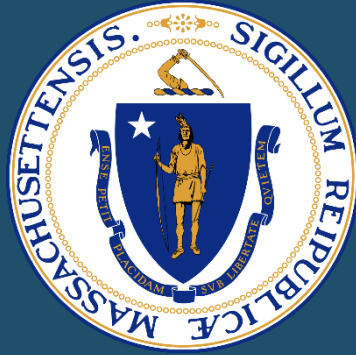


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Fiscal Year 2023 Report on Standard Budgets of Assistance for Transitional Aid to Families with Dependent Children

April 2023



DEPARTMENT OF TRANSITIONAL ASSISTANCE
FISCAL YEAR 2023 REPORT ON STANDARD BUDGETS OF ASSISTANCE FOR
TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN
APRIL 2023

LEGAL BACKGROUND & CONTEXT

The Department of Transitional Assistance (DTA) submits this report in accordance with G.L. c. 18, §2(B)(g) and c. 118, §2 and the decision of the Supreme Judicial Court in *Coalition for the Homeless v. Secretary of Human Services*, 400 Mass. 806 (1987).

In accordance with the decision of the Supreme Judicial Court, the Department, in order to conduct a meaningful review under G.L. c. 18, §2(B)(g), "must issue a written report which shall either provide or permit a comparison in dollars between standard budgets of assistance of each successive year and which shall discuss the adequacy of [TAFDC] grant levels in comparison with the standard budget or budgets of assistance and with changes in the consumer price index."

The amounts actually paid to TAFDC families are determined by the Legislature each year when, in line item 4403-2000 of the General Appropriation Act, the Legislature establishes the "standard of need", which determines the eligibility level, and the "standard of payment," which determines the benefit or grant level.

The Court recognized that the Department may be confronted with a dilemma in dealing with the benefit level authorized by the budget and its duty under c. 118, §2 to provide aid sufficient to enable then-AFDC parents to bring up their children properly in their own homes. The Court required the Department to respond to this dilemma as follows: "If in any year the department concludes that the funds appropriated for AFDC purposes are insufficient to permit it to furnish that level of financial aid which §2 directs it to provide, the department has an obligation to bring its inability to comply with the payment level described in §2 to the attention of the Legislature and to ask that it appropriate an adequate sum or that it provide some other solution to the dilemma."

The Court held that the Department, in determining whether sufficient funds have been appropriated to give financial assistance at the level required by §2, may consider the assistance provided to parents with dependent children not only through AFDC but also through other financial assistance programs, such as the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), fuel assistance, and public or subsidized housing programs.

This is the thirty-seventh report on the Standard Budgets of Assistance completed by DTA. The first report, released in August 1986, formulated three Standard Budgets of Assistance for AFDC families in FY87. The standards were based on the components of a typical budget for a family of three at that time including housing, utilities, food, clothing, personal care, transportation, household operation and furnishings, and other goods and services. In each subsequent year, DTA updated those internally developed budgets from 1986 in producing this report using the Consumer Price Index (CPI), a common measure of inflation. Standard Budgets of Assistance Reports from previous years can be found on DTA's website¹.

¹ <https://www.mass.gov/service-details/department-of-transitional-assistance-legislative-reports>

In order to improve the usability of this report, as of March 2022, the Department updated its methodology to use the Federal Poverty Level (FPL) as a comparative standard in determining whether current benefit levels are adequate. FPL is a common benchmark used by many federal and state programs, including SNAP, Medicaid, and WIC². While the federal poverty level does not adjust for regional variations in costs of living, it is a widely-used standard for income and poverty and, as such, provides a common measure by which the Legislature may assess the overall adequacy of TAFDC benefits as it makes decisions regarding TAFDC funding in the state budget process.

THE TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM

The Transitional Aid to Families with Dependent Children (TAFDC) program provides financial assistance and employment programming to families with children, and pregnant women, with little or no income. Participants receive child care and transportation assistance to support their engagement in education, training, or other employment related activities. Certain TAFDC participants are required to perform a work-related activity as a condition of eligibility.

