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House 1 for FY 2005 Preliminary Analysis of Selected Welfare, Child Care, Housing, Elder and Health Issues

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Governor Romney filed House 1, his budget proposal for FY 2006, on Wednesday, January 26, 2005. House 1 proposes drastic changes to the TAFDC and EAEDC programs that would reverse the state's long-standing commitment to the disabled and other vulnerable families and individuals. A theme of the Governor's budget is to claim unfettered power to impose requirements on low-income residents of the Commonwealth, free from any legislative standards. The health budget terminates coverage for elderly and disabled legal immigrants, and inadequately funds coverage for unemployed adults. House 1 proposes no major new initiatives to cover the uninsured or restore previous cuts.

Cash Assistance and related items

1. **TAFDC (Transitional Aid to Families with Dependent Children): families with severe employment barriers subject to work requirements and time limits, DTA would have discretion to set work hours and work rules without any legislative constraints**
 - **House 1 would *repeal* Chapter 5, the state's welfare reform law (section 121) and replace it with a new statute with far fewer protections for vulnerable families (section 82):**
 - **The Governor would eliminate exemptions from the work requirement and the time limit for families where the parent is disabled, is needed to care for a disabled family member, is a pregnant woman in her third trimester, is a teen in school, or has a child between the ages of 1 and 2.** Exemptions would be retained only for families with a child under 1 (or 3 months if a family cap child), families where only the children receive benefits, and families where the parent is receiving federal SSI benefits. Approximately, **14,000** cash assistance recipients who are currently exempt would be subject to work requirements and time limits, including 5,600 disabled parents who have been determined to meet strict disability standards by the U.Mass. Medical Disability Evaluation Service.
 - **House 1 would repeal the guarantee of child care** for recipients who are working or participating in a work activity and employed former recipients for the first year after they leave TAFDC. It would also deny

child care and other work supports to parents or other caretakers who are receiving assistance for their children, but not themselves.

- **DTA would have authority to set the required number of work hours at whatever the Department determines would help the state meet federal work participation rates.** There would be *no limit* on how many hours DTA could require, even for people with disabilities. House 1 removes language giving recipients the right to choose their own work activity from a list of allowable activities. DTA would not have to continue to count housing search for homeless families in shelter. DTA would not have to provide a community service site. House 1 does not even specify that caring for a disabled family member would be a countable activity as the Governor has asserted. DTA could sanction the entire family even if it had not provided an appropriate activity and without giving the family any opportunity to come into compliance.
- **Teen parents would still be required to attend school, but House 1 doesn't say that DTA could not require additional activities in addition to school.** Teen parents could reach the time limit before they finish school and before they even become adults.
- **House 1 would repeal the "good cause" provisions** enacted last year, which prohibit DTA from sanctioning recipients who do not participate in work activities because they don't have appropriate child care, lack transportation, have to meet housing search requirements, or don't have an appropriate community service site. House 1 would also delete the requirement that workers actually review the good cause reasons with the recipient before sanctioning.
- In addition to the current 24 out of 60-month time limit, **all families would be subject to lifetime limit of 5 years.** House 1 would apply this rule retroactively, so current recipients would start with up to 24 months already counted against them. The provision is not needed to comply with federal law.

Contrary to the Governor's assertions, these provisions are not necessary to insure that the state meets federal work participation rates. Imposing work requirements on families with major barriers to employment will hurt, not help, the state's work rate and will create the risk of federal penalties unless DTA cuts off assistance to families that cannot meet the requirements. A bill – filed by Human Services House Chair Tony Cabral, and Senate Vice Chair Cynthia Creem, and more than 50 others – would retain exemptions and insure that the state can meet federal work participation rates without cutting off all assistance to families with major barriers to employment.

- **The line item (4403-2000) would be funded at \$309.2 million, \$8.6 million less than FY 05.** The Governor says that funding is reduced "for projected need

due to welfare reform.” The 2.75% difference in grants for exempt and non-exempt recipients would be eliminated. (Because of poor drafting, it is not clear if DTA would provide the higher amount to everyone or the lower amount). The line item would provide for the clothing allowance but would not include it in the standard of need. Adding the clothing allowance to the standard of need allows very low income families to qualify for clothing assistance. DTA could make cuts in eligibility or benefit levels as it sees fit, without any notice to the legislature. In the past, the advance notice requirement has been helpful in stopping DTA from making premature benefits cuts based on projected deficits.

- **No restoration for legal immigrants.** The Governor’s budget does not provide TAFDC benefits for legal immigrants, even though DTA’s own advisory committee recommended restoration.

