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House Ways and Means FY 2024 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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On April 12, 2023, the House Committee on Ways and Means released its budget proposal for fiscal year 2024 (FY 24), which is referred to as House 3900. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP and Related Items Administered by DTA

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
4403-2000	TAFDC	$377,579,793	$424,269,513	$424,269,513
4401-1000	Employment Services	$16,894,246	$19,675,509	$19,675,509
4400-1979	Pathways to Self	$1,000,000	$1,000,000	$1,000,000
4408-1000	EAEDC	$147,462,852	$194,155,514	$197,155,514
4405-2000	State supplement to SSI	$209,839,098	$202,700,527	$209,700,528
4403-2007	Supp. Nutrition Assistance Program	$300,000	$350,000	$350,000
4400-1020	Secure Jobs Connect	$5,025,000	$5,000,000	$5,000,000
4403-2008	Transportation Benefits for SNAP Path to Work Participants	$500,000	$500,000	$500,000
4403-2119	Teen Structured Settings	$10,827,149	$10,883,264	$10,883,264
4401-1003	Two Generation Economic Mobility	$3,500,000	$3,500,000	$3,500,000
4400-1100	Caseworkers Reserve	$91,711,752	$95,405,257	$95,405,257
4400-1000	DTA Administration and Operation	$72,536,201	$80,646,407	$79,436,407
4400-1025	Domestic Violence Specialists	$1,964,605	$1,989,567	$1,989,567
4401-1001	Food Stamp Participation Rate Programs	$3,994,680	$4,904,705	$4,904,706
4400-1004	Healthy Incentives Program (HIP)	$12,050,000	$5,000,000	$5,000,000

1. Cash Assistance (including TAFDC, EAEDC, SSI State Supplement, Nutrition Assistance)

- **Like the Governor, House Ways and Means does not take the next step to increase TAFDC or EAEDC grants,** missing an opportunity to address grant levels which have lost more than 40% of their value since 1988. The maximum TAFDC benefit for a family of three with no income is only $783 a month, well below half the federal poverty level, also known as Deep Poverty. The EAEDC grant for one person is only $401 a month. Currently, Deep Poverty is income below $1,036 a month for a family of three. The current maximum TAFDC grant of $783 a month for three is the result of three historic increases enacted by the Legislature – a 10% increase effective January 2021, a 9.1% increase effective July 2021, and a 10% increase effective October 2022. But 8% inflation in 2022 has eroded the value of the recent increases which, in any event, are too small to make up for many years of frozen grants.

H.144 (Rep. Decker) and S.75 (Sen. DiDomenico) would increase benefits by 25% until they reach half the federal poverty level with a cost of living increase in subsequent years to keep up with inflation.

- **House Ways and Means proposes $424.3 million for TAFDC (4403-2000), exactly the same amount for TAFDC as the Governor.** The Governor's budget summary says the increase reflects a projected 12% increase in the TAFDC caseload. However, data from the first three months of calendar 2023 suggest that the caseload may be trending down. Projecting the caseload is far from an exact science. Spending this year is less than the FY 23 appropriation because the caseload did not increase as much as expected. In general, caseload increases suggest that the Department of Transitional Assistance (DTA) is doing a better job reaching families in need, as well as increased need because of economic or other factors. However, there are still many families who are likely eligible for TAFDC but are not receiving it, including tens of thousands of families with children who receive SNAP but have no income.

- **House Ways and Means, like the Governor, would keep the annual TAFDC children's clothing allowance at $400 per child (item 4403-2000).** House Ways and Means, like the Governor, keeps the longstanding provision that increases the standard of need in September by the amount of the clothing allowance, thereby allowing very low-income working families to qualify. According to DTA, a few hundred families qualify for TAFDC in September because of the increase in the standard of need.

- **The House Ways and Means budget does not mention the Governor's proposal to provide stipends for applicants and recipients who participate in DTA advisory boards.** The Governor described this stipend in a "Budget Brief" filed along with House but did not include line item language. The Acting Commissioner testified in March that the stipends would cost $90,000 in FY 24.

- **The TAFDC line item (4403-2000) includes language removing the reduction in benefits for families in shelter.** This language, adopted several years ago at advocates' urging, was omitted from the Governor's proposal.

- **The line item for TAFDC (4403-2000) includes language barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase.** The Legislature adopted this language at the request of advocates to bar the Administration from counting a parent's SSI benefits against the TAFDC grant, which would have caused many children to lose their TAFDC. The Governor did not include this language.

- **The line item (item 4403-2000) also includes language requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** In previous years when revenues were tight, this language gave the Legislature time to work with the Governor to avoid spending cuts. The line item also includes the current requirement of 75 days' advance notice before DTA proposes any changes to the disability standard and a requirement that DTA tell recipients about their eligibility for child care. The Governor's proposal omitted these protections.

- **Transitional Support Services specified at $1 million (item 4403-2000),** the same as the Governor. Currently, these families are eligible for four months of transitional benefits after TAFDC ends, starting at $280 a month and reducing month by month to $70 in the fourth month. The House Ways and Means budget, like the Governor, specifies "no less than $1 million" for these benefits, though the actual cost has been more than double that.

