

**FY14 Report on Standard Budgets of Assistance
for the Transitional Aid to Families with Dependent Children (TAFDC) 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 formulate and review annually the adequacy of its standard budgets of assistance in the Transitional Aid to Families with Dependent Children (TAFDC) 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 TAFDC parents to bring up children properly in their own homes.¹

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."

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 [TAFDC] 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 payments authorized by the budget and its duty under c. 118, §2 to provide aid sufficient to enable then-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

¹ The Supreme Judicial Court's decision concerned the standard budgets of assistance for the Aid to Families with Dependent Children (AFDC) program. Under Chapter 5 of the Acts of 1995, the TAFDC program replaced the AFDC program on November 1, 1995.

financial assistance programs, such as Supplemental Nutrition Assistance Program (SNAP, formerly known 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." The filing of this report is intended to constitute compliance with the Court's directive.

B. 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, 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 in February 2006, and there have been several subsequent extensions. The Consolidated Appropriations bill for FY 2014, that was released on January 13, 2014, includes an extension of TANF through September 30, 2014.

TAFDC stresses work as a means to self-sufficiency. Clients 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 clients are subject to a program 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 also 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 to be "exempt" or "non-exempt" from the program's work requirement, benefit reduction, and time limit. 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 who 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.

Clients can meet the Work Program requirements by doing one or more qualifying activities for a total of 20 hours a week if the youngest child is age 2 to school age and 30 hours a week if the youngest child is mandatory school age or older. Qualified activities include: working in a job for pay; participating in a job search activity; participating in a Department-approved education or training activity; participating in a community service program; and participating in housing search if receiving emergency shelter.

Prior to July 1, 2003, a non-exempt TAFDC family with a child under school age, who did not meet another exemption criterion, while time-limited, was not subject to the work requirement. Currently all non-exempt families have a work requirement. Effective October 1, 2011, the required hours for a non-exempt family where the youngest child is between mandatory school age through 8 years of age was increased from 24 hours to 30 hours a week. As of October 2013, approximately 65% of the caseload is exempt, and 35% is non-exempt.

Housing Type and Location

In addition to variations in household composition, TAFDC 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 monthly adjusted income for rent while clients in private housing pay market rates. 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. **Table 1** below shows the FY13 distribution of TAFDC clients by housing type and location.

Public/Subsidized Housing, Statewide	45%
Private Housing, Metro Boston and Cape Cod	27%
Private Housing, Outside Metro Boston and Cape Cod	28%

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

A. Previous Standards

This study is the twenty-eighth 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 goods and services. 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 FY13 are displayed in **Table 2**.

**Table 2
Standard Budgets of Assistance FY87 – FY13
(Family of Three)**

Year	Public/Subsidized Housing	Private Housing Inside of Boston and Cape Cod	Private Housing Outside of Boston and Cape Cod
FY87	\$7,745	\$11,117	\$10,373
FY88	\$9,430	\$11,705	\$10,920
FY89	\$9,922	\$12,570	\$11,708
FY90	\$10,484	\$13,325	\$12,408
FY91	\$10,953	\$14,054	\$13,074
FY92	\$11,449	\$14,572	\$13,560
FY93	\$11,601	\$14,833	\$13,794
FY94	\$11,956	\$15,168	\$14,110
FY95	\$12,110	\$15,319	\$14,250
FY96	\$12,284	\$15,607	\$14,520
FY97	\$12,540	\$16,094	\$14,964
FY98	\$12,833	\$16,604	\$15,427
FY99	\$13,039	\$16,991	\$15,791
FY00	\$13,264	\$17,468	\$16,231
FY01	\$13,887	\$18,061	\$16,777
FY02	\$14,733	\$18,935	\$17,576
FY03	\$14,269	\$19,487	\$18,050
FY04	\$14,927	\$20,015	\$18,536
FY05	\$15,427	\$20,529	\$19,015
FY06	\$16,160	\$21,135	\$19,570
FY07	\$17,163	\$21,821	\$20,208
FY08	\$17,383	\$22,104	\$20,480
FY09	\$19,521	\$23,825	\$22,053
FY10	\$17,737	\$22,690	\$21,051
FY11	\$18,239	\$22,859	\$21,224
FY12	\$19,291	\$23,702	\$22,022
FY13	\$19,423	\$24,014	\$22,321

B. TAFDC Standard Budgets of Assistance

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

As noted, the single largest expense TAFDC families typically 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 or Cape Cod and living outside metropolitan Boston and Cape Cod, they do not account for other sources of variation. For example:

- Costs of private housing are different in each Massachusetts community;
- 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; and
- Approximately 7% of TAFDC families live with another household or in a shelter at any given time and, therefore, may incur little or no housing expenses.