2. **EAEDC (Elders, Disabled and Children Program): more holes in the safety net**

- **House 1 (item 4408-1000) authorizes DTA to impose work requirements on most adult EAEDC recipients**, other than the elderly, individuals with short term disabilities, and persons in institutions. Virtually all of those who would be subject to work requirements have been certified as disabled through U.Mass Medical’s Disability Evaluation Service. DTA would have complete discretion to set the number of required work hours and the activities.
- **DTA would be required to count or “deem” the income of immigrant’s sponsors**, even though the sponsor does not make any money available to the immigrant. This could affect over 3,000 elderly legal immigrants as well as many non-elderly EAEDC recipients. Current EAEDC policy counts actual income paid by a sponsor but not fictitious income.
- **The line item (4408-1000) is funded at \$58.2 million, a cut of almost \$12 million from last year.** The Governor says he “[r]educed funding consistent with reform,” so he is clearly expecting many disabled EAEDC recipients to lose benefits. DTA could make cuts in eligibility or the low monthly benefit (currently \$303/month) without any advance notice to the legislature. In the past, the notice requirement has given the Legislature time to provide the funding needed to stop DTA from cutting benefits because of projected deficits.
- **House 1 would rename the EAEDC program “Emergency Transitional Assistance.”**

3. **ESP (Employment Services Program): increased funding insufficient especially in light of expanded work requirements**

- **House 1 proposes approximately \$27 million (item 4401-1000), plus an additional \$3 M that could be available in retained revenue (4401-1100)**, for the program that provides **education, training, and other services** to help TAFDC recipients get and keep jobs. The \$3 million in potential retained

revenue is from federal reimbursements for state expenditures on education and training for food stamp participants. This is a total increase of \$8 million from FY 05, if the reserve account is funded, but still less than the FY 03 appropriation of \$28 million and the FY 02 appropriation of \$35.7 million. Up to **\$1 million in the ESP account and an unspecified amount from the reserve account could be spent on work activities for EAEDC recipients.**

The increase in ESP funds is welcome, but with current ESP funds insufficient for the recipients who are subject to work requirements now, the proposed increase is woefully inadequate to meet the special needs of the thousands of TAFDC and EAEDC recipients who would become subject to work requirements under the Governor's proposal. House 1 does not even designate any funding for assessments or for special services for recipients with disabilities. Assuming (1) all the reserve account is fully funded and spent only on TAFDC recipients, (2) all but \$1 million from the ESP account is spent for TAFDC services, and (3) providers get no increase for inflation and no added funding for special services for the disabled, the increased funds would cover program costs for fewer than 2,000 participants – far fewer than the 14,000 TAFDC recipients who will be added to those currently subject to the work requirement under the Governor's proposal.

4. **Emergency Assistance Shelter: families at poverty level no longer eligible**

- **The EA line item (4403-2120) would eliminate the six month grace period for shelter families that go over the poverty level.** Last year, the Legislature adopted a proposal to allow families in shelter whose income goes over the poverty level to stay in shelter for 6 months, escrow the “extra” money, and use the escrowed funds to transition to permanent housing. House 1 deletes this initiative.
- **EA shelter funding, item 4403-2120.** House 1 would reduce emergency shelter funding from \$73.6 million to \$70.4 million, “to meet projected caseload demand” and would give DTA total discretion to fund pilot programs “to reduce reliance on emergency shelter,” even if they do not promote permanent housing. DTA could make cuts in benefits or eligibility without advance notice to the Legislature.
- **Adult homeless shelter funding, item 4406-3000.** House 1 **increases** funding adult homeless shelters from \$30 million to \$32.8 million.
- **Teen living programs (4403-2119) would be level funded at \$6.1 million.**

5. **DTA administration**

- **DTA administration, item 4400-1000** is funded at \$119.5 million, a \$2 million increase over FY 05. The increase would not even cover inflation, and certainly would not provide for the increased number of workers needed to do

employment plans and locate work activities for all the TAFDC and EAEDC recipients who would be subject to work requirements. There is no increase to pay for additional food stamp workers, even though Massachusetts food stamp participation has been increasing after many years of decline. Domestic violence specialists are approximately level funded at \$.6 million.

- **Section 38 might give DTA the power to collect overpayments (including overpayments caused by DTA error) by reducing the entire TAFDC or EAEDC grant.** Current rules require DTA to reduce the payment standard by 10%, except where the recipient intentionally caused the error.