- **No mention of automation of Crib and Layette payments.** The House Ways and Means budget does not specifically include the Governor's proposal to automate the infant benefit for TAFDC recipients with an infant under six months of age, but appears to include the $653,000 that the Administration estimates the change would cost. Under current DTA policy, TAFDC recipients must affirmatively request the $300 infant payment by contacting their DTA caseworker before the baby is 6 months old. Families who are not aware of this benefit or who cannot successfully navigate the process of requesting it are effectively denied the $300 payment. MLRI advocated with DTA to automate the benefit so that all eligible families will receive it. We are pleased that the Administration is proposing to make the change and that the House Ways and Means budget appears to include funding for it.

- **House Ways and Means, like the Governor, would increase the Employment Services Program (ESP, item 4401-1000) from $16.9 million to $19.7 million and would level-fund the Pathways to Self Sufficiency line item (4400-1979) at $1 million.** House Ways and Means includes FY 23 earmarks of $170,000 for learning disability assessments and $200,000 for the DTA Works Program (paid internships at state agencies). House Ways and Means earmarks $1.5 million for the Office of Refugees and Immigrants (ORI), which gets ESP funding to provide employment readiness and job search services for parents with limited English proficiency; this is $250,000 less than the FY 23 earmark. Other than these earmarks, not specified by the Governor, there is no information on how the funds in the account would be spent and no information on why the increase is needed.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $197.2 million, $3 million more than the Governor.** The FY 23 appropriation was $147.4 million, but the Governor projected FY 23 spending at $161.2 million. Like the Governor, House Ways and Means does not propose increasing EAEDC benefit levels, currently only $401 a month for single person with no income, and $521.70 a month for a couple. In what may be a typographical error, the House Ways and Means language would allow – but not require – a rollback of the October 2022 10% grant increase.

  The Governor's budget summary said the increased funding was needed because of a projected 19% increase in the EAEDC caseload. However, the EAEDC caseload has been trending down in the first few months of calendar 2023. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state would recover the cost of benefits paid for some EAEDC recipients. Like the TAFDC line item, House 1's proposed EAEDC line item includes language, omitted by the Governor, requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The proposed line item, like the Governor, specifies that homeless persons shall receive the same basic grant as recipients who incur shelter costs.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $209.7 million**, close to the FY 23 General Appropriation. The Governor proposed $500,000 less than the FY 23 appropriation.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at $350,000**. This is a small increase over FY23.This program provides a small state food SNAP supplement to thousands of low-income working families who also receive federal SNAP benefits.

- **Secure Jobs Connect (item 4400-1020)** would be funded at $5 million, the same as the Governor's proposal, $25,000 less than the FY 23 appropriation. This program provides employment support, job training and job search services for homeless or previously homeless families through community-based organizations.

- **Transportation benefits for SNAP Path to Work participants** (item 4403-2008) would be level-funded at $500,000, the same as the Governor's proposal. This account provides transportation assistance to SNAP beneficiaries who need transportation to participate in a SNAP Employment and Training activity.

- **Increasing participation in SNAP (item 4400-1001).** House 1 proposes $4.9 million for this "Food Stamps Participation Rate Programs" line item, the same as the Governor. This is $1 million more that the FY 23 appropriation. The line item provides funding for Project Bread's Food Source Hotline and other DTA projects to increase access to SNAP benefits. SNAP outreach activities are 50% federally reimbursable.

2. **Teen Living Programs (item 4403-2119) would be funded at $10.9 million,** a small increase above the FY23 appropriation. The Governor proposed the same amount.

3. **DTA Administration**

- **The DTA worker account (item 4400-1100) would be increased from $91.7 million appropriated for FY 23 to $95.4 million,** the same as the Governor's proposal. The proposed increases appear to reflect increased salary costs rather than an increase in the number of DTA workers. The SNAP caseload has increased 42% since the pandemic began in March 2020. In addition, the end of federal Emergency Allotments in March 2023 and the sun-setting of the federal public health emergency in May 2023 will increase DTA's workload in FY 24. Among other things, DTA will face high call volumes, more in-office visits, and an increase in interviews and paperwork that will need to be handled quickly in order to keep eligible families connected to SNAP. Application volume continues to be significantly elevated over pre-pandemic levels. Additional case managers are needed to explain the benefit changes, maintain customer service with the significantly larger caseload, reduce wait times and processing times, and help make sure DTA can respond to crises such as hurricanes or widespread winter storm power outages.

Additional workers are also necessary to meaningfully address the “SNAP Gap,” which the Administration pegged before COVID at nearly 700,000 individual MassHealth recipients with income below 150% of the federal poverty level and likely eligible for SNAP. As of July 2022 households can apply for SNAP when they apply for or renew MassHealth, but only a small percentage of those MassHealth “checkbox” applications are approved, possibly because MassHealth has not shared enough information with DTA and because of difficulties connecting with a DTA worker for the mandatory SNAP application interview. Failure to close the SNAP Gap leaves nearly $1 billion in annual federal nutrition benefits on the table.

- **DTA central administration (item 4400-1000) would be increased to $79.4 million from $72.5 million appropriated for FY 22**. This is $1.2 million less than the Governor proposed. We understand that House Ways and Means included funding requested in House 1 for increased salary costs, but did not provide funds for three special projects proposed by the Administration, including standing up a Summer EBT program and technology to allow EBT card holders to lock and unlock their accounts. The House Ways and Means proposed line item includes a requirement enacted in prior years but omitted by the Governor, that DTA submit a monthly report on program savings and revenues, caseloads, and collections. The proposed line item also includes current language providing that an application for TAFDC shall also be treated as an application for MassHealth. This long-standing requirement was omitted by the Governor.