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

C. FY14 TAFDC Standard Budgets of Assistance

The chart below contains the FY14 Standard Budgets of Assistance. Each component in the Standard Budget has been adjusted for inflation. Adjustments are based on changes in the Consumer Price Index (CPI) relative to the Boston Area as determined by the federal Bureau of Labor Statistics.

In FY14, the standard budget for families in private housing inside and outside of Metropolitan Boston is 2% higher than in FY13.

Since the majority of residents of subsidized housing are required to pay up to 30% of their monthly adjusted 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 2.6% higher in FY14 than in FY13. **Table 3** below describes the FY14 Standard Budgets of Assistance.

Table 3			
FY14 Standard Budgets of Assistance			
(Family of Three)			
Budget Component	Public or Subsidized Housing	Private Housing Inside of Metropolitan Boston and Cape Cod	Private Housing Outside of Metropolitan Boston and Cape Cod
Shelter and Utilities	not applicable	\$13,302	\$11,561
Public Housing Contribution	\$5,981	not applicable	not applicable
Excess Utility Costs	\$2,741	not applicable	not applicable
Food	\$8,137	\$8,137	\$ 8,137
Clothing	\$706	\$706	\$706
Personal Care*	\$198	\$198	\$198
Transportation	\$1,049	\$1,049	\$1,049
Household Operation and Furnishings	\$553	\$553	\$553
Other goods & services	\$572	\$572	\$572
Total	\$19,937	\$24,517	\$22,776
* Note: Because the Boston Area CPI series for Personal Care was discontinued in November 1997, the inflation rate is derived from the change in the US City Average for Personal Care items.			

III. BENEFITS AVAILABLE TO TAFDC FAMILIES

As part of the Department's review of the TAFDC Standard Budgets of Assistance, this report examines the types and amounts of assistance available to TAFDC families in FY14. 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 a portion of 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, in particular SNAP benefits, 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. According to the Office of Medicaid (MassHealth),

the average TAFDC family of three received approximately \$11,933 in MassHealth services in FY13.

A. TAFDC Benefits

- TAFDC Grant -- A family's TAFDC grant amount 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 clients 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 45% of all TAFDC households received the rent allowance each month in FY13.
- Clothing Allowance -- All TAFDC households eligible for assistance in September 2012 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 received a clothing allowance of \$300 this past year.
- TAFDC Earned Income Disregards -- Families with earned income are eligible for a number of work-related deductions from their gross wages, which are used in determining eligibility and in determining the amount of the assistance grant. Approximately 6.5% of all TAFDC families receive the earned income disregard each month.

All working clients receive a monthly \$90 work-related expense deduction and a \$30 per month income disregard. In addition to the \$90 and \$30 disregards, all clients with earned income are allowed to disregard another portion of their income. Exempt clients 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 clients 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 to 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 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 the first \$50 of current child support collected by the Department

of Revenue on behalf of the TAFDC family to the family without reducing their grant. In FY13, approximately 12% 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 SNAP benefits. Under federal regulations, clients receiving SNAP benefits have their SNAP benefits reduced when they receive a child support disregard payment. For every \$10 in child support received, the family will lose about \$3 in SNAP. Thus, for a family receiving SNAP, 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 FY13 there were a total of 2,982 Crib and Layette payments made to TAFDC Clients at an average payment of about \$300.
- 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 FY13 there were approximately 1,471 cases that utilized relocation benefits with an average benefit of \$902.