Child care and related items

1. **Child care for low income families: funding insufficient to reduce waiting list or meet needs of TAFDC recipients required to work**
 - **Item 3000-3000 consolidates spending for child care currently provided by OCCS with community partnership child care in the Department of Early Care and Education.** The Child Care Resource and Referral Agencies, quality improvements, Head Start, Mass. family networks, community partnership child care, home-based family literacy, and all care for low income families are combined and funded at \$385.06 million. Last year, these accounts (4130-3100, 4130-2998, 4130-3050, 7030-1000, 7030-1004, and 7030-1500) plus a \$5 million rate reserve (1599-0042) totaled \$379.9 million. **The increase is less than \$6 million** (after taking into account community partnership administration costs which are being moved to Early Education and Care Administration). This would be enough for child care for about 730 children at current low provider rates. There are approximately 22,000 children in TAFDC families that would become subject to the work requirement under the Governor's proposed TAFDC changes. Another 14,000 children are on the income eligible wait list. The tiny increase does not begin to address these needs.
2. **Child care administration and licensing consolidated**
 - **The consolidated account, item 3000-1000, is approximately level funded at \$9.1 million.** The consolidated account includes 4130-0001 (OCCS administration), 4130-005 (licensing), and part of the community partnership account (7030-1000).
3. **Kindergarten**
 - Full day kindergarten is level funded at \$23 million (7030-1002).
4. **Healthy Families Home Visiting**
 - **Healthy Families (item 4130-1000), a program to visit young parents at**

home to assist them with parenting, is funded at \$6.1 million, half of what the Legislature appropriated in FY 05. This account historically is paid for with TANF (welfare block grant) funds.

Adult Basic Education

1. **Item 7035-0002** would see a much needed **\$8 million increase**, from \$28 million to \$35.8 million.

Housing

1. **Time limits and work requirements imposed in the Massachusetts Rental Voucher Program (MRVP, 7004-9024), which helps low-income tenants pay private apartment rent**
 - **The Governor proposes to extend his new TAFDC and EAEDC work requirements to recipients of MRVP assistance and also to impose time limits of 36 consecutive months and 60 lifetime months for this program. Proposed funding is \$24.3 million, the same as the FY 05 appropriation.** At a time when funding for the federal Section 8 program is severely threatened and the need for rental assistance in Massachusetts is higher than ever, the Governor, unfortunately, has proposed restricting access to this program rather recommending any increase to offset federal Section 8 cutbacks. Also, the administrative budget for the Department of Housing and Community Development (DHCD), which presumably will administer the new work requirements and time limits for the program, has not been increased; instead the Governor proposes to decrease the administrative budget by nearly \$500,000 from the FY 05 appropriation.
2. **Public housing operating subsidies decreased**
 - **House 1 proposes \$31.3 million for item 7004-9005, which helps housing authorities meet the expenses of maintaining the state's 50,000 public housing units.** The Governor's recommendation is a slight decrease from the FY 05 appropriation to date of \$31.95 million. Proposed line item language gives DHCD oversight authority over local housing authority operations and eliminates the current authorization to local housing authorities to use these funds to reimburse their debt service reserve. The funding amount, while higher than some recent years, is still below FY 01 levels and \$8.2 million less than the amount recommended by MassNAHRO and CHAPA.
3. **No increase for RAFT**
 - **House 1 proposes \$2 million for the RAFT program** (Residential Assistance for Families in Transition, 7004-9316), which provides financial assistance of up

to \$3,000 per family to help homeless families and families at risk of homelessness to keep or obtain permanent housing. The funding amount and line item language are the same as the FY 05 appropriation. The FY 05 funding is likely to be depleted during the next few weeks; the very high demand for RAFT program assistance this year certainly justifies additional funding for FY 06.

4. No increase for the Alternative Housing Voucher Program, the DMH Rental Subsidy Program or Housing Services and Counseling

- **House 1 proposes \$2.3 million for the Alternative Rental Voucher Program (ARVP), which provides a rental subsidy for disabled single persons with very low income (7004-9030).** This amount is the same as the FY 05 appropriation. Like the Governor's recommendation for MRVP, proposed funding for this program also fails mitigate any losses under the federal Section 8 program.
- **House 1 proposes \$2million for the DMH Rental subsidy program, which provides a rental subsidy for eligible clients of the Department of Mental Health (7004-9033).** This is the same as the amounts appropriated for the past three fiscal years.
- **House 1 proposes \$821,925 for Housing Services and Counseling to help families retain their housing (7004-3036),** the same funding as in FY 05. House 1 does not earmark any of this appropriation for the Housing Consumer Education Centers, as the FY 05 budget did.

Elder

1. Prescription Advantage

- **Item 9110-1455 funds the Prescription Advantage Program** of drug insurance for elderly and low-income persons with disabilities. Currently the program serves approximately 80,000 enrollees. The Program will operate in its current form for the first six months of the fiscal year, after which it will serve primarily as a "wrap-around" benefit for the new federal Medicare drug benefit being implemented on January 1, 2006. The appropriation of \$90,159,453 is projected to provide the same level of coverage under the wrap-around as is currently provided to enrollees. It will allow the continuation of "limited enrollment" for individuals with disabilities and certain elders, but it will not allow continued "open enrollment" for elders age 66 or older who are not currently enrolled. The line item language for the appropriation is discretionary and does not specify how the department of elder affairs will coordinate Prescription Advantage benefits with Medicare Part D or Medicare Advantage plans.
- **Section 163** provides that individuals who apply for Prescription Advantage after January 1st must enroll in Part D or a Medicare Advantage plan as well as any

federal low-income subsidies for which they are eligible. These individuals will be eligible for “supplemental assistance” based on a sliding income scale, while individuals not eligible for Medicare will continue to be eligible for the Prescription Advantage benefit. The language gives authority for the department to provide assistance with drug costs as well as with premiums, deductibles and copayments. It is not clear whether Prescription Advantage will continue to provide coverage for drugs on its formulary which are not covered by Medicare’s formulary.

