



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
600 Washington Street • Boston MA 02111

DEVAL L. PATRICK
Governor

TIMOTHY P. MURRAY
Lieutenant Governor

JUDYANN BIGBY, M.D.
Secretary

JULIA E. KEHOE
Commissioner

September 19, 2007

Robyn Frost, Executive Director
Massachusetts Coalition for the Homeless
15 Bubier Street
Lynn, MA 01901

Dear Ms. Frost:

The Department of Transitional Assistance, as directed by the Supreme Judicial Court, has updated the Report on Standard Budgets of Assistance. The attached report contains the FY07 standards, which have been updated for inflation, and a comparison of the standards to the benefits available to TAFDC recipients in the Commonwealth.

Sincerely,

A handwritten signature in cursive script, reading "Julia E. Kehoe".

Julia E. Kehoe
Commissioner

Enclosures

**FY07 REPORT TO THE GREAT AND GENERAL COURT
OF THE COMMONWEALTH OF MASSACHUSETTS
ON STANDARD BUDGETS OF ASSISTANCE
FOR THE TRANSITIONAL AID TO FAMILIES
WITH DEPENDENT CHILDREN PROGRAM**

**Department of Transitional Assistance
Executive Office of Health and Human Services
Commonwealth of Massachusetts**

EXECUTIVE SUMMARY

The following report presents the FY07 Standard Budgets of Assistance for a family of three receiving Transitional Aid to Families with Dependent Children (TAFDC). TAFDC is the program which, under state and federal welfare reform, replaced AFDC as the Commonwealth's welfare program for needy families. This report discusses the TAFDC program, reviews the benefits available to TAFDC recipients in FY07, and compares those benefits to the Standard Budgets. The benefits available under the TAFDC program are below the Standard Budgets of Assistance. However, combining available benefits with part-time employment increases a family's total income to levels that approach or exceed the Standard Budgets.

The Transitional Aid to Families with Dependent Children Program

Chapter 5 is the state's Welfare Reform act that was signed into law on February 10, 1995. Transitional Aid to Families with Dependent Children is the state's cash assistance program created by Chapter 5. Families receiving TAFDC are determined "exempt" or "non-exempt" from the program's work requirement, benefit reduction, and two-year time limit. Exempt families are those that are unable to work due to a disability, pregnancy, or because they are caring for a disabled spouse or child. Families where the youngest child at the time of application is less than two years old, or where the grantee is not included in the grant are also considered exempt. Non-exempt families are subject to a 2.75% benefit reduction, a work requirement, and the time limit.

For those families subject to the 2.75% benefit reduction, the earned income disregard (the amount of income not counted when determining a family's grant) is equal to \$30 and 1/2 of a recipient's earned income. For exempt families who choose to work, the earned income disregard is equal to \$30 and 1/3 of a recipient's earned income. Income disregards remain in place for as long as the family remains eligible for assistance. Income disregards, in conjunction with other available benefits, allow families who are working part-time to raise their income to levels near or in excess of the Standard Budgets of Assistance and the Federal Poverty Level.

Teen parents are required to attend high school or a program for a general equivalency degree (GED) full-time in order to receive benefits. Additionally, teen parents are required to live with a parent, an adult relative, or in a structured setting approved by the Department unless they have demonstrated sufficient independent living skills.

Additional benefits are not paid to families for children born while receiving assistance, except in limited circumstances. While cash benefits are not increased for children born to families already receiving TAFDC benefits, these children are eligible for MassHealth, Food Stamps, and child care.

Under federal Welfare Reform, signed into law August 22, 1996, the Temporary Assistance to Needy Families (TANF) block grant replaced the federal entitlement to AFDC benefits. The Commonwealth's state plan to continue operating the TAFDC program under TANF was approved by the federal government on January 28, 1997.

Standard Budgets of Assistance

The Department of Transitional Assistance published the first study on the Standard Budgets of Assistance for families receiving AFDC in August 1986 and has updated the report annually. The standard budgets are based on components of a typical budget (including housing, utility costs, food, and clothing) for a family of three. This is then compared against the existing budgets of assistance that include TAFDC grants, Food Stamps, and other financial assistance programs.

