The Governor's FY 2026 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

January 24, 2025 (revised 2/5/25)

On January 22, 2025, Governor Healey released her budget proposal for fiscal year 2026 (FY 26), which is referred to as House 1. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

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Cash Assistance, SNAP and Related Items Administered by DTA

Account	Description	FY 25 General Appropriation	FY 26 Governor's Budget
4403-2000	TAFDC	$496,227,969	$466,729,423
4401-1000	Employment Services	$18,888,929	$20,557,862
4400-1979	Pathways to Self Sufficiency	$1,000,073	$990,072
4408-1000	EAEDC	$183,182,092	$208,990,924
4405-2000	State supplement to SSI	$207,132,056	$195,347,995
4403-2007	Supp. Nutrition Program	$350,000	$8,359,783
4400-1020	Secure Jobs Connect	$5,050,000	$5,000,000
4403-2008	Transportation Benefits for SNAP Path to Work Participants	$500,000	$356,537
4403-2119	Teen Structured Settings	$13,846,348	$13,862,439
4401-1003	Two Generation Economic Mobility	$2,000,000	$1,980,000
4400-1100	Caseworkers Reserve	$96,440,102*	$142,913,665
4400-1000	DTA Administration and Operation	$103,005,936*	$112,502,510
4400-1025	Domestic Violence Specialists	$2,194,657	$2,329,398
4400-1001	Food Stamp Participation Rate Programs	$5,019,027	$5,294,419
4400-1004	Healthy Incentives Program (HIP)	$15,000,000	$18,820,000
4400-1031	Replacing Stolen SNAP Benefits	Authorization to continue $1,000,000 prior appropriation through Sept. 1, 2025	$0

*For line items 4400-1100 and 4400-1000 above, the FY24 Supp Budget (Chapter 77 of the Acts of 2023), provided a $60.3 million reserve (item 1599-1101) authorizing DTA to access those funds for both DTA case worker and related admin expenditures through June 30, 2025.

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

- **The Governor's budget would reduce TAFDC (item 4403-2000) and EAEDC (item 4408-1000) grants back down to October 2022 levels.** The FY 25 Budget provided a 10% grant increase starting April 2025, for the last three months of FY 25. The Governor's proposal would eliminate that grant increase at the start of FY 26, reducing grant levels in July 2025 down to the amounts that went into effect in October 2022, three years earlier. The FY 24 budget (July 2023-June 2024) also increased grants by 10% starting April 2024, but the Governor eliminated that increase in January 2024 using her "9C" powers. Thus, since October 2022, the maximum TAFDC benefit for a family of three with no income has been stuck at only $783 a month; the EAEDC grant for one person has been stuck at only $401 a month. Under the Governor's FY 26 proposal, grants would return to these same levels after a brief period of increase in the final quarter of FY 25.

The Governor's Proposal Letter says, "We understand that the cost of everything from food to energy continues to strain household budgets, and just like the residents of Massachusetts, the state must live within its means." The Governor does not attempt to explain how any family can survive on such low financial assistance grants or what it means to "live within your means" on a total income of $783 a month for three people.

Current grant levels are well below half the federal poverty level, also known as Deep Poverty. The Deep Poverty level recently increased to $1,110 a month for a family of three. Unlike cash assistance, the Poverty level and Deep Poverty level go up every year to keep pace with inflation. TAFDC and EAEDC grants, on the other hand, do not get regular cost of living increases. TAFDC grants have lost 46% of their value since 1988; EAEDC grants have lost even more. H.D. 1353 (Rep. Decker) and S.D. 1818 (Sen. DiDomenico) would increase benefits by 20% a year until they reach half the federal poverty level, and then would increase benefit levels annually as the poverty level increases.

The Governor's Fiscal Health and Prospects note states that the Governor's FY 26 budget recommendation is "responsive" to increased demand for services since the COVID-19 pandemic and "supports targeted investments to expand benefits and eligibility, and to achieve equity and economic resilience for vulnerable populations." To the contrary, reducing grants in FY 26 to the amounts in place since October 2022 will exacerbate economic hardship for very low-income families. This approach is in direct conflict with the Administration's stated goals.

- **The Administration intends to propose eliminating the scheduled FY 25 10% increase altogether, and instead providing an increase of about 2.5% in FY 26.** The Legislature provided for delayed increases in the FY 24 and FY 25 budgets rather than spreading the same dollar amounts over twelve months in order to raise the base for the following year. The Governor signed both years' increases into law. The Governor defeated the Legislature's intent when she eliminated the FY 24 increase, thereby lowering the base for FY 25. The Administration is now proposing to defeat the Legislature's intent a second time by eliminating the FY 25 increase and lowering the base for FY 26. In a budget briefing on Jan. 22, 2025, the Administration shared its plan to cut the 10% increase planned for the final quarter of FY 25 and use those funds to cover a much smaller increase for FY 26; the plan would be proposed in a future supplemental budget the Governor would file for FY 25. Spreading three months of a 10% increase over 12 months would work out to an increase of about $18 a month on average, woefully insufficient to recover the value lost to inflation since 1988.