While its predecessor, Aid to Families with Dependent Children (AFDC), was 50% federally funded, the 1996 Personal Responsibility and Work Opportunity Act (PRWORA) replaced the federal reimbursement with a federal block grant, known as Temporary Assistance for Needy Families (TANF). States have discretion in how they spend the TANF block grant, subject to certain federal limitations. Prior to the passage of PRWORA, the Commonwealth passed its own welfare reform program in 1995, Section 110 of Chapter 5 of the Acts of 1995. As part of this legislative package, the AFDC program became the TAFDC program and was modified to promote the principles of family unity, individual responsibility, and self-reliance by structuring financial and economic incentives and disincentives that promoted such principles. This was a radical shift of focus from AFDC as primarily an income maintenance program to TAFDC, which was intended to move clients beyond reliance on public benefits by developing their skills and experience and providing opportunity to increase their economic mobility. These remain the core principles of TAFDC today.

In recent years, DTA has emphasized removing barriers to economic mobility and helping families find paths to success. Through policy reforms, the Department has continued to better promote work, enhance the Department's employment support programming, and explore new approaches to meaningfully engage with families who receive TAFDC benefits.

See **Table 1** for current TAFDC benefit and eligibility levels – respectively, the standard of payment and standard of need, as described in the state's General Appropriations Act (GAA) – by family size. Language in the TAFDC line item requires the benefit level to equal the eligibility level, such that an increase to one will increase the other. Such and similar language has been in the program's line item since 1986 (FY87). Thus, the 10% increase starting October 2022 included in the FY23 GAA increased both the benefit level and the eligibility level, making more households eligible for benefits.

² <https://www.hhs.gov/answers/hhs-administrative/what-programs-use-the-poverty-guidelines/index.html>

TABLE I TAFDC BENEFIT & ELIGIBILITY LEVELS (EFFECTIVE OCTOBER 1, 2022)		
Household size	Public or subsidized housing	Private housing (w/rent allowance)
1	\$513	\$553
2	\$648	\$688
3	\$783	\$823
4	\$912	\$952
5	\$1,045	\$1,085
6	\$1,183	\$1,223
7	\$1,316	\$1,356
8	\$1,448	\$1,488
9	\$1,580	\$1,620
10	\$1,714	\$1,754
Each additional household member	+\$139	+\$139

