDC are often eligible for a variety of other federal and state programs including: AFDC special needs payments of up to \$300 to purchase a crib and layette for families with a newborn infant; free school breakfasts and lunches to needy schoolchildren; free transportation to medical appointments through Medicaid, if needed; food supplements to women and children at risk because of inadequate income and nutritional insufficiencies through the Women, Infants and Children program; and the federal Earned Income Tax Credit for families with earnings. In addition, the Department provides transitional medical and child care benefits to assist families in moving from welfare to employment.

Not all families receive all benefits, but some families do receive a combination of these benefits in addition to AFDC benefits. The following chart indicates the approximate extent to which AFDC families receive these additional benefits.

ESTIMATED PERCENTAGE OF AFDC FAMILIES RECEIVING ADDITIONAL BENEFITS FY94		
<u>Benefit</u>	<u>Typical FY94 Value - Family of Three</u>	<u>Estimated Percentage Receiving Benefit</u>
Basic Grant	\$6,468	100%
Rent Allowance	\$480	56%
Clothing Allowance	\$300	70%
Rent Arrearage	\$1,050	9%
Earned Income Disregard	\$1,440	7%
Child Support Disregard	\$420	16%
Food Stamps	\$2,664	95%
Fuel Assistance	\$520	33%
Crib-Layette Payments	\$300	10%

#### IV. ASSESSING THE ADEQUACY OF BENEFITS

This section reviews the results of efforts to improve benefits available to AFDC families, and provides a comparison of AFDC and Food Stamp benefits with the Standard Budgets of Assistance and the federal poverty level.

##### A. AFDC Benefits: FY85 - FY94

As a result of initiatives authorized by the Legislature, benefits available to AFDC families have expanded significantly since the mid-eighties.

- AFDC Benefits: Up 45% from FY85

AFDC benefits for families living in unsubsidized housing were increased by a cumulative total of 45% between FY85 and FY89. As the chart below indicates, the maximum grant has increased from \$396 per month in FY85 to the current level of \$539 per month for a family of three. In addition, a \$15 monthly rent supplement was added in FY87 for AFDC families in unsubsidized housing, and was increased to \$40 per month in FY88. Between FY85 and FY88, the clothing allowance was increased from \$125 per child to \$150 per child.

<u>BASIC AFDC BENEFITS FOR A FAMILY OF THREE</u>			
	<u>FY85</u>	<u>FY94</u>	<u>Increase</u>
Grant	\$4,752	\$6,468	+36%
Rent Allowance	0	480	N/A
Clothing Allowance	<u>250</u>	<u>300</u>	<u>+20%</u>
<b>TOTAL</b>	<b>\$5,002</b>	<b>\$7,248</b>	<b>+45%</b>

- AFDC Grants v. Inflation: FY85-FY94

The change in benefit levels since FY85 has kept pace with inflation. As noted above, FY94 AFDC benefits exceed the benefits available in FY85 by 45%. Inflation during the same period is estimated at approximately 42% - 45%. However, AFDC benefits in FY94 are the same level in effect since July 1, 1988. Unless additional resources are made available to the Department, the disparity between benefit levels and the Standard Budgets of Assistance will increase.

##### B. Benefits Compared to the Standard Budgets of Assistance

In the following comparisons of the benefits available to AFDC families with the Standard Budgets of Assistance, only AFDC benefits and Food Stamps have been included. Although, as noted, AFDC families may be eligible for and receive a variety of other benefits, only AFDC benefits and Food Stamps are received by the majority of AFDC families.

As shown below, FY94 AFDC benefits plus Food Stamps are 26% to 35% below the FY94 Standard Budgets of Assistance.

- AFDC Benefits v. Standards: Private Housing

In FY94, Food Stamp benefits for families in private, unsubsidized housing grew by \$72. As the chart below shows, FY94 AFDC benefits for clients in private housing represent 65% and 70% of the FY94 standards for families inside and outside of metropolitan Boston and Cape Cod, respectively.

<u>AFDC Benefits v. Standards</u> Private Housing	
<u>AFDC Benefits</u>	<u>FY94</u>
Grant	\$6,468
Clothing Allowance	300
Rent Allowance	480
Food Stamps	<u>2,664</u>
Total	\$9,912
 <u>Private Housing Standards</u>	
-- Metropolitan Boston and Cape Cod AFDC Benefits as a Percentage of Standard	\$15,168 65%
-- Outside Boston and not on Cape Cod AFDC Benefits as a Percentage of Standard	\$14,110 70%

- AFDC Benefits v. Standards - Public and Subsidized Housing

In FY94, Food Stamp benefits for clients in public housing increased by \$48 over FY93 levels. Clients in public and subsidized housing received benefits equal to 74% of the public housing standard in FY94.

<u>AFDC Benefits v. Standards</u> Public Housing	
<u>AFDC Benefits</u>	<u>FY94</u>
Grant	\$6,468
Clothing Allowance	300
Food Stamps	<u>2,064</u>
Total	\$8,832
Public Housing Standard	\$11,956
% of Standard	74%



C. Benefits Compared to the Federal Poverty Level: FY85-FY94

The federal poverty level is another commonly used measure of the adequacy of benefits. AFDC benefits relative to the federal poverty level have risen since FY85. For clients in private, unsubsidized housing, FY94 benefits, including available federal food stamps, are 83% of the 1993 poverty level for a family of three. In FY85, AFDC benefits including food stamps equaled only 81% of the federal poverty level. However, AFDC benefits as a percentage of the federal poverty level have declined in recent years. For example, AFDC benefits represented approximately 93% of the federal poverty level between FY88 and FY90.

<u>BENEFITS TO AFDC CLIENTS</u> <u>RELATIVE TO THE FEDERAL POVERTY LEVEL</u>		
FY85 to FY94 (Family of Three)		
	FY85 (10/84)	FY94 (10/93)
<u>AFDC</u>		
- Grant	\$4,752	\$6,468
- Clothing Allowance	250	300
- Rent Allowance	<u>0</u>	<u>480</u>
	\$5,002	\$7,248
<u>Food Stamps</u>	<u>1,884</u>	<u>2,664</u>
TOTAL	\$6,886	\$9,912
Federal Poverty Level	\$8,460	\$11,890
Percent	81%	83%

V. CONCLUSION

The Department of Public Welfare faces a dilemma in fulfilling its obligations under G.L. c.18, § 2 (B) (g) and c.118, § 2 within existing appropriations. To provide AFDC benefits at the levels of the Standard Budgets of Assistance, the AFDC payment and need standards would have to be increased by 69% to 108%, depending on living arrangement. The Department was neither authorized to raise benefits to these levels, nor was sufficient funding provided for this purpose in the FY94 budget.

In compliance with the Supreme Judicial Court's decision, the Department requests that the Legislature provide a solution to these dilemmas.

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