- **The Governor proposes to maintain the annual TAFDC children's clothing allowance (item 4403-2000) at $500 per child, the same as FY 25.** The clothing allowance is an important benefit for families with children, provided once per year in the month of September, to help families buy necessary clothing items close to the beginning of the school year. 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 Governor proposes $466.7 million for TAFDC (4403-2000), a decrease of about $30.5 million from the FY 25 appropriation.** Maintaining the FY 25 10% increase for 12 months in FY 26, would cost about $40 million at the Administration's projected caseload for FY 26. The caseload hit a low in FY 21 and has been increasing since then, but the rate of increase has slowed. In FY 24, the Administration did not spend about $8 million of the funds available for TAFDC after the 9C cuts. Instead, that money – badly needed by TAFDC families – reverted to the state Treasury.

- **The Governor proposes changing the TAFDC line-item language (4403-2000) to expand access to cash assistance for pregnant people**. In the past, the line item included language restricting cash assistance eligibility to people in their third trimester of pregnancy. This restriction was not required by any federal or state law. In the Fiscal Health and Prospects note, the Administration points to this change as part of a broader effort to prioritize maternal health and reproductive care. We applaud the Administration's recognition of the critical role that cash assistance can play in supporting low-income people throughout the entirety of their pregnancy. However, the maximum cash grant for a pregnant person with no income is only $513 a month. Improving maternal and fetal health outcomes requires higher grants than the TAFDC program currently provides.

- **House 1 does not propose any changes to the TAFDC Learnfare rule or other antiquated TAFDC rules.** Learnfare sanctions children if they are determined to have had too many absences the school does not record as excused. Last school year over 3,000 children were put on "Learnfare probation" and 500 children were cut off their family's grant. There is no evidence that sanctioning children helps them stay in school. Other examples of TAFDC behavioral rules – many with racist origins – include requirements that the parent pursue child support against the noncustodial parent even when doing so is not in the child's best interest, work requirements, time limits, and terminating TAFDC for children when they reach age 18 if they won't graduate from high school by age 19.

- **The TAFDC line item (4403-2000) would continue the FY 24 provision of stipends for applicants and recipients who participate in DTA advisory boards.** The stipend is $400 a year and is not counted as income. We applaud DTA for providing a stipend but question whether $400 a year is enough. We also recommend that DTA provide stipends to former recipients who participate in Advisory Boards, unless they are employed by an agency that pays for their time while they attend meetings. To our knowledge, DTA has not reported publicly on the total cost of the stipends or the number of stipend recipients.

- **The TAFDC line item (4403-2000) does not include language included in the FY25 budget and previous budgets providing for the following:**

  - **Removing the reduction in benefits for families in shelter.**

  - **Barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase**.

  - **Requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. The previous fiscal year, the advance notice provision was critical to giving the Legislature time to persuade the Governor to rescind cuts to TAFDC.

  - **Requiring 75 days' advance notice before DTA proposes any changes to the disability standard.**

  - **Allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits.**

  - **Requiring DTA to tell recipients about their eligibility for a child care voucher.**

- **Transitional Support Services specified at $1 million (item 4403-2000).** 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 FY 26 budget specifies "no less than $1 million" for these benefits, though the actual cost has been more than double that.

- **The Employment Services Program (ESP, item 4401-1000) would be increased by $1.7 million to $20.6 million and the Pathways to Self Sufficiency line item (4400-1979) would be funded at $990,072, slightly below the FY 25 amount.** Like previous Governor's budgets, House 1 does not propose any earmarks for ESP. The FY 25 budget earmarked funds for the Young Parents Program, some education and training for TAFDC parents, the DTA Works Program (paid internships at state agencies), learning disability assessments, and job search services for refugees and immigrants. The Governor does not include a current requirement that the Administration report on program outcomes. The report required by the FY 25 budget is due April 1, 2025.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $209 million, compared with the FY 25 appropriation of $179.4 million, an increase of nearly $30 million.** As with TAFDC, the FY 25 Budget provided a 10% grant increase starting April 2025, for the last three months of FY 25. The Governor's proposal would eliminate that grant increase at the start of

FY 26, reducing grant levels in July 2025 down to the amounts that went into effect in October 2022, three years earlier. As she did with TAFDC, the Governor also eliminated the increase that was scheduled to go into effect in April 2024 using her "9C" powers. In FY 24, the Administration did not spend about $18.5 million of the funds available for EAEDC after the 9C cuts. Instead, that money – badly needed by very low-income older adults and people with severe disabilities – reverted to the state Treasury. Thus, since October 2022, the EAEDC grant for one person has been stuck at only $401 a month. Under the Governor's FY 26 proposal, grants would return to these same levels after a brief period of increase in the final quarter of FY 25. 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. As with TAFDC, the Administration intends to propose eliminating the scheduled FY 25 10% increase altogether, and instead providing an increase of about 2.5% in FY 26.

Like the TAFDC line item, House 1's proposed EAEDC line item does not include language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The proposed line item does specify 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 $195.3 million**, a $11.8 million drop from the $207.1 million FY25 appropriation due to a decline in the caseload. Like many other states, Massachusetts provides a state-funded supplement to federal SSI. The Massachusetts amount varies depending on the person's living arrangement and whether the person is 65 or older, blind, or severely disabled. In Massachusetts, the state supplement for a disabled person is currently $114 a month. It has not been raised in many years.

- **The Supplemental Nutrition Program (item 4403-2007) would be increased to $8.4 million because of a change in federal law.** This program provides a small state SNAP supplement to thousands of low-income working families who receive federal SNAP benefits.

- **Secure Jobs Connect (item 4400-1020)** would be funded at $5 million, a $50,000 decrease. 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 reduced to just under $360,000, a reduction of about $14,000. This account provides transportation assistance to SNAP beneficiaries who need transportation to participate in a work activity and keep their benefits.