TAFDC families receive a monthly grant that varies depending on family size, living arrangement, and exemption status. The maximum grant for a non-exempt family of three is \$578. If the family is living in private, unsubsidized housing, they are eligible to receive an additional \$40 per month rent allowance. Households eligible for TAFDC in September 2006 received a clothing allowance of \$150 per child.

TAFDC families in which the grantee is working or participating in the Employment Services Program (ESP) are eligible for child care provided through the Department of Early Education and Care (DEEC). Working with the Department, DEEC helps families to find and to pay for child care that meets their specific needs. In addition, the Department provides a deduction for child care in a family's grant calculation when families incur out-of-pocket child care expenses.

The Emergency Assistance (EA) program provides emergency shelter for families who have become homeless. In FY06, approximately 3.8% of all TAFDC families received emergency shelter 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 TAFDC benefits. Other types of assistance to be discussed further in this report include Food Stamps, Child Support, Fuel Assistance, the state and federal Earned Income Tax Credits for families with earnings, and one-time payments for crib and layettes for newborns. Additional benefits available to low-income families, but not discussed in this report include free school meals, transportation to medical appointments through MassHealth, and food supplements through the Women, Infants and Children (WIC) program.

Benefits vs. the Standard Budgets of Assistance

FY07 TAFDC and Food Stamp benefits do not meet the Standard Budgets of Assistance. Comparisons of the benefits available to TAFDC families and the Standard Budgets of Assistance include only TAFDC benefits and Food Stamps. As noted above, TAFDC families may be eligible for and receive a variety of additional benefits, but only TAFDC and Food Stamp benefits will be received by nearly all TAFDC recipients. As the following chart demonstrates, FY07 TAFDC benefits plus Food Stamps for non-exempt families are between 57% and 62% of the FY07 standards, depending on living arrangement.

FY07 TAFDC Benefits vs. Standard Budgets of Assistance for a Non-Exempt Family of Three			
Living Arrangement	TAFDC and Food Stamp Benefits	FY06 Standards	Benefits as a Percentage of Standards
Public and Subsidized Housing	\$10,524	\$17,163	61%
Private Housing Outside of Boston and Cape Cod	\$12,504	\$20,208	62%
Private Housing Inside of Boston and Cape Cod	\$12,504	\$21,821	57%

However, if a family has some earnings from 20 hours of work per week at \$7.50 per hour (increased from \$6.75 effective 1/1/07), the comparison between the family's combined income and benefits with the Standard Budgets improves considerably, as is demonstrated on the following chart.

FY07 Benefits to TAFDC Families vs. Standard Budgets of Assistance (for a Non-Exempt Family of Three with Earnings)			
Living Arrangement	TAFDC, Food Stamps, and Other Benefits	FY07 Standards	Benefits as a Percentage of Standards
Public and Subsidized Housing	\$17,307	\$17,163	101%
Private Housing Outside of Boston and Cape Cod	\$19,251	\$20,208	95%
Private Housing Inside of Boston and Cape Cod	\$19,251	\$21,821	88%

Note: Calculations are based on working 20 hours per week at \$7.13/hour (average minimum wage for FY07: \$6.75 through 12/31/06; \$7.50 effective 1/1/07). Benefits include: TAFDC Grant, Food Stamps, Rent Allowance, Clothing Allowance, the Federal Earned Income Tax Credit, and the Massachusetts state Earned Income Tax Credit.

Conclusion

In *Coalition for the Homeless v. Secretary of Human Services*, 400 Mass. 806 (1987), the Supreme Judicial Court recognized that the Department may be confronted with a dilemma in dealing with the level of [T]AFDC payments authorized by the budget and its duty under c. 118, §2 to provide aid sufficient to enable parents to bring up children properly in their own homes. Because the level of TAFDC benefits does not meet the levels identified in this report on Standard Budgets of Assistance, the Department requests that the Legislature provide a solution to this dilemma. Although TAFDC and Food Stamp benefits alone do not raise a typical family of three to the Standard Budgets of Assistance, a TAFDC family can significantly improve its position relative to the Standard Budgets if it has some earnings. To that end, the Department places a strong emphasis on assisting families in securing employment.