- **No funding to implement chip cards to improve EBT security.** SNAP and cash assistance benefits are accessed via Electronic Benefit Transfer (EBT) cards that rely on a magnetic strip, which is much more vulnerable to being accessed by criminals than the chip-enabled cards which are standard in the card industry. During the past year, criminals stole millions of dollars from low-income Massachusetts households’ accounts through no fault of the household. Improved technology is long overdue. House 1’s proposal for the DTA central administration account included funding, omitted by House Ways and Means, for technology that would allow households to lock and unlock their EBT card in between purchases. This option could work for some households, but would present challenges for many others, and, unlike chip, it is not a systemic solution to address EBT security risks. Neither the House Ways and Means budget nor House 1 proposes funding for chip-enabled cards.

- **No funding for replacement of stolen SNAP.** To make matters worse, unlike other consumers, EBT card-holders do not have a right to replacement under federal consumer laws. Congress enacted legislation in December 2022 providing for partial replacement of benefits to victims whose benefits were stolen on or after October 1, 2022; the Legislature included funding in the FY 23 Supplemental Budget to provide partial reimbursement to households whose benefits were stolen before October 1, 2022, with a possibility of full reimbursement if there are sufficient funds for households who are victimized before June 30, 2023. Neither the Governor nor

House Ways and Means address the issue of full SNAP benefit replacement in FY 24.

- **Summer EBT.** We understand that implementing Summer EBT was one of the three projects House 1 intended to fund through the DTA central line item and which House Ways and Means did not fund. Starting in 2024, Summer EBT food benefits will provide about $120 per summer per eligible child. Summer EBT covers children eligible for free and reduced-price meals under the National School Lunch Program (NSLP). In order to connect with families who have not already been deemed eligible for NSLP, Massachusetts needs to stand up a statewide Summer EBT online application and other application access points. Unfortunately, unlike Pandemic EBT (the pre-curser to Summer EBT), Congress mandated that states support 50% of Summer EBT administrative costs. However, traditionally, the General Appropriations Act has not included a specific appropriation for SNAP administrative cost, so perhaps the Summer EBT costs can be covered "off budget" in the same way as SNAP administrative costs. Summer EBT has the potential to bring over $53 million in federal nutrition dollars to about 450,000 low income children in summer 2024.

- **DTA domestic violence workers (item 4400-1025) would be level-funded at just under $2 million,** the same as the Governor's proposal.

4. Additional Nutrition Item Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) is funded at $5 million, coupled with an expected "prior authorization continued" (PAC) or "carry over" of $10 million in unspent HIP from FY23.** The $5 million appropriation is the same as the Governor's House 1 proposal. HIP is a dollar-for-dollar match, up to a capped amount, for SNAP recipients who buy fresh fruits and vegetables at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. The proposed $5 million plus the $10 million carryover is not enough for full year funding. HIP demand it expected to grow to $24 million in FY 24 ($9 million more than funds proposed to be available), especially as the state-funded emergency SNAP allotments end in June and 107 new HIP farmers in target communities are expected to come online, greatly increasing equitable access to the program across the Commonwealth.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
	Department of Children and Families	$1.19B	$1.36B	$1.36B
4800-0015	Clinical Support Services and Operation	$131.3M	$140.1M	$139.8M
4800-0030	Local/Regional Management of Services (Lead Agencies)	$9.5M	$9.5M	$9.5M
4800-0038	Services for Children and Families (Family Foster Care)	$318.9M	$354.5M	$354.5M
4800-0040	Family Support and Stabilization Services	$72.7M	$88.8M	$88.8M
4800-0041	Congregate Care Services	$336.9M	$431M	$431M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$975,000	$975M
4800-0091	Child Welfare Training Institute	$3.1M	$4.7M	$4.7M
4800-0200 and 4000-0051	Family Resource Centers	$28.8M	$24.8M	$24.8M
4800-1100	DCF Social Workers	$286.1M	$295.1M	$294.6M
0930-0100	Office of the Child Advocate	$7.9M	$8.0M	$8.3M

1. **The House Ways and Means budget follows the Governor's lead in child welfare funding. The Governor in turn carried over the basic funding priorities of the previous administration. Most significantly, HWM, like House 1, proposes a large (16.5%) increase to an already enormous level of spending on removing children from their families, coupled with inadequate spending on keeping and returning children safely with their families.**

2. HWM allocates slightly over $1.36 billion to DCF, an increase of $161 million over FY 23. Much of this increase consists of a **$129.7 million boost in spending on separating children from their parents and placing them in the foster system,** bringing total foster care spending to $785.6 million. This would be the largest increase in spending on removing children from their families since at least as far back as 2009, most likely ever.

    - HWM proposed spending on the foster system includes $354.5 million for family foster care (item 4800-0038) and $431 million for congregate care (item 4800-0041) for children living in residential foster care facilities. This is what the Governor proposed.

    - The data shows that the Massachusetts foster system creates significant harms for children. Black and Latinx children and youth in the Commonwealth are separated from their families at 2.4 times and 2.5 times the rate of their white counterparts.

(MA DCF 2022 Annual Data Report.) Professional consensus in the field is that children should not be placed in congregate care unless their treatment needs require an institutional setting because congregate care is associated with, among other things, higher rates delinquency and arrests (Ryan et. Al., Juvenile *Delinquency in Child Welfare: Investigating Group Home Effects*, Children and Youth Services Review, 2008) and worse educational outcomes, (Casey Family Programs, *What are the Outcomes for Youth Placed in Congregate Care Settings?* 2018). Nonetheless, Massachusetts has the eighth highest rate of reliance on congregate care in the nation. (Child Welfare Outcomes Report, 2019, [most recent national outcomes report available] Figure V-1)

- Part of the increased cost of congregate care results from Massachusetts' decision to forego federal reimbursements for foster care costs rather than comply with quality of care and appropriateness of placement standards now required under the federal Family First Prevention Services Act of 2018. EOHHS projected that Massachusetts would lose $12.9 million in federal reimbursements in FY 23 as a result of that decision. It is likely that FY 24 lost revenues will be higher.