TAFDC BENEFITS & FEDERAL POVERTY LEVEL

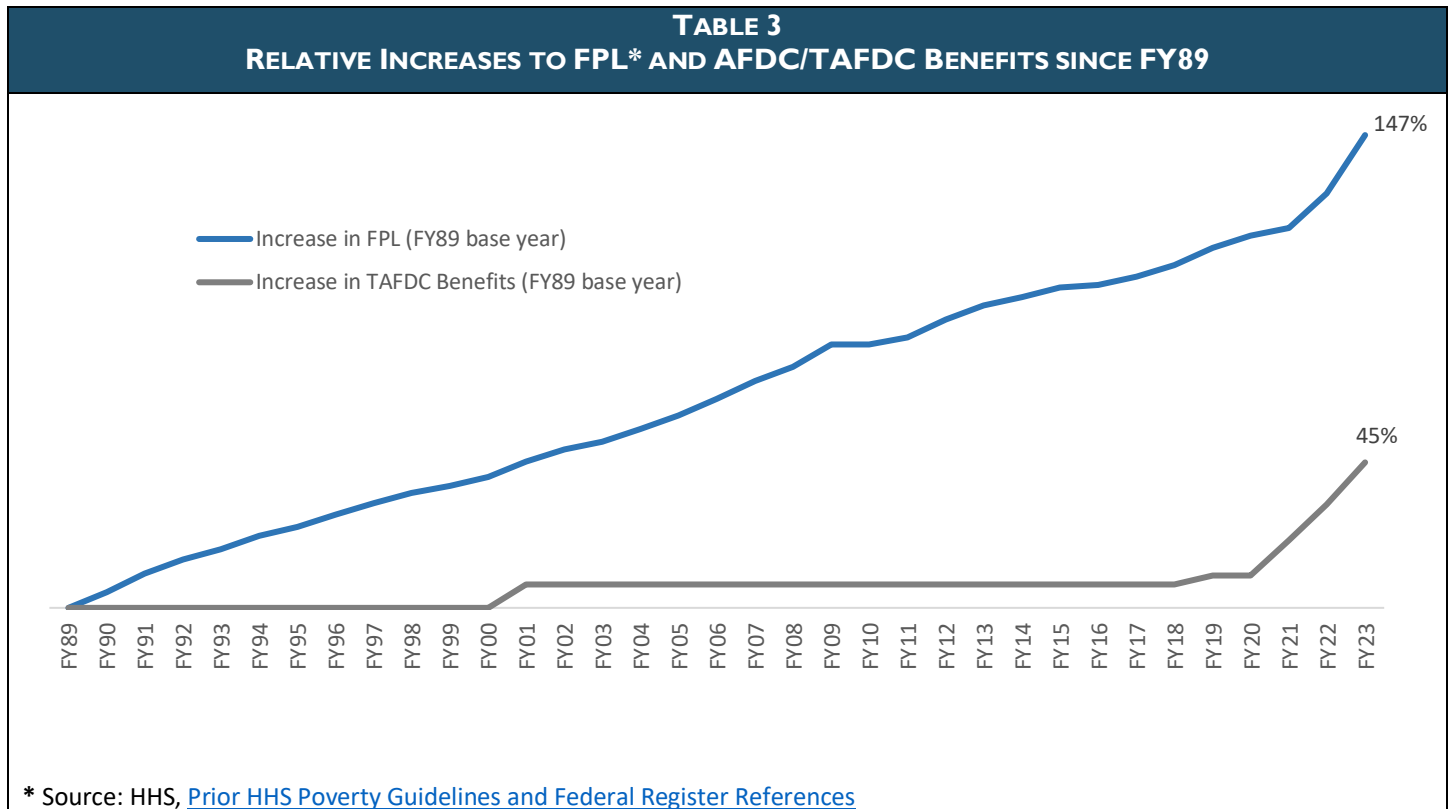
The Federal Poverty Level is published each year by the federal Department of Health and Human Services and is used to determine eligibility for various income-based public programs. Originally developed in 1965, the FPL is meant to illustrate the minimum amount of income that people need to purchase food and other necessities. The FPL is adjusted for inflation each year using the CPI. The standards set by the FPL are used as a benchmark for eligibility for federal benefits. In Massachusetts, MassHealth, Emergency Shelter Assistance, and SNAP all use a percentage or multiplier of the FPL to determine program eligibility limits. For example, SNAP program eligibility is generally set at 200% of FPL in Massachusetts.

See **Table 2** for a comparison of TAFDC benefit and eligibility levels compared to the FPL.

TABLE 2 COMPARISON OF TAFDC GRANT AMOUNTS* TO THE 2023 FPL				
HH Size	2023 FPL	TAFDC Grant	Grant as % of FPL	Amt. below FPL
1	14,580	\$6,156	42%	(\$8,424)
2	19,720	\$7,776	39%	(\$11,944)
3	24,860	\$9,396	38%	(\$15,464)
4	30,000	\$10,944	36%	(\$19,056)
5	35,140	\$12,540	36%	(\$22,600)
6	40,280	\$14,196	35%	(\$26,084)
7	45,420	\$15,792	35%	(\$29,628)
8	50,560	\$17,376	34%	(\$33,184)

* Not including rent or clothing allowances

See **Table 3** for a comparison of TAFDC benefit levels and FPL over time for a family of three.