- **Increasing participation in SNAP (item 4400-1001).** The Governor proposes $5.3 million for this "Food Stamps Participation Rate Programs" line item, an increase from the $5 million appropriated for FY 24. The line item provides funding for Project Bread's Food Source Hotline and other DTA projects to increase access to

SNAP benefits. Many SNAP outreach activities are 50% federally reimbursable.

2. **Teen Living Programs (item 4403-2119) would be funded at $13.9 million,** slightly more than the FY 25 appropriation.

3. **DTA Administration (item 4400-1000)**

Since the start of the COVID-19 pandemic, DTA has focused on simplifying access with federal options and reducing the number of MassHealth families eligible for but not connected to SNAP. As a result of these efforts and elevated rates of economic need across the Commonwealth, the SNAP caseload increased 48% between March 2020 and November 2024. SNAP currently helps 1 in 6 residents put food on the table – about 250,000 older adults, 311,000 people with severe disabilities, and 348,000 children. SNAP benefits are 100% federally funded and issued directly to families, SNAP is the most efficient and effective benefit program to address food insecurity, support local grocers and stimulate the Commonwealth's economy. Nonetheless, food costs remain high and MA food banks report demand for emergency food has doubled since 2020.

In recent months struggling families have faced extraordinary barriers getting help from DTA. According to DTA data, over the past 18 months, on average, one of every two calls seeking to reach a DTA SNAP worker were automatically disconnected due to high call volume. Between July and November 2024, the rate of calls disconnected increased to an average of 58 percent. Callers lucky enough not to be hung up on are often on hold for lengthy time periods - nearly half must wait 50 to 60 minutes. As a result, in-person visits to local offices have tripled from fall 2022 to fall 2024, unnecessarily taking up households' time and DTA staff time. Moreover, about one third of all applications denied were denied due to lack of the federally-required interview with a DTA worker – in large part because it has been so difficult for applicants to reach DTA. As a result of these challenges, the SNAP caseload has recently declined by the most concerning amount we have seen in a decade. From July to November, the SNAP caseload declined by 10,813 households, including 7,000 children.

For DTA to provide timely, accurate, and fair service to eligible residents and increase federal nutrition resources, DTA needs to make long overdue improvements to its phone system and eligibility system and expand staffing. DTA administrative and IT funding are both pivotal to meet federal requirements, improve access issues, and reduce participation gaps. H1's failure to sufficiently invest in DTA's infrastructure will likely prevent tens of thousands of eligible families from connecting to SNAP, de-facto turning away hundreds of millions of federal dollars.

- **The DTA worker account (item 4400-1100) would be increased to $142.9 million from the $96.4 million in the FY25 General Appropriation.** It's important to note that DTA also received $60.3 million in the FY24 Supplemental Budget reserve account (item 1599-1101), Chapter 77 of the Act of 2023, to fund case worker and admin expenditures in both FY24 and FY25. The DTA reserve largely addressed negotiated collective bargaining pay increases as well as additional case workers added at the end of FY24/early FY25. That said, House 1 does not provide sufficient funding for DTA to hire additional case managers in FY26. Given the SNAP caseload decline discussed above, DTA needs additional funding to ensure staffing meets community needs and maximizes federal benefits.

- **DTA central administration (item 4400-1000) would be increased to $112.5 million from $103 million appropriated for FY25** (but note FY24 Supp reserve above). Some of the increase reflects proposed spending on Central Office staffing and salaries, IT investments to manage DTA benefit programs, or long-overdue EBT card security improvements. The FY26 increase will likely not support the IT improvements critical to addressing access issues and participation gaps.

  Additional concerns with DTA's FY 26 line items:

  - ***No replacement funds for stolen SNAP, and no express provision for chip/tap EBT for SNAP and cash assistance security.*** Distressingly, the Governor's budget does not provide funds to replace stolen SNAP benefits. It also does not seek to address this issue by providing funds to implement chip/tap EBT cards in FY 26 - leaving families who are victims of theft to fend for themselves.

  - ***Funding to replace stolen SNAP benefits (item 4400-1031) not included.*** Congress previously enacted partial replacement for benefits stolen by skimming or phishing starting October 1, 2022, capping replacement amounts, through December 20, 2024. Congress failed to extend the replacement provision for benefits stolen after December 20, 2024. Massachusetts has been a leader in ensuring families who are stolen from are made whole. Over the last two years the legislature provided $3 million for "wraparound" relief to cover federal gaps in replacement. As SNAP skimming continues, victims of theft are left scrambling to pay for groceries - skipping meals, incurring debt, using rent funds, or missing bill payments to buy food. Approximately $1 million per month is needed to replace stolen SNAP.

  - ***No chip/tap EBT funds to address systemic card security issues.*** SNAP and cash assistance benefits are accessed via Electronic Benefit Transfer (EBT) cards that rely on a magnetic stripe, which are much more vulnerable to skimming theft than industry standard chip/tap cards. As a result, since 2022, highly sophisticated criminal rings have stolen over $12 million SNAP benefits from about 25,000 low-income Massachusetts families.

    Improved technology is long overdue. The need for enhanced card security is made more urgent by Congress's failure to extend federal replacement of SNAP stolen after December 20, 2024.