3. Best practice in the field points to an alternative to runaway foster and congregate care costs, racial disparities, harms to children, and destruction of families. **This is investing in families to address the issues that may put children at risk in order to keep them safely within their own families.** Only a very small portion of the cases that come to DCF's attention involve physical and sexual abuse. Most (well upwards of 75% in Massachusetts and nationally) involve neglect which the child welfare system too often conflates with poverty and/or a parent's disability. **These situations can be addressed to some extent by DCF with adequate Family Stabilization and Support services and mostly with adequate community supports (referred to in public health language as primary prevention) that are made accessible to families at risk of child welfare system involvement**. Paragraphs 5-9 briefly note how several key community-based child welfare investments are addressed in the HWM budget.

4. **At the same time that HWM proposes a substantial increase in spending on removing children from their families, it underfunds DCF Family Support and Stabilization services to keep children safely with their parents at only $88.8 million dollars (4800-0040).**

- While HWM and the Governor both deserve credit for proposing a larger increase than this small line item has received in the past, the proposed level of funding is still wholly inadequate for the number of children and youth who are supposed to be getting these services. **Over 87% of the children in DCF's caseload need family support and stabilization services to remain or return safely home with their parents, but HWM allocates only 10% of the Department's services budget on the services these children need.** The remaining 90% of the services budget is allocated to the costs of separating children from their families.

- This inadequate funding for services to keep children safely at home coupled with massive funding to remove them from their families undermines DCF's ability to achieve its core mission under federal and Massachusetts law which is that children should be placed in foster care only after the Department has provided all available services to keep them safely at home. (See, MGL c. 119, §1)

5. **HWM would cut funding for Family Resource Centers (items 4800-0200 and 4000-0051) by $4 million for a total of $24.8 million, reducing an important source of community-based support for families that does not require involvement in the child welfare system.**

   - These community-based centers provide one of the few means by which families in crisis can voluntarily receive services to address risks to children before they trigger child welfare system involvement. This is a cornerstone of public health-informed primary prevention. Family Resource Centers can connect families to voluntary community and state services, educational programs, and peer support. They also provide a mechanism for the juvenile court to refer families to community-based services in order to fulfill the requirements of the Children Requiring Assistance ("CRA") law which replaced the former CHINS program with a system of community-based services for families in need.

6. HWM appears to support a promising initiative of the Governor's: a proposed **$1.5 million investment in supporting youth as they age out of the foster system.** The Governor proposed allocation is in the foster care line item (4800-0038). It would fund a **Tangible Housing Supports Unit** to help youth who have left the system without permanent families with such payments as first and last month's rent and security. Because HWM funds the foster care line item at the same level the Governor proposed, HWM appears to support this allocation. According to EOHHS, the allocation in the foster care line item (4800-0038) would be supported by an additional $1 million for Unaccompanied Homeless Youth Services.

7. **Another key primary prevention support is domestic violence services. The domestic violence line item (item 4513-1136) would be reduced by $4.1 million to $71.2 million.**

   - Domestic violence services in this line item are preventive services that can help prevent abuse and neglect. They include beds for domestic violence shelter, supervised visitation, supports to victims of domestic violence, and salaries for DCF domestic violence staff.

8. The line item for the **Bureau of Substance Abuse Services (4512-0200),** which provides the substance use treatment needed by the large numbers of DCF-involved caregivers and youth with substance use disorders, **would be cut by $10 million to $208.1 million (**which is also $43.5 million less than projected FY 23 spending**). This is $24 million more than the Governor proposed.**

9. In addition to these community-based primary prevention programs, many other programs, discussed in other sections of this analysis, provide the **concrete supports** that vulnerable families need to provide adequately for their children and avoid unnecessary DCF involvement and family separation.

   - These cannot all be catalogued here, but they include core concrete supports such as

TANF and SNAP benefits, adequate housing, health care and benefits, unemployment benefits, and childcare.

10. HWM funds and addresses other key child welfare items as follows:

- It increases **funding for social worker salaries** (item 4800-1100) by $8.4 million to $294.6 million, $500,000 less than the Governor proposed, and increases training (item 4800-0091) by $1.6 million to $4.7 million, as the Governor proposed.

- It increases funding for **DCF's administrative account** (item 4800-0015) by $8.5 million to $139.8 million, $300,000 less than the Governor requested. **HWM eliminates line-item language**, included in both DCF's administrative line item and in its foster care line item, **which requires DCF to produce racial impact statements** detailing the impact on families of color of its controversial risk assessment tools. Because of the way this tool is designed and used in Massachusetts, this risk assessment tool is highly likely to result in racial inequities in bringing families involuntarily into the DCF caseload. **DCF has not yet complied with the 2023 racial impact statement requirement**.

- It level-funds the **lead agency account** (item 4800-0030) at $9.5 million. Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves. After many years of lead agency funding, we are not aware of any reports on the effectiveness of this investment.

11. Funding for the Office of the Child Advocate (items 0930-0100 and 0930-0101), would be slightly increased to $8.3 million.