OTHER TAFDC BENEFITS AVAILABLE TO TAFDC FAMILIES

In addition to the “cash” benefit grant, TAFDC families are eligible to receive a number of other cash benefits or special payments from DTA:

RENT ALLOWANCE. A rent allowance is available to families receiving TAFDC who live in private, unsubsidized housing. The rent allowance is currently \$40 per month or \$480 annually and is received in addition to a family's regular TAFDC grant. Approximately 43% of all families received the rent allowance each month they received TAFDC in FY22.

CLOTHING ALLOWANCE. Each child who received TAFDC in September 2022 received a clothing allowance of \$400. A typical family of three is comprised of a single mother and two children, and therefore received a clothing allowance payment totaling \$800 in FY23.

\$50 CHILD SUPPORT DISREGARD PAYMENT. The Department returns the first \$50 of current child support collected by the Department of Revenue on behalf of the TAFDC family to the family without reducing their grant. In FY22, approximately 12% of the TAFDC caseload received a \$50 child support disregard payment in any given month. On an annual basis, a family may receive up to \$600 in child support disregard payments. The actual value of child support disregard payments differs, depending on whether a recipient is receiving SNAP benefits. Under federal regulations, clients receiving SNAP benefits have their SNAP benefits reduced when they receive a child support disregard payment. For every \$10 in child support received, a family will lose about \$3 in SNAP benefits. Thus, for a family receiving SNAP, the annual value of child support disregard payments is about \$420.

INFANT ALLOWANCE. Families with an infant under six months are eligible for a \$300 payment to purchase items for a newborn such as a crib or layette. In FY22, there were a total of 2,403 Crib and Layette payments made to TAFDC clients.

RELOCATION BENEFITS. A relocation benefit of up to \$1,000 may be provided to secure permanent housing for a family that has been in a family shelter, a shelter for domestic violence, or a teen structured living program for a period of 60 days or more. The relocation benefit is for expenses directly related to the family's inability to secure permanent housing and may be used for expenses including advance rent, security deposit, rent arrearage, utility arrearages or deposit, storage, and/or moving expenses. During FY22, there were approximately 369 cases that utilized relocation benefits with an average benefit of \$954.

WORK RELATED EXPENSE AND EARNED INCOME DISREGARDS. Families with earned income are eligible for a work-related expense deduction of \$200 from their gross wages. This deduction is used in determining both eligibility and grant amounts. Once families are found eligible for benefits, if they are working, they are also eligible for a 100% earnings disregard for six months as long as their income does not exceed 200% of the FPL. Thereafter, if they remain on benefits, they receive the monthly \$200 work-related expense deduction and an additional 50% earnings disregard for as long as the family remains eligible for assistance.

OTHER BENEFIT PROGRAMS AVAILABLE TO FAMILIES ON TAFDC

In addition to benefits and allowances available through the TAFDC program, families receiving TAFDC are often eligible for other benefits provided by or funded through other state agencies and/or the federal government. These benefits include:

Public and Subsidized Housing. Both the federal government and the Commonwealth operate public housing and rent subsidy programs. Where and in what type of housing a TAFDC family lives can also have a significant impact on their overall net resources and budget. Families who live in public or subsidized housing pay a maximum of 30% of their monthly adjusted income for rent. For these families, the TAFDC grant is counted as income and is considered in the rent calculation. Approximately 41% of all families receiving TAFDC resided in public or subsidized housing at any given time during the FY22. A majority of families receiving TAFDC live in private housing and pay market rate rent. Moreover, families who live in metropolitan Boston and on Cape Cod are likely to pay higher housing costs than clients in other areas of the state.