**FY07 Report on Standard Budgets of Assistance
For The Transitional Aid to Families With Dependent Children Program**

I. INTRODUCTION

A. Legal Background

The Department of Transitional Assistance 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).

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. Under Chapter 5 of the Acts of 1995, the Transitional Aid to Families with Dependent Children (TAFDC) program replaced the AFDC program on November 1, 1995.

The amounts actually paid to TAFDC 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." Historically, AFDC was a joint federal and state program, which gave states considerable discretion in setting the standards of need and payment. The federal government's Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) maintains this flexibility for the TAFDC program.

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, fuel 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 was a 50% federally funded, state administered program that provided benefits to families and children with little or no assets and income. In order to qualify for assistance through AFDC, a family had to 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 were also eligible to receive AFDC benefits. All AFDC recipients were required to meet income and asset requirements.

As of November 1, 1995, the AFDC program in Massachusetts was replaced by the Transitional Aid to Families with Dependent Children program (TAFDC).

C. The Transitional Aid to Families with Dependent Children Program

The TAFDC program is a state-administered program that provides benefits to families and children with little or no assets and income. While its predecessor AFDC was 50% federally funded, federal welfare reform, which was signed into law August 22, 1996, has replaced federal reimbursement with a federal block grant (Temporary Assistance for Needy Families - TANF). The state can spend the TANF block grant subject to certain limitations. The Commonwealth's state plan to continue operating the TAFDC program under TANF was approved by the federal government on January 28, 1997. The Deficit Reduction Act of 2005 reauthorized the TANF block grant through federal fiscal year 2010.

The TAFDC program stresses work as a means to self-sufficiency. Recipients are provided training, child care, job counseling and other supports and those with earnings have a portion of their income disregarded when calculating benefit amounts. Benefits for work required recipients are subject to a time limit (24 months out of 60 consecutive months). Teen parents without a high school diploma are required to enroll in school or a GED program, and if unable to live at home, must live in a structured living program provided by the Commonwealth, where they can receive the supports they need to become self-sufficient. The program also includes a family cap which disallows grant increases for certain additional children born after a family's initial application.

D. Characteristics of TAFDC Families

In order to evaluate the adequacy of benefits for TAFDC families, it is important to understand the 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 TAFDC are single-parent families headed by women, the program also serves other groups including "child-only" cases, in which only children are eligible for assistance; pregnant women in their third trimester; and two parent families in which both parents are unemployed or under-employed, or one or both are disabled.

Families receiving TAFDC are determined "exempt" or "non-exempt" from the program's work requirement, benefit reduction, and time limit. Prior to July 1, 2003, a non-exempt TAFDC family with a child under school age, who did not meet another exemption criteria, while time-limited, was not subject to the work requirement. Currently all non-exempt families have a work requirement. As of January, 2007, approximately 76% of the caseload is exempt, and 24% is non-exempt.

Exempt families include the following: disabled parents; parents caring for a disabled child, spouse or other family member; parents whose youngest eligible child is less than two or who have any child that is less than three months; women in their third trimester of pregnancy; teen parents who are attending school full time; persons over age sixty; and caretaker relatives. These families receive benefits that are 2.75% higher than those received by non-exempt families. TAFDC families not qualifying for an exemption receive higher earned-income disregards and are subject to the 24-out-of-60 month time limit and the work requirement.

Recipients can meet the Work Program requirements by doing one or more qualifying activities for a total of 20 hours if the youngest child is age 2 to school age, 24 hours if the youngest child is age 6 to 8, and 30 hours if the youngest child is 9 or older. Qualified activities include: working in a subsidized or unsubsidized job; participating in the Supported Work Program; participating in the Community Service Program; participating in a Department approved education and training activity; and participating in housing search if receiving emergency shelter.