- The OCA's budget consists of a main line item (0930-0100), which HWM funds at $4.5 million, and a separate line item for the State Center on Child Well-Being and Trauma (0930-0101), which HWM funds at $3.7 million. The Trauma Center is operated by the UMass Chan Medical School in collaboration with the Office of the Child Advocate.

- The previous administration increased the OCA's budget by over ten times its original size (from $700,000 to $8.3 million). HWM would grow it even slightly more by increasing funding for the Trauma Center by an additional $250,000. It will be important to examine the outcomes for child welfare system-involved children and families that have resulted

Criminal Justice Reform

Section 23 requires the Department of Correction and county sheriffs to provide telephone calls to each incarcerated individual, without cost to either the person initiating the call or the person receiving the call.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
4000-0300	EOHHS and Medicaid Administration	$126,029,597	$134,725,335	$123,456,500
4000-0430	MassHealth CommonHealth Plan	$209,966,564	$164,554,085	$164,554,085
4000-0500	MassHealth Managed Care	$5,983,593,690	$5,831,782,318	$5,831,782,318
4000-0601	MassHealth Senior Care	$3,808,875,619	$4,486,764,509	$4,486,764,509
4000-0641	Nursing Facility Rates	$510,400,000	$470,100,000	$582,100,000
4000-0700	MassHealth Fee For Service Payments	$3,785,206,126	$3,713,166,357	$3,713,166,357
4000-0880	MassHealth Family Assistance Plan	$325,501,115	$249,457,668	$249,457,668
4000-0940	MassHealth ACA Expansion Populations	$3,411,962,041	$3,176,913,030	$3,176,913,030
4000-0990	Children's Medical Security Program (CMSP)	$17,017,088	$30,017,088	$30,017,088
1595-5819	Commonwealth Care Trust Fund	$50,000,000	$50,000,000	$50,000,000

1. MassHealth Spending Reflects the March 31, 2023 End of the Federal Continuous Coverage Protection and a Significant Decrease in MassHealth Enrollment Expected in FY24.

- House leaders expressed some skepticism over the Administration's estimate of the MassHealth caseload in FY24, but the amounts HWM budgeted for MassHealth accounts reflect the same enrollment estimates as House 1. House 1 projected a $1.9 billion gross $254 million net decrease in spending for MassHealth compared to estimated spending in FY23. The difference between gross and net spending represents a federal matching rate of about 87 percent. HWM funding for MassHealth differs from the Governor's budget proposal in proposing $112 million more in nursing home spending, and $11 million less for the MassHealth administrative account.

- This steep decrease in spending is based on the estimated decrease in MassHealth enrollment from 2.366 million as of Feb.2023 to 2 million in FY24 due to the expiration of the federal protection from loss of Medicaid coverage that was in place from March 18, 2020, to March 31, 2023. MassHealth now has a one year "unwinding period" from April 1, 2023 to March 31, 2024 to initiate redeterminations for its 2.4 million members. Since the start of the continuous coverage protection, MassHealth enrollment grew from 1.8M members to 2.4M members. Continuous coverage resulted in enrollment growth for two very different reasons: Some people remained enrolled despite increases in income or other changes that made them no longer eligible for MassHealth, but a far larger number have been protected from losing coverage for administrative reasons. When House 1 was filed MassHealth said that approximately 800,000 members were enrolled in their current coverage due to the federal continuous coverage protection. More recent agency estimates put the number closer to 900,000.

- Eligible people losing Medicaid coverage due to administrative barriers such as long and confusing notices and forms, long call wait times, too few resources in language other than English, failures to accommodate people with disabilities and member with no digital access and no stable housing at which to receive mail has long been a problem in the Medicaid program. Eligible people being disenrolled for such reasons and later succeeding in being reenrolled has a name, "churning." The measure of success for MassHealth's Redetermination campaign will be the extent to which it ensures that people who are still eligible for coverage retain it and those now eligible for coverage from the Health Connector are seamlessly enrolled. That will be determined not just by a successful outreach campaign, but on how its staff and systems function when MassHealth members attempt to follow the agency's advice on what to do to maintain their health coverage.

- Congress and the federal Medicaid agency are keenly aware of the risk of eligible individuals losing coverage and have imposed added requirements for reporting and accountability from state Medicaid agencies and state-based Marketplaces like the Health Connector. States will be required to submit monthly unwinding data through June 30, 2024. Required data will include such measures as the total number of beneficiaries terminated for any reason, the total number terminated for procedural reasons; and for each call center, average wait times and abandonment rates. Measures like these coupled with transparency from the MassHealth agency and the experience of MassHealth beneficiaries will be needed for vigilant monitoring of how the redetermination process is working. High rates of procedural denials, long call wait times, and beneficiaries unable to navigate the system, will tell us that the system is not working and should be a call to action for the agency to make corrections.

- The commitment of a new Governor and a new Secretary of HHS to get this right could not only reduce loss of coverage for administrative and procedural reasons over the next 12 months, it may also finally move the needle on permanent reforms. That didn't happen in 2014-15, the last time MassHealth was required to "right size" the MassHealth caseload after the failure of the system built to implement ACA changes in 2013-14. Ideally the national focus on Medicaid eligibility and enrollment system over the next 12 months will result in changes that make the process less frustrating and bewildering for MassHealth members, providers, plans and the agency itself. It's time to finally make progress on reducing "churn."

2. HWM MassHealth Spending Reflects Funding for Eligibility and Enrollment Improvements and Elimination of Pharmacy Copays Planned for FY24.