B. 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:

- Child Care -- The Department works closely with the Department of Early Education and Care (EEC) in order to ensure that the child care needs of DTA clients are met. Through EEC, the Commonwealth provides child care to TAFDC clients who are working or participating in an approved activity, such as the Employment Services Program (ESP); transitional child care to former TAFDC clients in their first year of employment; and an additional year of post-transitional child care if the former recipient is employed. After the year of post-transitional services, former TAFDC clients become eligible for income-eligible child care services. In FY13, EEC served 9,300 children a month from nearly 6,800 active TAFDC families. The average cost per slot for these families was \$7,788.
- Public and Subsidized Housing -- Both the federal government and the Commonwealth operate public housing and rent subsidy programs. Approximately 45% of all TAFDC clients resided in public or subsidized housing at any given time during FY13. The majority of families living in public or subsidized housing pay a maximum of 30% of their income for rent.
- Supplemental Nutrition Assistance Program (SNAP), formerly called Food Stamps --

Funded by the federal government and administered by the state, SNAP provides eligible families with Electronic Benefits Transfer (EBT) cards that can be used to purchase food in the same manner as a debit or bank card. The maximum SNAP benefit available to a TAFDC non-exempt family of three is \$5,964 per year. The average SNAP benefit for TAFDC clients in FY13 was \$4,854. During FY13, approximately 91% of all TAFDC families participated in SNAP. The fact that some TAFDC households did not participate may be due to a number of factors, including living with another family whose income makes the household ineligible for SNAP benefits.

- 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. 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 FY13, LIHEAP assisted almost 12,000 TAFDC families. Approximately 78% of these families were electric or natural gas utility customers who received a maximum of \$635 (average benefit of \$504), 17% were oil customers who received a maximum benefit of \$1,125 (average benefit of \$915), and the remaining customers had alternate forms of heating, such as wood and propane.
- 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. In 2013, a worker with one child and an adjusted gross income less than \$37,870 was eligible for an EITC of up to \$3,250. A worker with two children and a family income less than \$43,038 was eligible for an EITC of up to \$5,372. A worker with three or more qualifying children and an adjusted gross income less than \$46,227 was eligible for a maximum credit of up to \$6,044.
- Massachusetts Earned Income Credit – The Massachusetts state EIC is equal to 15% of the federal EITC that an individual receives.
- Emergency Shelter – Administered by DHCD, the Emergency Assistance (EA) program provides emergency shelter for families who have become homeless. In FY13, 7% of TAFDC families received emergency shelter benefits.
- Other Benefits -- Families receiving TAFDC are often eligible for a variety of other federal and state programs including: free school breakfasts and lunches to eligible low-income 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 (WIC) program.

Not all families receive all benefits, but most families will receive a combination of these benefits in addition to TAFDC benefits. **Table 4** indicates the approximate extent to which TAFDC families receive some of these additional benefits.

Table 4
Estimated Percentage of TAFDC Families Receiving Additional Benefits
FY13

Benefit	Typical FY13 Value	Estimated Percentage of Families Receiving Benefit
TAFDC Basic Grant <i>(non-exempt family of three)</i>	\$6,936	100%
TAFDC Rent Allowance	\$480	45%
TAFDC Clothing Allowance	\$300	100% of eligible families
TAFDC Earned Income Disregard*	\$3,437	6.5%
TAFDC Child Support Disregard	\$420	12%
SNAP Benefits	\$4,854	91%
Fuel Assistance**	\$595	16%
Crib-Layette Payments	\$300	4%
Child Care <i>(family with 2 children)</i>	\$15,575	13%
*Percentage based on number of cases with earnings in October 2012		
**Based on LIHEAP benefits paid to customers with heating oil; gas/electric utilities; and other forms of heating assistance (such as kerosene, wood, propane, etc.)		

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 SNAP benefits with the Standard Budgets of Assistance and the Federal Poverty Level.

A. TAFDC Benefits and Inflation: FY89 - FY14

Benefits available to AFDC/TAFDC families have not increased significantly since the late-eighties.

While 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, since FY89 grants have only been increased once in FY01, by only 10%, and there have been no increases to the rent or clothing allowances. The maximum grant was increased from \$525 per month in FY89 to the current level of \$578 per month for a non-exempt family of three. Thus benefit levels have not kept pace with inflation. As noted in **Table 5**, FY14 TAFDC grants for non-exempt families exceed the grants available in FY89 by 10%, while inflation for the same period is approximately 103%.

Table 5
Comparison of FY89 AFDC and FY14 TAFDC Benefits
For a Non-Exempt Family of Three

	<u>FY89</u>	<u>FY14</u>	<u>Increase</u>
Grant	\$6,300	\$6,936	+10%
Rent Allowance	\$480	\$480	0%
Clothing Allowance	\$300	\$300	0%
TOTAL	\$7,080	\$7,716	+9%
Inflation FY89 vs. FY14*			103%

* inflation figure obtained by comparing July 1988 and July 2013 Consumer Price Indices

B. Benefits Compared to the Standard Budgets of Assistance

In the following comparisons of the Standard Budgets of Assistance with the benefits available to TAFDC families, only TAFDC benefits and SNAP benefits 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 cash assistance and SNAP.