Selected health issues

1. **House 1 seeks a 5.6 percent increase over projected MassHealth expenditures in FY 05**
 - **The Governor’s proposed budget would continue funding for most existing services with the exception of continued coverage for the elderly and disabled immigrants** who had state-funded MassHealth coverage restored last summer. Changes to EAEDC would also mean some very low income individuals lose out on MassHealth coverage as well. The Governor has promised a major new initiative to cover the uninsured but it is not reflected in this budget aside from a small increase in outreach funding. Similarly, the budget does not restore past year’s cuts to such basic services as adult dental care and eyeglasses. However, the Governor does take the high road in preserving Prescription Advantage after the Medicare drug benefit takes effect in January 2006 (see Elder section).
2. **No provision to continue MassHealth Essential coverage for elderly and disabled legal immigrants**
 - In June 2004 a law enacted over the Governor’s veto temporarily restored MassHealth to 3000 elderly or disabled legal immigrants. House 1 makes **no provision for continued funding for these poverty level immigrants** in FY 2006. Additional funding will likely be needed before the end of FY 2005 to maintain coverage for this vulnerable group in the current fiscal year.
3. **MassHealth Essential coverage for long-term unemployed adults goes on-budget with insufficient funds**
 - **MassHealth Essential** provides coverage to the long term unemployed. It was funded off-budget through a transfer from the uncompensated care trust fund in the past two years, but now **would be funded through a new MassHealth line item, 4000-1405**. The new line item provides funding from October 1, 2005 to June 30, 2006 at **\$119 million which represents level funding for the program**. However, this funding level will be **far short of the need** in SFY 2006. When the program closed enrollment in mid December 2004, its waiting list grew to over 3000 in the first month. Ironically, there is likely to be a surplus

in FY 2005 funding which House 1 proposes to return to the Uncompensated Care Fund (section 159).

4. More restrictive EAEDC rules for elders, disabled and children, have negative consequences for health coverage; MassHealth Basic funding halved

- EAEDC recipients receive MassHealth Basic, but many elders, disabled and children would no longer qualify for EAEDC under House 1 because of work requirements or sponsor deeming. Applicants who no longer qualify for EAEDC will no longer have access to MassHealth Basic. Some of these individuals who are long term unemployed may be eligible for MassHealth Essential but will likely bump into the enrollment cap for that program. **Section 165 would preserve MassHealth eligibility for those EAEDC recipients who are actually receiving EAEDC before the EAEDC changes are implemented, if they continue to meet standards in effect in June 2005. However, this grandfather clause apparently is expected to provide only limited protection since funding for MassHealth Basic (item 4000-0870) is cut in half.**

5. Increased funding to reflect enrollment growth in some MassHealth programs

- **Several MassHealth line items would be increased to account for expected enrollment growth** including:

Senior care and senior care options (4000-0600 and 4000-0620)
Breast and cervical cancer coverage (4000-0875)
Premium assistance/Insurance Partnership (4000-0890)
Insurance Partnership for Employers (4000-0891)
Healthy Start (4000-0895)
Children's Medical Security Plan (4000-0990)

6. Modest funding for enrollment outreach grants

- **A new line item, 4000-0352, appropriates \$250,000 for enrollment outreach grants.** This is the one item related to the Governor's health reform initiative which included plans to increase enrollment of an estimated 100,000 Medicaid eligible but uninsured state residents. However, MassHealth had invested far more than \$250,000 in community outreach prior to the series of cutbacks that began in 2002-2003.

7. HIV: retains restoration to 200% of poverty

- House 1 would reduce funding for **item 4000-1400**, but would retain the restoration of the income eligibility level at 200 percent of the poverty line. The income eligibility for this program was lowered from 200% of poverty to 133% of poverty in FY 04, and restored to 200% of poverty through line item language in FY 05.

8. EOHHS could allow dentists to limit number of MassHealth patients

- Currently MassHealth providers cannot treat MassHealth patients differently from patients with other sources of payments. **Section 155** would authorize a limited exception to this general rule in the hope that it would encourage more dentists to participate in MassHealth. Fewer than 700 of the 5000 dentists in Massachusetts now participate in MassHealth.

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