- The proposed reduction in MassHealth spending is not due to any reduction in eligibility or benefits. On the contrary, HWM like House 1 includes funding for a number of eligibility expansions planned for FY24. HWM like House 1 also accounts for MassHealth's plan to eliminate the current pharmacy copayment which was always a low gain, high pain proposition. The eligibility expansions are well-timed to reduce loss of coverage during the "unwinding" period. Such expansions include 12 months continuous coverage for children and for people reentering the community from incarceration, 24 month continuous coverage for individuals experiencing homelessness, the creation of a CommonHealth retirement benefit for disabled members 65 and over, and, as discussed below, expansion of the Medicare Savings Program. Other expansions are already in place in 2023 including 12 months continuous postpartum coverage and the elimination of the one-time deductible and work requirement for CommonHealth disabled members under 65. Also discussed below is an expansion of the ConnectorCare program for individuals no longer eligible for MassHealth.

3. HWM, Like House 1, Eliminates the Asset Test for the Medicare Savings Plan (Outside Sections 19 and 20)

- HWM adopts House 1's expansion of the Medicare Savings Program (MSP) by eliminating the asset limit that is currently $18,180 for an individual and $27, 250 for a couple. This MSP expansion builds on a series of expansions of the MSP program in 2020 and 2023 that raised the upper income limit from 130% FPL to 225% FPL. MSP helps low-income older adults and people with disabilities on Medicare by paying their monthly Medicare Part B premium ($165 for most people), and for lower income individuals it also covers other Medicare out-of-pocket costs. Outside sections 19 and 20 propose an elimination of the asset test for MSP. Elimination of the asset test is expected to streamline the application and eligibility process and enable more low income people to qualify for this underused benefit. Outside section 38 proposes offsetting the cost of this MSP expansion by authorizing the transfer of funds from the Prescription Advantage programs and the Health Safety Net Trust Fund to fund the Medicare Savings Program. Implementation of this expansion would be contingent upon receiving federal approval.

4. HWM Proposes to Expand ConnectorCare Eligibility to 500% FPL in a 2 Year Pilot Project (Outside Section 32):

- For people no longer eligible for MassHealth, it will be important that systems are in place to enable them to find other affordable coverage. For this reason, HWM proposes a 2-year pilot program extending income eligibility for ConnectorCare from 300% of the Federal Poverty Level (FPL) to 500% FPL. ConnectorCare is

Massachusetts' low-cost private insurance plan for people ineligible for Medicaid. The House proposed the same ConnectorCare eligibility expansion pilot in its FY23 budget proposal, but the Senate did not concur. The costs of the program would be covered by using state savings from enhanced federal subsidies for the ConnectorCare program which will be in place through 2025. Perhaps this year, with the redetermination process underway and MassHealth members already beginning to lose their coverage, the Senate will follow suit. There is also pending legislation that would expand income eligibility from 300% to 500% FPL for a five year pilot program (H.1186/S.733),

5. Increase in Children's Medical Security Plan Spending Reflects Increased Need (4000-0990)

- One exception to the reduction in MassHealth spending is the account for the Children's Medical Security Plan, which reflects an increase of $13 million, a 76% increase over spending in FY23. The Children's Medical Security Plan provides coverage for children under 19 in families with income over 300% of the Federal Poverty Level or children who are not eligible for MassHealth because of their immigration status. This increase reflects increased spending for this program in the current fiscal year based on increased need for it.

- HWM includes no language overriding the outdated dollar limitations of the program including a $200 a year cap for prescription drugs and a 20 visit maximum on mental health visits when no such limit applies to medical visits. These and other benefit limitations, contained in the statute at GL c. 118E, sec. 10F, prevent many low-income children from accessing the health services that they need to grow and thrive, simply because of their immigration status. Legislation is pending this session to provide more comprehensive coverage for children regardless of immigration status. This legislation, H.1237/S.740, An Act to ensure equitable health coverage for children, would provide comprehensive coverage to over 30,000 children and young adults whose coverage is limited because of their immigration status.

Homeless Services

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
7004-0101	Emergency Assistance	$219.4M	$324.1M	$324.1M
7004-0108	HomeBASE	$59.4M	$42.1M	$42.1M
7004-0099	DHCD Administration	$9M	$11.4M	$11.4M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$150M	$162.6M	$180.6M
7004-0100	Operation of Homeless Programs	$7.2M	$12.6M	$12.6M
7004-0102	Homeless Individual Shelters	$110M	$110.8M	$110.8M
7004-0104	Home and Healthy for Good Program	$6.4M	$4.2M	$8.4M
7004-0105	Permanent Supportive Housing	$7.1M	$7.6M	$8M

1. **Emergency Assistance (7004-0101) would be funded at $324.1 million,** an increase over the appropriation for FY23 and matching the Governor's H1 proposal**.** The Emergency Assistance (EA) program provides emergency shelter and services to certain families with children who are experiencing homelessness and have no safe place to stay.

- HWM retains language added by the legislature intended to protect many families and children from first having to prove they slept in a place not meant for human habitation before they can be eligible for shelter.
- HWM retains language that allows families to increase incomes up to 200% of the federal poverty levels and remain eligible for shelter; that families will not become ineligible until they have exceeded that limit for 90 consecutive days; and that if they are terminated they will have a 6-month grace period prior to exiting.
- HWM retains the obligation that the Department provide the Legislature with 90 days' advance notice before imposing any new eligibility or benefits restrictions. In prior years this language has been critical to giving the Legislature time to ensure that access to EA for children and families is not unduly restricted.
- HWM proposes to eliminate some data reporting requirements that were enacted as part of the FY23 budget. Advocates will continue to work to include requirements to access data and information about the program.