Child Care. The Department works closely with the Department of Early Education and Care (EEC) to ensure families receiving TAFDC can access subsidized child care. DTA authorizes fully subsidized child care for families receiving TAFDC who are working or participating in an approved education, employment, or training activity. Transitional child care is available for families whose TAFDC case closed within the prior 12 months and who are currently employed or enrolled in an education or training program. These families may be required by EEC to pay a parent fee to the child care provider. In FY22, EEC served an average of 4,883 children a month from 3,241 active families receiving TAFDC. The average subsidy per slot for these families was \$18,980.

Supplemental Nutrition Assistance Program (SNAP). Funded by the federal government and administered by the state, SNAP provides eligible families with Electronic Benefits Transfer (EBT) cards that can be used to purchase food in the same manner as a debit or bank card. The maximum FY22 SNAP benefit available to a

family of three was \$7,896³. The average SNAP benefit for all families receiving TAFDC in FY22 was \$5,763. In FY22, approximately 99% of all families receiving TAFDC participated in SNAP. The fact that some families did not participate may be due to a number of factors, including living with another family whose income makes the household ineligible for SNAP benefits.

Fuel Assistance. Administered by the Department of Housing and Community Development (DHCD), and as a joint effort by the federal and state government, fuel assistance is available through the Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP provides fuel payments to ensure that adequate heating and energy assistance is available to families living with low-income across the Commonwealth. In FY22, LIHEAP provided fuel assistance to 4,964 families receiving TAFDC. Approximately 77% of these families were electric or natural gas utility customers who received a maximum of \$1,775 (average benefit of gas was \$1,197 and average benefit of electric was \$1,225), 17% were oil customers who received a maximum benefit of \$2,350 (average benefit of \$1,783), and the remaining customers had alternate forms of heating, such as wood, propane, and coal.

Federal Earned Income Tax Credit. The Earned Income Tax Credit (EITC) is a tax benefit for working people who earn low or moderate incomes. Workers who qualify for the EITC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year, plus a refund up to the maximum EITC level. In 2022, a worker with one child and an adjusted gross income less than \$43,492 was eligible for an EITC of up to \$3,733. A worker with two children and an adjusted gross income less than \$49,399 was eligible for an EITC of up to \$6,164. A worker with three or more qualifying children and an adjusted gross income less than \$53,057 was eligible for a maximum credit of up to \$6,935.

Massachusetts Earned Income Tax Credit. The Massachusetts state EITC is 30% of the federal EITC.

Emergency Shelter. Administered by DHCD, the Emergency Assistance (EA) program provides emergency shelter placements for families who have become homeless. In FY22, approximately 6% of families receiving TAFDC were placed in emergency shelter.

Other Benefits. Families receiving TAFDC are often eligible for a variety of other federal and state programs including free school breakfast and lunch to eligible low-income school children; free transportation to medical appointments through MassHealth, if needed; and food supplements through the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Between July and December 2021, many TAFDC families would also have been eligible to have received monthly installments of a temporarily expanded federal child tax credit (i.e., child tax credit).

Table 4, on the next page, indicates the approximate extent to which families receiving TAFDC receive these additional benefits.

³ Temporary increases to SNAP, including emergency allotments that bring all benefits to the maximum level and a provision for a 15% increase to benefit standards, as well as Pandemic EBT (P-EBT) program, have been authorized in federal COVID -19 relief bills.

TABLE 4 ESTIMATED PERCENTAGE OF TAFDC FAMILIES RECEIVING ADDITIONAL BENEFITS FY22		
Benefit	Typical FY22 Value	Estimated Percentage of Families Receiving Benefit
TAFDC Basic Grant (<i>non-exempt family of three</i>)	\$8,544	100%
TAFDC Rent Allowance	\$480	43%
TAFDC Clothing Allowance* (<i>assumes 2 children</i>)	\$700	100% of eligible families
TAFDC Earned Income Disregard**	\$6,405	14%
TAFDC Work Expense Deduction	\$1,200	14%
TAFDC Child Support Disregard	\$420	12%
SNAP Benefits	\$5,763	99%
Fuel Assistance***	\$1,316	11%
Crib-Layette Payments	\$300	5%
Child Care (<i>family with 2 children</i>)	\$25,198	8%
* Clothing allowance in FY23 increase to \$800 **Percentage based on number of cases with earnings in October 2022 ***Based on LIHEAP benefits paid to customers with heating oil; gas/electric utilities; and other forms of heating assistance (such as kerosene, wood, propane, etc.)		