    MLRI estimates implementing chip/tap EBT cards would cost the state approximately $4 million (after the 50% cost share with the federal government). Failure to implement chip/tap cards in FY26 will leave 1 in 6 Massachusetts residents vulnerable to theft and continue allowing sophisticated criminal rings to steal from families. And, for technological reasons, implementing chip/tap EBT cards is a necessary precursor to mobile EBT (mobile EBT was funded in the FY25 budget). California is the first state in the country to begin issuing chip/tap EBT cards. Massachusetts must also implement chip/tap as soon as possible to protect low-income consumers and tax dollars.

- **Funding for DTA domestic violence workers (item 4400-1025) would be increased from $2.2 million to $2.3 million.** This may be due to previously agreed upon salary increases.

4. Additional Nutrition Items Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) is funded at $18.2 million.** This is $3.2 million higher than the $15 million in the current FY25 budget, but woefully insufficient to meet the demand. In FY 24, HIP was fully funded at $25.1 million. In December of 2024, due to insufficient FY25 funding, DTA reduced HIP benefits to $20/month for all households, a 50% cut for 1 and 2 person households previously eligible for $40/month and a much deeper cut for larger sized households. Advocates are continuing to urge the Governor and Legislature to restore HIP funding in an FY 25 Supplemental Budget. 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. HIP participation is especially high among low-income older adults (over 56%), helping them to access locally grown food and decrease social isolation. Over 100 farmers, CSAs and farm stands now participate in HIP.

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 25 General Appropriation	FY 26 Governor's Budget
4000-0300	EOHHS and Medicaid Administration	$150,814,925	$155,940,882
4000-0430	MassHealth CommonHealth Plan	$197,558,111	$340,074,133
4000-0500	MassHealth Managed Care	$6,096,292,394	$6,013,317,263
4000-0601	MassHealth Senior Care	$4,558,789,945	$5,136,638,566
4000-0700	MassHealth Fee For Service Payments	$4,182,001,231	$4,408,079,088
4000-0880	MassHealth Family Assistance Plan	$371,307,845	$576,309,407
4000-0940	MassHealth ACA Expansion Populations	$2,422,764,172	$3,587,499,744
4000-0990	Children's Medical Security Program (CMSP)	$35,000,000	$42,600,000
1595-5819	Commonwealth Care Trust Fund	$35,000,000	$0

1. House 1 proposes an increase of $417 million net above FY25 spending.

- MassHealth's budget, at $22.6 billion gross, $8.7 billion net of federal revenue, represents a $1.0 billion gross, $417 million net, increase over revised FY 25 spending. The net amounts represent the draw from the general fund, and the federal revenue refers to federal matching funds from the Medicaid and CHIP programs including the MassHealth 1115 waiver. While many issues are at play at the federal level that may in future affect Medicaid and CHIP coverage, financing and access to care, House 1 is based on current federal law.

- MassHealth describes FY 26 as a challenging fiscal year. It has identified a range of savings initiatives and will not be increasing most provider and managed care rates. However, except for the managed care account, most accounts show an increase compared to the FY 25 appropriation. Some of the increases are very large, such as those for CarePlus, CommonHealth, and Family Assistance and explained as meeting the projected need. Budget documents show total expected spending in FY 25 more than total FY 25 appropriations but do not show expected FY 25 spending in individual MassHealth accounts.

2. House 1 assumes MassHealth will increase asset limits applicable to older adults, to improve access to care.

- Asset limits of $2,000 for single adults and $3,000 for couples have not been updated since 1989. House 1 assumes MassHealth will raise these asset limits to $5,000 for individuals and $7,500 for couples. Asset limits apply to people aged 65 and older applying for MassHealth, as well as to people applying for nursing home care or home and community-based waiver programs (HCBS). This change updates the asset limits to reflect inflation over time and should result in fewer MassHealth members losing eligibility once they turn 65, need nursing home care or HCBS and become subject to asset limits.

- MassHealth will also exclude up to $10,000 of the value of whole life insurance. Whole life insurance has a cash surrender value. Under current rules, if a whole life insurance policy has a face value of more than $1,500, the entire cash surrender value of the policy is counted toward the $2,000 asset limit. The proposed change will exclude up to $10,000 of the cash surrender value from counting against the asset limit. This change helps promote equitable access to needed coverage and care.

- Bills have been introduced in the current session to raise asset limits further. An Act To Update Resource Limits for Seniors, sponsored by Rep. Ultrino (HD 3413)and Sen. Lewis, (SD 1204) raises asset limits to $10,000 for an individual and $20,000 for a couple,   disregards whole life insurance policies and raises the income limit. An Act Relative to Asset Limits for MassHealth, sponsored by Rep. Michael Kushmerek (HD 1002) and Sen. Robyn Kennedy (SD 1746) seeks to increase asset limits to $10,000 for an individual and $15,000 for a married couple.

3. House 1 assumes changes in MassHealth's HCBS waiver programs and PACE.

- MassHealth operates nine Home and Community-Based Services (HCBS) waiver programs for adults to enable people to avoid or leave nursing home care and live in the community with added long term services and supports. The PACE program serves a similar purpose using a different model that integrates Medicare and Medicaid services for people who live within a PACE service area. Both programs use more generous financial eligibility criteria for MassHealth Standard than the 100% of the poverty level income standard used in the community. House 1 assumes several changes to align these programs, some that will expand access to coverage and some that may restrict access.