2. **HomeBASE (7004-0108) would be funded at $42.1 million,** a decrease from the previous several years and matching the Governor's H1 request. HomeBASE was created in FY12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

   - HWM retains the HomeBASE benefit limit to $20,000 in a 24-month period, and clarifies that families will not be terminated for exceeding the income limit during the 24-month period. Advocates will work to increase the overall benefit amount.
   - HWM struck a pilot proposed in the Governor's H1 proposal to make $10 million available to administering agencies to provide awards greater than $20,000. Advocates will work to restore this flexibility to make these funds available to families.

3. **Executive Office Administrative line item (7004-0099) would be funded at $11.4 million,** an increase over the FY23 final appropriation and matching the Governor's H1 proposal.

   - HWM restores a requirement that the Department promulgate and enforce regulations clarifying that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing, which the Governor's H1 proposed eliminating. This language has been included in budgets for the past several years, including the enacted FY23 budget.
   - HWM retains language requiring the Department to maintain in-person intake locations in the 10 offices that were open as of January 2022.
   - HWM restores language requiring the Department to report to the legislature regarding wait times families are experiencing for direct communication with a staff member, which the Governor's H1 proposed eliminating.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be funded at $180.6 million, an increase over the FY23 appropriation and the Governor's H1 request. RAFT is a homelessness prevention program.**

   - HWM proposes to reduce the maximum household benefit from $10,000 to $7,000 over 12 months. This represents an important increase over the Governor's H1 proposal, but a reduction from the FY23 benefit cap. Advocates will continue to push to restore a cap of at least $10,000 per 12 months.
   - HWM retains language allowing applicants to confirm certain MassHealth or Department of Transitional Assistance benefits as proof of eligible income. Advocates support broader use of categorical eligibility.
   - HWM restores language allowing for up to $3 million for recipients who fall under an expanded definition of "family" including unaccompanied youth, elders, persons with disabilities, and other households, which the Governor's H1 proposed eliminating. Advocates will push for expanded benefits for all household compositions.

- HWM does not prohibit the requirement of a Notice to Quit for households seeking RAFT assistance, although administration officials have indicated their intent to continue to require a Notice to Quit. This poses a significant barrier for many in need of assistance and increases the risk of eviction, and advocates will continue to push to change this policy.

5. **Homelessness operations account (7004-0100) would be funded at $12.6 million**, an increase over FY23.

6. **Shelters and services for homeless individuals (7004-0102) would be funded at $110.8 million**, a slight increase over FY23.

7. **Home and Healthy for Good program (7004-0104) would be funded at $4.2 million**, a decrease from FY23. This program provides housing for chronically homeless individuals.

8. **Permanent Supportive Housing (7004-0105) would be funded at $8 million**, to provide supportive housing for individuals experiencing homelessness.

Housing

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
7004-9005	Public Housing Operating Subsidies	$92 million	$92 million	$102 million
7004-9007	Public Housing Reform	$1 million	$2.2 million	$2.2 million
7004-9024	Massachusetts Rental Voucher Program	$154.3 million	$168 million	$173.2 million
7004-9030	Alternative Housing Voucher Program	$13.6 million	$14.1 million	$14.1 million
7004-3045	Tenancy Preservation Program	$1.8 million	$2 million	$2 million
7004-9033	Rental Subsidy Program for DMH Clients	$12.5 million	$12.5 million	$12.5 million

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, was funded by HW&M at **$102 million**, a $10 million increase over the Governor's budget which level funded this line item. HW&M budget includes language adopted in the final FY23 budget that provides that all housing authorities operating elderly public housing must offer first preference for elderly public housing units that are vacant to persons 60 years of age or older receiving rental assistance from the Massachusetts rental voucher program. HW&M continues to include language that requires the administration to make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less.

   - Public Housing is one of the most critical sources of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 45,000 state public housing units. It is an aging stock. Basic maintenance is not happening and the operating subsidy has been underfunded for decades.

   - In 2005, A Study of the Appropriate Operating Costs for State-Funded Public Housing in Massachusetts found that annual operating costs should increase to about $115 million. This study is over 20 years old and adjusted for inflation the amount would be approximately $184 million. There is deep concern that without a substantial increase in basic operating funds, housing authorities will lack the ability to protect and preserve permanently affordable housing for the most vulnerable in our state. **Amendment #392** would incrementally increase public housing subsidy to $112 Million. **Amendment #392** was filed by Representative Sena.

2. **Public Housing Reform (item 7004-9007)** would be **increased from $1 million to $2.2 million**. This increase was consistent with the Governor's FY24 budget. The line item provides funds to implement **chapter 235 of the Acts of 2014** which includes technical assistance training for resident commissioners and tenant organizations. The increase,

according to DHCD, relates to funding the implementation of CHAMP (Common Housing Application for Massachusetts Programs), an information technology platform for state-aided public housing.

- **Amendment #966** would provide a $2 million increase in this line item with language targeting $1 million for tenant participation funding for state public housing to raise the amount from $6/unit to $24/unit as in federal public housing and $1 million to launch a resident maintenance program. Amendment #966 was filed by Representative Fiola.

3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024)** provides long-term rental subsidies to approximately 10,000 low-income households for use in the private housing market.