Housing Type and Location

In addition to variations in household composition, TAFDC recipients' needs vary as a result of housing type and location. The majority of recipients in public or subsidized housing pay a maximum of 30% of their monthly adjusted income for rent while recipients in private housing pay market rates. Moreover, recipients who live in metropolitan Boston and on Cape Cod are likely to pay higher housing costs than recipients in other areas of the state. The chart below shows the FY06 distribution of TAFDC recipients by housing type and location.

TAFDC Caseload	
<u>Housing Type and Location*</u>	
Private Housing, Metro Boston and Cape Cod	26%
Private Housing, Outside Metro Boston and Cape Cod	30%
Subsidized Housing, Statewide	44%

* Based on the breakdown of 74,651 unduplicated families receiving TAFDC in FY06.

II. REVIEW AND UPDATE OF THE AFDC/TAFDC STANDARD BUDGETS OF ASSISTANCE

A. Previous Standards

This study is the twenty-first report on the Standard Budgets of Assistance completed by the Department of Transitional Assistance. The first report, released in August 1986, formulated three Standard Budgets of Assistance for AFDC families in FY87. The standards were based on the components of a typical budget for a family of three including housing, utilities, food, clothing, personal care, transportation, household operation and furnishings, and other items. Of the eight components, housing and utility costs generally represent the most significant strain on families' budgets. To reflect the variation in cost due to housing type and location, the Department constructs three standards to approximate living expenses for families. The Standard Budgets of Assistance for FY87 through FY06 are displayed in the following table.

Standard Budgets of Assistance FY87 – FY06			
Year	Public/Subsidized Housing	Private Housing Outside of Boston and Cape Cod	Private Housing Inside of Boston and Cape Cod
FY87	\$7,745	\$10,373	\$11,117
FY88	\$9,430	\$10,920	\$11,705
FY89	\$9,922	\$11,708	\$12,570
FY90	\$10,484	\$12,408	\$13,325
FY91	\$10,953	\$13,074	\$14,054
FY92	\$11,449	\$13,560	\$14,572
FY93	\$11,601	\$13,794	\$14,833
FY94	\$11,956	\$14,110	\$15,168
FY95	\$12,110	\$14,250	\$15,319
FY96	\$12,284	\$14,520	\$15,607
FY97	\$12,540	\$14,964	\$16,094
FY98	\$12,833	\$15,427	\$16,604
FY99	\$13,039	\$15,791	\$16,991
FY00	\$13,264	\$16,231	\$17,468
FY01	\$13,887	\$16,777	\$18,061
FY02	\$14,733	\$17,576	\$18,935
FY03	\$14,269	\$18,050	\$19,487
FY04	\$14,927	\$18,536	\$20,015
FY05	\$15,427	\$19,015	\$20,529
FY06	\$16,160	\$19,570	\$21,135

FY07 Standard Budgets (Family of Three)			
Budget Component	Private Housing Outside of Metropolitan Boston and Cape Cod	Private Housing Inside of Metropolitan Boston and Cape Cod	Public or Subsidized Housing
Shelter and Utilities	\$10,700	\$12,313	not applicable
Public Housing Contribution	not applicable	not applicable	\$5,150
Excess Utility Costs	not applicable	not applicable	\$2,506
Food	\$6,792	\$6,792	\$6,792
Clothing	\$615	\$615	\$615
Personal Care*	\$176	\$176	\$176
Transportation	\$917	\$917	\$917
Household Operation and Furnishings	\$554	\$554	\$554
Other Items	\$454	\$454	\$454
Total	\$20,208	\$21,821	\$17,164
* Note: Because the Boston Area CPI series for Personal Care was discontinued in November 1997, the 2006 inflation rate is derived from the change in the US City Average for Personal Care items between July 2005 and July 2006.			