    - *Making it easier for people to qualify for HCBS and PACE based on income*. Currently, people with income over the income standard for HCBS or PACE, $2,901 per month in 2025, may qualify after incurring a certain level of medical costs. This is called the spenddown program. The program now uses a very low threshold of $522 per month to calculate the amount of medical costs, making it very difficult to meet the threshold. MassHealth proposes to raise that threshold to the amount of the income standard, $2,901. This is like the way the program operates now for people who initially enroll and later experience an increase in income. MassHealth also proposes to make the spenddown program available in all nine of the adult HCBS waiver programs. This is a long sought after reform among advocates for nursing home residents and older adults and will help more people live independently.

- *Making it harder to qualify for HCBS and PACE based on asset*s. Nursing home residents are required to show that they have current assets below the asset limit of $2,000 and that they have not transferred assets for the purpose of qualifying for MassHealth during the five year "look back" period before applying to MassHealth to pay for nursing home care. House 1 assumes that MassHealth will adopt regulations to apply the five year look back to HCBS and PACE. It also assumes MassHealth will promulgate regulations to apply to PACE the same rule about the treatment of spousal assets that now applies to nursing home residents and to the HCBS waiver programs.

4. House 1 walks back earlier proposals to make direct cuts to the PCA program in FY 26 but introduces new measures to cap spending for the PCA benefit in future years. (Section 73).

- Last year, the Governor's FY 25 budget proposed cuts to the scope of its Personal Care Attendant (PCA) program. It would have both ended eligibility for certain currently eligible individuals and reduced the scope of services for those who remained eligible. MassHealth's PCA program is an important benefit that helps members with permanent or chronic disabilities to live in the community and manage their own care by paying for personal care attendants to help with activities of daily living (ADLs) such as bathing, eating, toileting and transfers, and "Instrumental" ADLs such as shopping, housekeeping, laundry, and meal preparation. The final FY 25 budget rejected the Governor's cuts and instead required that the PCA program maintain the same eligibility criteria and level of services for FY 25. It also directed EOHHS to convene a working group of stakeholders in the PCA program to study the program and issue a report on the long-term sustainability and cost containment on or before March 7, 2025. The working group is at work on its charge but has not yet issued a report or made recommendations.

- House 1 contains no proposed cuts to the PCA program for FY 26, but in Section 73 it caps total growth in the program in future years. It is hard to see how MassHealth could limit cost growth without restricting eligibility, the scope of services or the rate of pay for personal care attendants. House 1 requires MassHealth to report on cost growth in the program on January 31 starting in 2026, and if cost growth in the PCA program exceeds the health care cost growth benchmark set by the Health Policy Commission, to issue regulations that will reduce the costs of the program. This benchmark is currently set at 3.6%. Notably, according to the Health Policy Commission, the annual health care benchmark is not intended to cap health care prices or spending growth; it is a measurable goal to inform policy to moderate spending growth over time. It is a measure based on total per capita health care expenditures state-wide that one would not expect to grow at the same rate as the cost of personal care services for people with severe disabilities. Moreover, MassHealth's expenditures overall are not subject to this benchmark – nor is any other specific MassHealth program.

5. **House 1 assumes MassHealth will raise premiums by 10 percent.**

- Most MassHealth members do not pay premiums, but children with income of 150.1-300% of the poverty level enrolled in the Family Assistance program or CommonHealth pay premiums of $12-$28 per month per child up to a family maximum of three. There is no upper income limit for CommonHealth for disabled individuals, but there too members with income over 150% of the poverty level are charged monthly for their coverage based on a premium schedule that increases by increments of the poverty level. MassHealth premiums have remained the same for over 10 years. House 1 assumes a 10% across the board increase in premiums in FY26. MassHealth expects an average increase of about $5 to $10 per month for members.

6. **House 1 assumes MassHealth will require enrollment in Medicare for those eligible and proposes to amend the Senior Care Options program to enroll only MassHealth members also enrolled in Medicare. (Sections 69-71, and 136)**

- With an effective date of January 1, 2026, House 1 limits the Senior Care Options (SCO) program to MassHealth members who are also eligible for Medicare, members known as dual eligibles. MassHealth intends to transition members who are not eligible for Medicare, or who are but do not enroll in Medicare, out of the SCO program. These individuals will be transitioned to Fee-For-Service MassHealth Standard coverage.

- This change aligns the SCO eligibility criteria with that of the One Care program. Additionally, this policy advances MassHealth's goal of bringing greater alignment between the SCO and One Care programs, as MassHealth transitions One Care to a different Medicaid authority.

- MassHealth currently requires members who are eligible for Medicare at no additional out of pocket cost to enroll. House 1 assumes that in FY 2026 those who do not enroll will lose their MassHealth coverage. Increasing Medicare enrollment will save money by making MassHealth the secondary payer. However, enforcement will need to be carefully implemented to explain Medicare enrollment and coordinate payment of Medicare Part A and B premiums through the MassHealth Medicare Savings Program to minimize the risk of older adults losing coverage.

7. **House 1 continues the ConnectorCare pilot benefiting over 50,000 people in 2026. (Sections 111, 112 and 114)**

- In FY 24, Massachusetts enacted a two-year pilot program to increase the upper income level for the ConnectorCare program from 300% to 500% of the poverty level for calendar years 2024 and 2025. In House 1, the Governor proposes to continue the pilot for calendar year 2026. In its August 2024 report on the pilot's first year, the Health Connector found that as of June 2024, over 50,000 individuals were enrolled in plans delivering lower premiums and copays, no deductibles, and access to important benefits, such as $0 co-pays for prescriptions for chronic diseases like diabetes and hypertension. Over 30% of people enrolling in the pilot had previously been enrolled in MassHealth. The average state supplement was $38 per month for those from 301-400% of the poverty level and $89 for those from 401-500% of the poverty level, with the balance of premium costs paid by federal premium tax credits and member contributions.

