



*Commonwealth of Massachusetts*  
*Executive Office of Health and Human Services*  
*Department of Transitional Assistance*

CHARLES D. BAKER  
Governor

MARYLOU SUDDERS  
Secretary

KARYN POLITO  
Lieutenant Governor

MELISSA PULLIN  
Acting Commissioner

December 6, 2019

Mr. Michael D. Hurley  
Senate Clerk  
Office of the Clerk of the Senate  
State House, Room 335  
Boston, MA 02133

Mr. Steven T. James  
House Clerk  
Office of the Clerk of the House of Representatives  
State House, Room 145  
Boston, MA 02133

Dear Clerks Hurley and James:

Pursuant to section 2 of Chapter 18 of the Massachusetts General Laws, please find enclosed a report from the Department of Transitional Assistance entitled "*Report on Economic Independence Accounts*".

If you have any questions, please contact the Department's Acting Chief of Staff, Mary Sheehan at (617) 348-5974.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Pullin", written over a horizontal line.

Melissa Pullin  
Acting Commissioner

**Charles D. Baker**  
Governor

**Karyn Polito**  
Lieutenant Governor



**Marylou Sudders**  
Secretary

**Melissa Pullin**  
Acting Commissioner

# **Report on Economic Independence Accounts**

**December 2019**



**DEPARTMENT OF TRANSITIONAL ASSISTANCE  
REPORT ON ECONOMIC INDEPENDENCE ACCOUNTS  
DECEMBER 2019**

**OVERVIEW**

Annually, the Department of Transitional Assistance (DTA) is required to report to the Legislature on the development of Economic Independence Accounts. This savings program is intended to allow families receiving Transitional Aid to Families with Dependent Children (TAFDC) to accumulate assets without risking losing eligibility for assistance. G.L. c. 18, § 2(B)(q) and c. 118, §16.

**DEPARTMENT OF TRANSITIONAL ASSISTANCE MISSION**

DTA's mission is to assist and empower low-income individuals and families to meet their basic needs, improve their quality of life, and achieve long-term economic self-sufficiency. DTA offers a comprehensive system of programs and supports to help individuals and families achieve greater economic self-sufficiency, including food and nutritional assistance, economic assistance, and employment supports.

DTA serves one out of every nine people in the Commonwealth including working families, children, elders, and people with disabilities.

**LEGISLATIVE REQUIREMENTS**

In 2014 *An Act to Foster Economic Independence* was signed into law, incorporating significant reforms to the state's TAFDC program. Chapter 158 of the Acts of 2014. These reforms bolstered DTA's efforts to support clients on their path towards self-sufficiency while also strengthening agency program integrity capabilities.

The law requires DTA to develop a savings program (i.e., Economic Independence Accounts (EIAs)) for TAFDC clients. The accounts were to be modeled after similar asset-building accounts such as Individual Development Accounts (IDAs) and Individual Asset Accounts (IAAs). The EIAs would allow TAFDC recipients to accumulate assets beyond the program's asset limit (now \$5,000).

**ECONOMIC INDEPENDENCE ACCOUNTS IN MASSACHUSETTS**

DTA has carefully considered its options in attempting to develop an EIA program. In addition to reviewing models of asset-development accounts and analyzing research about their efficacy, the Department has reached out to non-profits and government entities with experience with these types of savings programs for guidance.

Currently, there are at least six providers of IDAs in Massachusetts, which are available to all low-income families, including those receiving economic assistance through DTA. In our current regulations, the Department treats these and any other approved asset accumulation accounts (e.g. Section 529 Plan accounts) as noncountable assets for TAFDC program eligibility purposes.

DTA has had its own prior experience with administering this type of savings program. A partnership was established with the United Way in the mid-2000s to run IAAs for TAFDC clients. The partnership was discontinued, however, due to a low client participation rate along with the significant administrative burdens encountered in running such a program.

### **CONCLUSION AND RECOMMENDATION**

DTA recognizes not only the critical importance of asset retention for clients to achieve economic mobility, but also the need for improving career pathways and job opportunities for clients. Over the past three years, DTA has made significant changes in how we do business, to better partner with families as they set and achieve personally meaningful goals on their path to employment and economic security.

The final FY2019 state budget included three work incentive reforms to the TAFDC program:

- Increasing the TAFDC asset limit from \$2,500 to \$5,000;
- Creating a 100% earned income disregard period of six months for working TAFDC participants; and
- Eliminating a 2.75% disparity in grant amounts for work program exempt and work program required clients.

Through the FY20 budget TAFDC policies were further reformed to eliminate counting the value of the first vehicle in determining eligibility and benefit levels for TAFDC which helps clients get to and keep their jobs, as well as better take care of their families.

DTA is engaged in numerous initiatives to allow clients greater access to education and training opportunities that can lead to a career pathway and a self-sustaining wage. DTA is a key partner in both the state's implementation of the federal Workforce Innovation and Opportunity Act (WIOA) and the Governor's Learn to Earn Initiative to address "cliff effects" for public benefit recipients. DTA is also partnering with the Massachusetts Rehabilitation Commission (MRC) to engage clients with disabilities in meaningful employment related opportunities. In addition, DTA is working to modernize our Employment Services Program contracts to link services and payment structures to meaningful employment related outcomes. Finally, the Department has undertaken a significant culture change effort to transform client interactions at the front door to focus on family stability, child well-being, employment goal setting, and planning for transitioning off benefits.

Rather than pursue the establishment of administratively burdensome Economic Independence Accounts, the Department recommends continuing to treat outside approved savings programs as non-countable assets for TAFDC eligibility purposes and continuing its revision of TAFDC policies to better incentivize employment and economic mobility.

DTA believes that continuing to support policy reforms and employment partnerships will help the Commonwealth better accomplish the goals intended by the establishment of EIA accounts. The Department is committed to enhancing opportunities for all DTA clients to participate in meaningful employment activities, build their assets, and find a path out of poverty for their families.