TAFDC WORK PROGRAM AND IMPACT OF EARNINGS

TAFDC recipients are required to participate in work-related activities as a condition of eligibility, unless specifically exempted. The primary goals of DTA’s employment programs are to assist TAFDC clients to prepare for and connect with career pathways and resolve barriers for sustained employment. DTA case managers connect TAFDC clients to employment and training programs by referring them to appropriate activities based on their skill level and economic mobility goals.

As noted above, to better promote and support work, in FY19 the Department developed and implemented an “earned income disregard” for TAFDC clients with earnings to be able to maintain 100% of their earnings, along with their benefits, for up to six months following employment, provided they do not earn more than 200% of the federal poverty level (FPL), and 50% thereafter. Benefits for work-required clients are subject to a program time limit (24 months out of 60 consecutive months). Approximately 14% of all TAFDC families receive the earned income disregard each month in FY22.

Table 5, on the next page, shows the impact of part-time earnings, along with the federal and state Earned Income Tax Credits, on a TAFDC household’s overall income.

TABLE 5
COMPARISON OF BENEFITS FOR TAFDC CLIENTS WITH & WITHOUT EARNINGS
FY85 vs. FY23
(FAMILY OF THREE IN PRIVATE HOUSING)

	FY85	FY23	Household with Earnings FY23
TAFDC Grant	\$4,752	\$9,183	\$5,883
Earnings*	not applicable	not applicable	\$15,210
Federal Earned Income Tax Credit**	not applicable	not applicable	\$6,164
State Earned Income Tax Credit	not applicable	not applicable	\$1,849
Clothing Allowance	\$250	\$800	\$800
Rent Allowance	\$0	\$480	\$480
SNAP benefits	\$1,884	\$9,489	\$6,921
TOTAL Benefits and Earnings	\$6,886	\$19,952	\$37,307
Federal Poverty Guideline	\$8,460	\$23,030	\$23,030
TOTAL as a Percentage of Federal Poverty Guideline	81%	87%	162%
* Earnings based on working 20 hours per week at minimum wage: \$14.25/hr. from July through December 2022 and \$15/hr. from January through June 2023.			
** Federal Earned Income Tax Credit assumes a family comprised of a single parent with two children			

In 2021, DTA launched a rebrand of its employment services programs, now known as the ***DTA Pathways to Work Program***. The goal of the program redesign is to provide access to meaningful, tailored career pathways for families by offering participants more time and resources to invest in training, education, job readiness activities, and economic mobility goals. Career pathway programs, when combined with supportive services, make it easier for clients with higher barriers to employment to earn industry-recognized credentials necessary for higher wage jobs; to provide opportunities for more flexible education and training; and to attain market identifiable skills that can transfer into work opportunities that provide for asset retention and economic independence.

CONCLUSION

The purpose of the TAFDC program is to help families meet their basic needs while setting and achieving personally meaningful goals on their economic mobility path and permanent exit from public benefits. TAFDC benefits provide a vital lifeline of economic support for our state’s lowest income families. While the grants have not kept pace with inflation and have lost value compared to the FPL since 1989, the vast majority of families who qualify for TAFDC generally also receive a package of other public benefits including SNAP, MassHealth and, in some cases, housing and heating assistance. Over the past several years, in partnership with the broader workforce system, DTA has pursued a series of reforms to better support and promote meaningful career path opportunities for TAFDC clients to enable them to increase their household incomes in the short term, while working towards longer term economic security.