- ConnectorCare is Massachusetts' free or low-cost private insurance plan for people ineligible for Medicaid or other affordable coverage. ConnectorCare plans are largely subsidized by federal premium tax credits under the Affordable Care Act but supplemented by funding from the Commonwealth Care Trust Fund set up at the time of the 2006 state health reform law. ConnectorCare plans provide standardized benefits, have no deductibles, and base co-payments and member premium contributions on income. In some years, there has been a need for an appropriation in account 1595-5819 to add to the dedicated revenue payable into the fund, but there is no such appropriation in House 1.

- In January 2025, total enrollment in ConnectorCare was almost 289,000, comprising 80% of people with income of 300% of the poverty level or less and 20% of people in the pilot program. One important factor supporting initiatives like the ConnectorCare pilot was a change in federal law that since 2021 has enhanced the amount of premium tax credits, and lifted the 400% of poverty income ceiling for premium tax credits. Increased premium tax credits reduced the amount of added state funding needed to make private insurance affordable. However, the enhancements are scheduled to expire on December 31, 2025, unless they are extended by Congress. This is one of many likely challenges in the years ahead where Massachusetts' long-standing commitment to affordable health coverage will once more be put to the test.

8. House 1 preserves funding for MassHealth's new doula coverage program.

- In response to Massachusetts' growing maternal health crisis and racial disparities in maternal health (see, MA Dept. of Public Health Report), MassHealth launched its doula coverage program on December 8, 2023. House 1 commits to preserving its investment in MassHealth's doula program in FY 26. Doulas are non-medical, trained professionals who provide physical, emotional, and informational support before, during, and after labor. Doula care significantly improves maternal and infant health outcomes including lower rates of c-sections and lower rates of preterm births and low birth-weight babies. Studies also show that access to doula care reduces racial disparities in maternal health outcomes.

- House 1 states that MassHealth enrolled over 150 doulas and that it provided doula coverage to over 1,000 MassHealth members within the first year. While MassHealth's coverage of doula services is laudable, the number of eligible members served by doulas could be significantly improved. 1,000 MassHealth members represents less than 4% of the over 27,000 MassHealth members who gave birth in 2022 (numbers were probably larger in 2024), not to mention the many thousands more who did not give birth in 2024 but were eligible for doula service because they were pregnant or in their 12-month postpartum period. This relatively low uptake most likely reflects not just the time it takes to implement a new program, but also the significant work that must be done to address the doula workforce shortage, to build trust between MassHealth and the doula workforce, and to ensure that doulas can afford to take MassHealth clients. Five states plus Washington DC now reimburse doula services at a higher rate than MassHealth: several of them reimburse over $3,000 per pregnant person–significantly higher than MassHealth's $1,700 reimbursement rate.

- Legislation to support MassHealth's doula coverage program and expand access to doula services was filed last week. This bill, An Act relative to insurance coverage for doula services (HD2576/SD998) would (1) help build trust between the doula community and MassHealth, and ensure the efficacy and sustainability of MassHealth's doula program by creating a doula advisory committee to meet regularly with MassHealth, (2) amend the patient bill of rights to give patients the right to have their doulas present during labor and delivery, and (3) require commercial and private insurance to cover doula services

9. House 1 increases funding for the Children's Medical Security Plan but does not eliminate harmful caps on services.

- House 1 proposes increasing spending for The Children's Medical Security Plan (CMSP) by $7.6 million, a 22% increase over the FY 25 GAA. The CMSP provides coverage for children under 19 in families with income over 300% of the Federal Poverty Level and for children who are not eligible for MassHealth because of their immigration status. As of January 1, 2025, thanks to language contained in the FY 25 GAA, MassHealth eliminated copays for all CMSP members and eliminated premiums for CMSP members under 300% of the poverty level.

- House 1 does not include 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. These and other benefit limitations, contained in the statute at G.L. 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, HD2863/SD1814, 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 solely because of their immigration status.

10. House 1 invests an additional $5M to prepare correctional facilities for MassHealth pre-release Services.

- House 1 proposes $5 million in additional funding to support the implementation of MassHealth services for individuals incarcerated in Massachusetts's jails and prisons during the 90 days prior to release. This builds on the $10 million appropriated for FY 25 to begin this initiative.

- Following CMS's approval of an amendment to the state's Section 1115 Demonstration Amendment in 2024, this funding will help build institutional infrastructure within the Commonwealth's correctional facilities, including staffing, billing systems, and technical support, to ensure smooth enrollment and service delivery. This initiative is designed to improve continuity of care by allowing incarcerated individuals eligible for MassHealth to receive certain critical health services 90 days prior to release and to facilitate a successful transition back into the community. It is scheduled to begin in July 2025 on a phased-in basis and once fully implemented, it is projected to bring in tens of millions of dollars in federal revenue annually, further supporting the state's health care system.

Homeless Services

Account	Description	FY 25 General Appropriation	FY 26 Governor's Budget
7004-0101	Emergency Assistance	$326.1 M	$325.3 M
7004-0108	HomeBASE	$57.3 M	$57.3 M
7004-0099	DHCD Administration	$14.8 M	$22.2 M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$197.4 M	$202.5 M
7004-0100	Operation of Homeless Programs	$17.6 M	$27.7 M
7004-0102	Homeless Individual Shelters	$110.8 M	$110.8 M
7004-0104	Home and Healthy for Good Program	$8.9 M	$8.4 M

1. **Emergency Assistance (7004-0101) would be funded at $325.3 million,** a slight decrease from the initial FY25 appropriation. It is important to note that the EA system has received supplemental funding throughout the fiscal year, with total FY25 spending projected to be approximately $758 million. 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.