III. BENEFITS AVAILABLE TO TAFDC FAMILIES

As part of the Department's review of the TAFDC Standard Budgets of Assistance, this report also examines the types and amounts of assistance available to TAFDC families in FY07. By definition, all TAFDC families are eligible for a TAFDC grant. TAFDC families also benefit from additional TAFDC-related services and cash assistance, including: a \$150 annual clothing allowance per child; a \$40 monthly rent allowance for families living in private, unsubsidized housing; and monthly child support payments. In addition to benefits provided through the TAFDC program, many TAFDC families are eligible for and receive a number of other benefits, most notably food stamps, fuel assistance, and housing subsidies.

While it is not addressed extensively in the discussion of benefits available to TAFDC families, it is important to emphasize the medical benefits for which these families are eligible. TAFDC families are eligible for MassHealth benefits. In FY07, the Division of Medical Assistance (DMA) estimates that approximately \$11,687 for a family of three will be spent on MassHealth services for TAFDC recipients.

TAFDC Benefits

- TAFDC Grant -- The amount of a family's TAFDC grant is based on the family's size and exempt or non-exempt status. The maximum TAFDC benefit level for an exempt family of three is \$593 per month (\$7,116 annually). The maximum benefit for a non-exempt family is approximately 2.75% lower than that of an exempt family, and is equal to \$578 per month (\$6,936 annually) for a family of three.
- Rent Allowance -- Established by the Legislature in FY87, a rent allowance is available to TAFDC recipients who live in private, unsubsidized housing. The rent allowance is currently \$40 per month or \$480 annually and is received in addition to a family's regular TAFDC grant. Approximately 50% of all TAFDC households received the rent allowance at some point during FY06.
- Clothing Allowance -- All TAFDC households eligible for assistance in September 2006 were also eligible to receive a clothing allowance of \$150 per child. A typical TAFDC family of three is comprised of a single mother and two children, and therefore receives a clothing allowance of \$300 per year. Assuming the legislature continues to authorize the clothing allowance, TAFDC households will be eligible for the same benefit in September 2007.
- TAFDC Earned Income Disregards -- Families with earned income are eligible for a number of work-related deductions from their gross wages which is used in determining eligibility and in determining the amount of the assistance grant. Approximately 6% of all TAFDC families receive the earned income disregard.

All working recipients receive a monthly \$90 work-related expense deduction and a \$30 per month income disregard. In addition to the \$90 and \$30 disregards, all recipients with earned income are allowed to disregard another portion of their income. Exempt recipients with earnings are able to disregard an additional one-third of their countable income for as long as the family remains eligible for assistance. Non-exempt recipients are allowed to disregard an additional one-half of their earnings for as long as the family remains eligible for assistance. Income disregards, in conjunction with other available benefits, allow families who are working part-time to raise their income to levels near or in excess of the Standard Budgets of Assistance and the Federal Poverty Level.

- Child Care Expense Deduction -- A recipient who is employed may receive a deduction from income equal to the expenditure for the care of a dependent child or incapacitated individual requiring such care. For an applicant employed full time, the amount allowed as a deduction is the actual cost of child care, including transportation to and from dependent care, but cannot exceed: \$175 per month per dependent child age 2 or older; or \$200 per month per dependent child under 2 years of age. The deduction occurs after the \$30 and one-third or \$30 and one-half income deduction.
- \$50 Child Support Disregard Payment -- The Department returns to the appropriate TAFDC family the first \$50 of child support collected by the Department of Revenue on behalf of the TAFDC family without reducing their grant. In FY06, approximately 11% of the TAFDC caseload received 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 recipient is receiving

food stamp benefits. Under federal regulations, recipients 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.

- Crib and Layette Payments -- A TAFDC special needs payment of up to \$300 is available to purchase a crib and layette for families with a newborn infant.

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

- Child Care -- In FY98, the Office for Child Care Services (OCCS) was created in an effort to consolidate the provision of child care across state agencies. In July 2005, OCCS merged with the Early Learning Services from the Department of Education, to jointly become the new Department of Early Education and Care (DEEC). The Department works closely with DEEC in order to ensure that the child care needs of welfare recipients are met.