As shown in **Table 6**, FY14 TAFDC benefits plus SNAP benefits are 56%-60% of the FY14 Standard Budgets of Assistance.

Table 6
Comparison between FY14 TAFDC Benefits and FY14 Standard Budgets of Assistance
(Non-exempt family of three)

Living Arrangement	Benefit Component	FY14 Benefit	FY14 Standard	Benefits as % of Standard
Public Housing	Grant	\$6,936	\$19,937	59%
	Clothing Allowance	\$300		
	SNAP benefits	\$4,428		
	Total	\$ 11,664		
Private Housing Inside of Metropolitan Boston	Grant	\$6,936	\$24,517	56%
	Clothing Allowance	\$300		
	Rent Allowance	\$480		
	SNAP benefits	\$5,964		
	Total	\$ 13,680		
Private Housing Outside of Metropolitan Boston	Grant	\$6,936	\$22,776	60%
	Clothing Allowance	\$300		
	Rent Allowance	\$480		
	SNAP benefits	\$5,964		
	Total	\$ 13,680		

When a family has earned income, the total combined income and benefits as a percentage of the standard budgets will increase significantly. As **Table 7** indicates, part-time employment of 20 hours per week at the minimum wage raises family income to levels much closer to the Standards.

Living Arrangement	FY14 Benefits, including Earnings	FY14 Standards	Earnings & Benefits as % of Standard
Public and Subsidized Housing	\$19,397	\$19,937	97%
Private Housing Inside of Boston and Cape Cod	\$21,461	\$24,517	88%
Private Housing Outside of Boston and Cape Cod	\$21,461	\$22,776	94%
Notes:			
<ul style="list-style-type: none"> • Earnings based on working 20 hours per week at \$8.00/hr. minimum wage • Benefits include: TAFDC Grant, SNAP, 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 Guideline: FY85-FY14

The Federal Poverty Guideline is another commonly used measure of the adequacy of benefits. In FY14, benefits--including available federal SNAP benefits--for a non-exempt TAFDC family of three with no earnings, living in private, unsubsidized housing, are 70% of the 2013 Federal Poverty Guidelines. However, as noted in **Table 8**, 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 Guideline. It should be further noted that the Federal Poverty Level only varies by family size, and therefore does not take into account the regional differences in cost of living. Massachusetts has one of the highest costs of living in the country.

Table 8			
Comparison of Benefits for TAFDC Clients and the Federal Poverty Level from			
FY85 vs. FY14			
(Family of Three in Private Housing)			
	FY85	Non-Exempt FY14	Non-Exempt with Earnings FY14
TAFDC Grant	\$4,752	\$6,936	\$3,492
Earnings*	not applicable	not applicable	\$8,319
Federal Earned Income Tax Credit**	not applicable	not applicable	\$3,330
State Earned Income Tax Credit	not applicable	not applicable	\$500
Clothing Allowance	\$250	\$300	\$300
Rent Allowance	\$0	\$480	\$480
SNAP benefits	\$1,884	\$5,964	\$5,040
TOTAL Benefits and Earnings	\$6,886	\$13,680	\$21,461
Federal Poverty Guideline***	\$8,460	\$19,530	\$19,530
TOTAL as a Percentage of Federal Poverty Guideline	81%	70%	110%
* Earnings based on working 20 hours per week at \$8.00/hr. minimum wage			
** Federal Earned Income Tax Credit assumes a family comprised of a single parent with two children			
*** Based on 2013 Federal Poverty Level Guidelines			

V. CONCLUSION

In FY01, the TAFDC payment and need standards were increased by 10%. However, because there have been no subsequent increases, the Department of Transitional Assistance continues to face a dilemma in fulfilling its obligations under G.L. c. 18, § 2(B)(g) and c. 118, § 2 within existing appropriations. To provide TAFDC benefits to non-exempt families at the levels of the Standard Budgets of Assistance, TAFDC payment and need standards would have to be increased by 119% - 156% depending on living arrangement.

However, TAFDC families can significantly improve their position relative to the Standard Budgets if they have earnings. To that end, the Department places a strong emphasis on assisting families in building the skills needed to secure and maintain employment in order to obtain economic self-sufficiency.