   Over the past two years, the number of eligible families placed in and seeking EA shelter has increased sharply, and in August 2023 the Healey-Driscoll Administration declared a shelter capacity emergency. Since then the administration, acting under emergency authority, has implemented a number of restrictions on EA shelter, making it more difficult to access and limiting the length of stay for families in shelter. In December 2024 the administration announced a "dual track" family shelter system that would limit many EA-eligible families to 30-day stays at temporary respite centers, with no option of remaining on the waiting list for a traditional EA shelter placement. The administration has also filed a supplemental budget proposal request for $425 million, together with proposals to further restrict access to shelter and shorten lengths of stay. Advocates continue to fight to preserve the EA shelter system for children and families.

   - House 1 proposes to eliminate the obligation that the Executive Office 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.
   - House 1 proposes to eliminate requirements that the Executive Office report quarterly to the Legislature about what is happening to families, including those denied shelter. These requirements were included in the FY25 budget, and advocates will work to ensure they continue to be included.

- House 1 proposes language permitting the Executive Office to require families to provide documents proving identity and custody prior to placement in a safe place. This would restore requirements that were recently determined by the Massachusetts Supreme Judicial Court to be inconsistent with the line item. In the lawsuit, *Garcia et al v. DHCD* plaintiffs challenged that requirement, among other policies, because it often delayed or denied immediate shelter placement for the most vulnerable families, including those fleeing domestic violence.
- House 1 proposes language directing the Executive Office to conduct a study of EA shelter provider rates and establish a rate setting process.

2. **HomeBASE (7004-0108) would be funded $57.3 million,** matching the allocation from the initial FY25 budget. Due to rates of inflation, this level funding represents an effective cut to the program. HomeBASE was created in FY12 to provide short-term rental assistance, instead of shelter, to families experiencing homelessness.

- House 1 retains the HomeBASE benefit limit of $30,000 over a 24-month period, with the possibility of an additional $15,000 for an additional year. (In a December 2024 statement, the administration indicated their intent to increase individual HomeBASE awards to $50,000 over a 24-month period.)
- House 1 also provides for at least $2.5 million for administering agencies to provide awards greater than $30,000 over the 24-month period for families the agency believes need additional funds to resolve a housing crisis.
- House 1 proposes to eliminate the requirement that the executive office provide 90 days' notice before promulgating or amending regulations or policies that would reduce benefits for families. Advocates will continue to push for this important language.
- House 1 proposes to eliminate required reports to the legislature about HomeBASE, including the number and demographics of families served and how many families return to EA shelter. Advocates will continue to push for this important language.

3. **Executive Office Administrative line item (7004-0099) would be funded at $22.2 million**, an increase over the FY25 final appropriation.

- House 1 proposes to eliminate a requirement that the Executive Office promulgate and enforce regulations clarifying that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years, including the enacted FY23 budget. Advocates will work to ensure this language continues to be included.

- House 1 retains language requiring the Executive Office to maintain in-person intake locations in the 10 offices that were open as of January 2024.

- House 1 proposes to eliminate language requiring the Executive Office to report to the legislature regarding wait times families are experiencing for direct communication with a staff member, and extends the reporting deadline to March 3, 2025.

4. **Residential Assistance for Families in Transition (RAFT) program (7004-9316) would be funded at $202.5 million**, an increase over the FY24 appropriation. An additional $7.3 mil was also allocated through a supplemental budget during FY25. RAFT is a homelessness prevention program.

    - House 1 proposes to eliminate required reporting on the reasons for assistance based on the categories used for EA shelter eligibility.

    - House 1 proposes eliminating language that allows 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. Advocates will push for expanded benefits for all household compositions.

    - House 1 removes specific limitations on RAFT award limits and gives the Executive Office discretion to establish maximum assistance amounts and eligible uses of RAFT funds. Advocates are concerned about this lack of transparency, particularly in light of previous proposals to severely curtail RAFT benefits, which would decrease access to benefits for households at risk of homelessness.

    - House 1 would permit the Executive Office to continue to require a Notice to Quit for households seeking assistance from RAFT. This poses a significant barrier for many in need of assistance, and increases the risk of eviction. Advocates will continue to push for a change to this policy to make RAFT available further upstream.

5. **Homelessness operations account (7004-0100) would be funded at $27.7 million**, an increase over FY25.

6. **Shelters and services for homeless individuals (7004-0102) would be funded at $110.8 million,** matching the FY25 appropriation.

7. **Home and Healthy for Good program (7004-0104) would be funded at $8.4 million**, a decrease from FY25. This program provides housing for chronically homeless individuals

Housing

Account	Description	FY 25 General Appropriation	FY 26 Governor's Budget
7004-9005	Public Housing Operating Subsidies	$113,000,000	$115,500,000
7004-9007	Public Housing Reform	$1,250,000	$2,097,622
7004-9024	Massachusetts Rental Voucher Program	$219,238,574	$253,311,840
7004-9030	Alternative Housing Voucher Program	$16,355,696	$19,461,214
7004-3045	Tenancy Preservation Program	$2,042,755	0
0321-1800	Access to Counsel (**new**)	$2,500,000	$2,500,000

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, would be slightly increased under H.1 at **$115.5 million - a $2.5 million increase** over the FY25 budget. To keep pace with costs and inflation and the need to maintain public housing, public housing residents, public housing authorities, and supporters are requesting $153 million in FY26. Too often residents are living with mold, rats, bedbugs, broken elevators, sewage problems, and more.