Through DEEC, the Commonwealth provides child care to TAFDC recipients participating in its Employment Services Program (ESP) and transitional child care to former TAFDC recipients in their first year of employment. After the first year, former TAFDC recipients receive post-transitional child care for as long as they remain financially eligible. During FY06, approximately 12,314 children per month were in child care slots designated for ESP participants or teen parents (including some non-TAFDC teens). The average cost per slot was \$7,314 for ESP and transitional child care slots and \$12,057 for a teen child care slot.

- Relocation Benefits -- A relocation benefit of up to \$1,000 may be provided to secure permanent housing for a TAFDC family that has been in a family shelter, a shelter for domestic violence, or a teen structured living program for a period of 60 days or more. The relocation benefit is for expenses directly related to the family's inability to secure permanent housing and may be used for expenses including advance rent, security deposit, rent arrearage, utility arrearages or deposit, storage, and/or moving expenses. During FY06 there were 1,035 cases that utilized relocation benefits with an average benefit of \$870.34.

Other Benefits Available to TAFDC Families

In addition to benefits and allowances available through the TAFDC program, a number of other benefits are available to TAFDC 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 44% of all TAFDC recipients resided in public or subsidized housing at any given time during FY06. The majority of families living in public or subsidized housing 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 eligible families with Electronic Benefits Transfer (EBT) cards that can be used to purchase food in the same manner as a debit or bankcard. The maximum food stamp benefit available to a TAFDC non-exempt family of three is \$4,896 per year. The estimated average food stamp benefit in FY06 was \$2,767. During FY06, approximately 86% of all

TAFDC families participated in the food stamp program. The fact that some TAFDC households did not participate may be due to a number of factors including living with another family not on assistance whose income makes the household ineligible for food stamps.

- Fuel Assistance -- Administered by the Department of Housing and Community Development (DHCD), fuel assistance is available through the Low Income Home Energy Assistance Program (LIHEAP) which provides fuel payments to low income families, including approximately 14,434 families receiving TAFDC in FY06. 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. In FY06, the maximum fuel assistance benefit was \$1,124.
- Federal Earned Income Tax Credit -- The Earned Income Tax Credit (EITC) is a tax benefit for working people who earn low or moderate incomes. Workers who qualify for the EITC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year, plus a refund up to the maximum EITC level. A worker with one child and an adjusted gross income less than \$32,000 is eligible for an EITC of up to \$2,747. A worker with more than one child and a family income less than \$36,348 is eligible for an EITC of up to \$4,536.
- Massachusetts Earned Income Tax Credit - The Massachusetts state EITC is equal to 15% of the federal EITC that an individual receives.
- Other Benefits -- Families receiving TAFDC are often eligible for a variety of other federal and state programs including: free school breakfasts and lunches to needy schoolchildren; free transportation to medical appointments through MassHealth, if needed; and food supplements to women and children at risk because of inadequate income and nutritional insufficiencies through the Women, Infants and Children program.

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

ESTIMATED PERCENTAGE OF TAFDC FAMILIES RECEIVING ADDITIONAL BENEFITS FY06		
Benefit	Typical FY06 Value- Non-Exempt Family of Three	Estimated Percentage Receiving Benefit
TAFDC Basic Grant	\$6,936	100%
TAFDC Rent Allowance	\$480	45%
TAFDC Clothing Allowance	\$300	100%
TAFDC Earned Income Disregard*	\$3,348	6%
TAFDC Child Support Disregard	\$420	11%
Food Stamps	\$4788	86%
Fuel Assistance	\$825	31%
Crib-Layette Payments	\$300	9%
Child Care for Non-Teen Cases	\$11,921	15%
Child Care for Teen Cases	\$13,705	2% (34% of teens)
*Based on number of cases with earnings in September, 2006.		

IV. ASSESSING THE ADEQUACY OF BENEFITS

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

A. TAFDC Benefits: FY85 - FY07

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

TAFDC benefits (grant, rent allowance, and clothing allowance) for families living in unsubsidized housing were increased by a cumulative total of 41% between FY85 and FY89, and increased in FY01 by an additional 10%. As the chart below indicates, the maximum grant has increased from \$396 per month in FY85 to the current level of \$578 per month for a non-exempt 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.