   - House Ways and Means proposes $173.2 million for MRVP - an increase of $19.2 million from the FY 23 final budget.

   - DHCD has shifted MRVP to a "payment standard model" similar to, but not as effective, as Section 8 but giving more choice and flexibility to households. For details on the new system see the MRVP Admin Plan at https://www.mass.gov/doc/mrvp-administrative-plan-2017/downloads .

   - HWM keeps the FY 23 budget language that not less than 75% of new vouchers are to be targeted to households with income at initial occupancy that does not exceed 30% of area median income (AMI).

   - HWM sets MRVP payment standards at between 100% and 110% of HUD area-wide fair market rent (FMR) or higher for reasonable accommodations. No ability to increase payment standards for other fair housing purposes.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. HW&M would **increase the funding** level from the previous year slightly to **$14.1 million.** Language would provide that:

   1. For vouchers currently leased, any new rent limit cannot begin until the anniversary date of the lease.

   2. The department's approved monthly rent limits for vouchers issued or leased after July 1, 2024, shall not be less than 110% of the current area-wide fair market rent based on unit size as established annually by HUD. Language was not included, as it was in the Governor's budget, for use of small area wide fair market rent which allows for the setting of voucher amounts at the neighborhood (rather than metro level) and expands the opportunity for low-income families to rent in higher-rent neighborhoods.

   3. Household shall be required to pay not less than 25% of its net income as defined under regulations promulgated.

4. “Rent” shall not include payments made by the tenant separately for the cost of heat, cooking fuel or electricity

5. Prior appropriation would continue to be available to fund AHVP.

5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a homeless prevention program that helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, **would be slightly increased to $2 million**. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets and is increasingly being used to preserve tenants homes “upstream” before they are faced with an eviction in court.

6. **Department of Mental Health Rental Subsidy Program (item 7004-9033)**, which provides rental subsidies to eligible clients of the Department of Mental Health, **would be level-funded at approximately $12.5 million.**

7. **Governor Recommends Huge Expansion of the Housing Development Incentive Program (HDIP)** HDIP is a little known multimillion dollar program that provides developers with state tax credits and local tax breaks for market rate and often super expensive luxury housing in Gateway Cities. Even as local families struggle with soaring rents and fears of displacement, HDIP supports only unaffordable housing. For an overall review of the program, see the MLRI HDIP Report.

   In H.1 the Governor proposes to grow the program exponentially and is expected to submit a package to triple the cap on HDIP tax credits from $10 million to $30 million every year and provide an immediate infusion of $50 million. If passed, in the next 5 years taxpayers will pay developers $191 million for housing that often has shockingly high rents and not one affordable unit covered by HDIP.

   To fix HDIP, MLRI and community groups support 3 bills to reform the program to actually benefit Gateway Cities residents and taxpayers. Sen. Eldridge's broad reform bill, SD.1562, requires no less than 20% affordable units in HDIP buildings and other needed program revisions. Sen. DiDomenico's bill, SD.705 and Rep Capano's bill, HD.2172 require no less than 20% affordable units in HDIP buildings. **HDIP shouldn’t be expanded until it is reformed**.

8. **Chapter 257 Eviction Protections - Outside Section 28**

   - In an outside section to the budget, House Ways and Means included language that would reinstate and make permanent a critical eviction protection commonly referred to as "Chapter 257" protections. These protections would guarantee that tenants facing eviction are granted a case continuance if they have a pending emergency rental assistance application, ensuring that time is provided for tenants and landlords to gain access to critical funding and avoid unnecessary evictions. This was a successful protection during the pandemic, delaying and possibly preventing almost 9,000 evictions and we are excited to see the House's commitment to making this common sense protection permanent.

Legal Services

Account	Description	FY 23 General Appropriation	FY 24 Governor's Budget	FY 24 HWM
0321-1600	MLAC	41.00 M	49.00 M	49.00 M

For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, HWM is recommending an appropriation of $49.00 million, an increase of $8 million over the FY 23 appropriation. This appropriation amount, which is the same as the Governor's recommendation, will help meet the growing statewide demand for civil legal services.

Tax Policy

The House has passed a companion bill (House 3770) proposing a number of changes to state tax policy. Below are changes that are beneficial to MLRI's client populations.

- **Sections 7 through 9** expand current refundable tax credits for care of children (under age 13) and dependents by increasing the amount of the credit to $310 per dependent for tax year 2023, by allowing a taxpayer to claim credits for both child care and dependent care, and by eliminating the current cap of two dependents per household. For tax year 2024, the credit amount is increased to $455 and for tax year 2025, it is increased to $600. The credit amount is indexed to inflation in subsequent years.

- **Section 5** increase the state Earned Income Tax Credit from 30 percent of the amount of a taxpayer's federal Earned Income Tax Credit to 40 percent.

- **Section 10** Changes the law governing refunds of excess taxes (GL 62F) to: (1) require a taxpayer to have filed a return in both the current and previous tax year in order to qualify for the credit; (2) provide that the credit amount be equalized at the same amount for all qualifying taxpayers rather than being paid proportionately by the amount of tax previously paid per taxpayer; (3) treat a married couple filing jointly as two taxpayers for the purpose of the credit; and (4) make the credit refundable for taxpayers whose taxes owed are less than the amount of the credit.

- **Section 2** increases the maximum allowable deduction for rental expenses from $3000 per year to $4000 per year.

- **Section 6** increases the maximum available property tax credit for seniors from $750 per year to $1500 per year.

For more information on MLRI's HWM summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.