   The operating subsidy also continues to include language that requires the administration to make efforts to rehabilitate housing authority family units in need of repairs requiring $10,000 or less, although more funds are needed. With thousands of public housing units off line and waiting lists for public housing growing, it is critical for EOHLC to bring vacant units back-online to provide more permanent housing resources for very low-income people on the waiting list.

2. **Public Housing Reform (item 7004-9007)** would be **increased from $1.250 million to $2 million**. The line item provides funds to implement **chapter 235 of the Acts of 2014** which includes technical assistance training for resident commissioners as well as funding the implementation of CHAMP (Common Housing Application for Massachusetts Programs. Language was added in H.1 that would allow funds to be spent on enhanced performance management processes and systems, improved applicant experience, and tenant engagement.

3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024**) which provides long-term rental subsidies to approximately 10,000 low-income households for use in the private housing market would **be increased from $219 million to $253 million**. EOHLC says that this increase will allow for the creation of an additional 130 project based

vouchers.

- As part of Governor's Healey's state budget for fiscal year 2026 and in response to a difficult state fiscal situation, EOHLC is pausing the issuance of mobile MRVP vouchers via CHAMP. EOHLC is taking this action to stay within the proposed appropriation while maintaining our commitment to current voucher holders and retaining our ability to support project-based vouchers for new housing development.

- EOHLC has shifted MRVP to a "payment standard model" similar to Section 8 giving more choice and flexibility to households. For details on the new system see the MRVP Admin Plan at https://www.mass.gov/doc/mrvpadministrative-plan-2017/downloads

- H1 makes some big changes to MRVP policies, some of which may be cause for concern which we will need time to analyze. In brief:

    a) In the FY 26 budget "not less than" 75% of new vouchers were to be targeted to households with incomes at initial occupancy that did not exceed 30% of area median income (AMI). H1 changes that to "up to" 75% (which was what former Governor Baker had proposed) and it triggers at initial eligibility rather than occupancy. We're not sure the change will make much difference in the incomes of folks who apply to and receive vouchers, and not sure of the impact that the change from "occupancy" to "eligibility" will have– but more to learn.

    b) H1 continues to give EOHLC discretion to set payment standards using the small area fair market rent (SAFMR). We welcome the inclusion of SAFMRs as they allow a wider range of choices for voucher holders. EOHLC has thankfully used this discretion to set payment standards at 110% of SAFMR, mirroring many Section 8 payment standards This will allow more people to make use of their vouchers, especially in higher rental markets.

    c) H1 also removes a number of reporting requirements, most of which are covered in other areas of reporting. One worrying reporting requirement that has been stripped that should still be reported on is "actions taken by the executive office to reduce the wait time for households to lease up their voucher." We know that this is a major problem for voucher holders and the administration should continue to be required to report on what they are doing to address this issue.

- Lastly, H1 removes the ability for unspent FY2025 dollars from this line item to carry over into the new fiscal year although we hear there are no unspent dollars from last year. It is important to note that any unspent dollars are likely due to the struggles of people to access and use their vouchers and not due to lack of need. As we continue to advocate for program improvements to address this issue, we think funds should continue to be rolled over into the new fiscal year.

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. H.1 would **provide $19 million** in funding, an increase **in funding** from the previous year in the amount of $3 million. New language was also added which appears to provide EOHLC with the discretion to

set rents below the 110% threshold of the current fair market rent or current small area fair market rent if it is necessary “as a reasonable accommodation for a household member with a disability or as otherwise directed by the executive office.”

5. **Tenancy Preservation Program (TPP) (item 7004-3045) was not funded.** According to EOHLC, TPP will now be funded by MassHousing, which is the agency that runs the program. TPP is a homeless prevention program that helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, TPP works with individuals and families who are facing eviction as a result of behaviors related to a disability. Case managers locate services and develop and monitor case plans to maintain the tenancy and keep tenants in permanent housing to prevent tenants from becoming unhoused.

6. **Access to Counsel (item 0321-1800) was level funded at $2.5 million.** Last year, the Governor included this new line item in her budget. While it was ultimately passed in the FY25 budget as a pilot program, **the language in H.1 removes the language that the program is a pilot.** Under this line item, funds are to be distributed by the Massachusetts Legal Assistance Corporation to designated non-profit organizations to increase access to legal representation for low-income tenants and low-income owner occupants in eviction proceedings. The budget language further provides that the program is “subject to appropriation,” mirroring language in bills filed by Senator DiDomenico (SD1771) and Representative Rogers and Representative Day (HD3912) which seek to make a statewide access to counsel program permanent.

7. **Outside Sections 68 and 79:** Require that broker fees for residential rental property be paid by the party that contracts with the broker. This would eliminate renter-paid broker fees (unless a renter contracts with a broker)

Legal Services

Account	Description	FY 25 General Appropriation	FY 26 Governor’s Budget
0321-1600	MLAC	51.00 M	51.00 M

For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, House 1 is recommending an appropriation of $51 million, the same amount as the FY 24 appropriation. MLAC is requesting an appropriation of $54 million in order to help meet the growing statewide demand for civil legal services.