The increase in benefit levels since FY85 has not kept pace with inflation. As noted on the following chart, FY07 TAFDC benefits for non-exempt families exceed the benefits available in FY85 by 54%. Inflation during the same period is estimated at approximately 111% (this figure is obtained by comparing the November 1984 and November 2006 Consumer Price Indices).

**FY85 AFDC vs. FY07 TAFDC BENEFITS
FOR A NON-EXEMPT FAMILY OF THREE**

	FY85	FY07	Increase
Grant	\$4,752	\$6,936	+45%
Rent Allowance	0	\$480	N/A
Clothing Allowance	\$250	\$300	+20%
TOTAL	\$5,002	\$7,716	+54%

Despite the 10% increase in the payment standard authorized by the Legislature in FY01, there remains a disparity between benefit levels and the Standard Budgets of Assistance.

B. Benefits Compared to the Standard Budgets of Assistance

In the following comparisons of the benefits available to TAFDC families with the Standard Budgets of Assistance, only TAFDC benefits and food stamps have been included. Although TAFDC families may be eligible for and receive a variety of other benefits, the majority of TAFDC families will receive only TAFDC benefits and food stamps.

As shown in the following chart, FY07 TAFDC benefits plus food stamps are 57% to 62% of the FY07 Standard Budgets of Assistance.

TAFDC Benefits vs. Standard Budgets				
Family Type	Benefit Component	Benefit	Standard	Benefit as a % of Standard
Non-exempt Family of Three in Private Housing Inside of Metropolitan Boston	Grant	\$6,936		
	Clothing Allowance	\$300		
	Rent Allowance	\$480		
	Food Stamps	\$ 4,788		
	Total	\$12,504	\$21,821	57%
Non-exempt Family of Three in Private Housing Outside of Metropolitan Boston	Grant	\$6,936		
	Clothing Allowance	\$300		
	Rent Allowance	\$480		
	Food Stamps	\$4,788		
	Total	\$12,504	\$20,208	62%
Non-exempt Family of Three in Public Housing	Grant	\$6,936		
	Clothing Allowance	\$300		
	Food Stamps	\$3,288		
	Total	\$10,524	\$17,163	61%

When a family has earned income, however, the total combined income and benefits as a percentage of the standard budgets increases significantly. As the following chart indicates, part-time employment of 20 hours per week at the minimum wage raises family income to levels near or in excess of the Standards. Working additional hours, or at hourly rates closer to \$9.71, which is the average wage received by TAFDC recipients who go to work, increases family income even further.

FY07 Benefits to TAFDC Families vs. Standard Budgets of Assistance (for a Non-Exempt Family of Three with Earnings)			
Living Arrangement	TAFDC, Food Stamps, and Other Benefits	FY07 Standards	Benefits as a Percentage of Standards
Public and Subsidized Housing	\$17,307	\$17,163	101%
Private Housing Outside of Boston and Cape Cod	\$19,251	\$20,208	95%
Private Housing Inside of Boston and Cape Cod	\$19,251	\$21,821	88%
Note: Calculations are based on working 20 hours per week at \$7.13/hour (average minimum wage for FY07: \$6.75 through 12/31/06; \$7.50 effective 1/1/07). Benefits include: TAFDC Grant, Food Stamps, Rent Allowance, Clothing Allowance, the Federal Earned Income Tax Credit, and the Massachusetts state Earned Income Tax Credit.			

C. Benefits Compared to the Federal Poverty Level: FY85-FY07

The federal poverty level is another commonly used measure of the adequacy of benefits. In FY07, benefits for a non-exempt TAFDC family of 3 with no earnings in private, unsubsidized housing, including available federal food stamps, are 73% of the 2007 poverty level. However, as noted in the following chart, non-exempt families with part-time earnings and with similar housing who utilize the federal and state Earned Income Tax Credits have income above the federal poverty level.