Testimony of Jeff McCue, Commissioner

Department of Transitional Assistance

Fiscal Year 2019 Budget, House 2 Recommendation

Joint Hearing of the House and Senate Committees on Ways and Means

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Senator Hinds, Representative Farley-Bouvier, and distinguished members of the Joint Committee on Ways and Means: Good morning/afternoon. My name is Jeff McCue and I am the Commissioner of the Department of Transitional Assistance (DTA). I appreciate the opportunity to come before you today to provide an overview of DTA and our proposed FY19 budget.

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. We offer 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 eight people in the Commonwealth including working families, children, elders, and people with disabilities.

Massachusetts has one of the strongest economies in the country. Despite its educated workforce, high median wage and low unemployment rate, many Massachusetts’ children live in low-income families with a parent that works full time below the federal poverty line. Research demonstrates a lack of family income, especially during a child’s early years, has immediate and life-long consequences. Children living in poverty are less likely to enter school ready to learn, perform at grade-level, graduate from high school or go to college. As adults they are less likely to participate in the workforce and to achieve economic security for themselves and their children.

DTA is focused on creating opportunities for and addressing the needs of both parents and children together through a two-generation approach to increasing economic security for families. Research has documented the impact of a parent’s education, economic stability and overall health on a child’s trajectory. Similarly, children’s education and healthy development are powerful catalysts for parents. Our own research has revealed that more than half of young parents receiving TAFDC today were also members of a household receiving assistance when they were a child. This is not a legacy we want another parent to pass down to their child, and so we are embracing a two-generation approach that helps both generations make progress together and provides interventions that can break the cycle of multi-generation poverty.

Over the past two years, DTA has continued to focus its efforts on implementing the 2014 Welfare Reform Law and placing a renewed emphasis on our employment program to focus on comprehensive and innovative ways to assist our clients moving towards financial independence and economic self-sufficiency. In 2016, we launched the Pathway to Self-Sufficiency (PSS) program with the goals of positive client engagement and targeted supports that lead to employment, career pathways, and long-term economic self-sufficiency. Case managers emphasize to clients the transitional nature of benefits, the importance of working to secure economic stability, and the supports available to assist them and their children to succeed. Our front-line staff has expressed pride in this shift back to more meaningful client engagement. DTA continues to support this program through staff input, comprehensive continuous improvement measures, and review of PSS-related client outcomes.

DTA is also an essential partner in the state’s efforts to implement the Workforce Innovation and Opportunity Act (WIOA), which was signed into law by President Obama on July 22, 2014, as well as the newly launched Learn to Earn Initiative. WIOA seeks to integrate the states’ workforce systems to better serve employers and job seekers. WIOA reauthorized the nation’s employment, training, adult education and vocational rehabilitation programs for the first time in 16 years. The new law is substantially different from its predecessor, the Workforce Investment Act (WIA), in its emphasis on targeting low-income adults and youth with limited training and skills to help them overcome barriers to economic success, as well as individuals with disabilities.

Since the passage of WIOA, DTA has been working closely with the Executive Office of Labor and Workforce Development (EOLWD) to plan for implementation of a new, closely integrated system of workforce development for DTA clients and others with significant barriers to work. The aim of this collaboration is to develop a meaningful pathway to work and economic self-sufficiency for low-income, disabled, and chronically unemployed and underemployed individuals and families; and to ensure DTA individuals and families with significant barriers can access the workforce system with the support needed to attain and sustain employment.

**DTA Operations and Recent Initiatives**

I am proud to represent more than 1,650 public servants who make up DTA, working in 24 locations throughout the state. Our client-facing employees encounter high client volumes that require they work efficiently and effectively, and we strive to give them the tools to do that. Up until several years ago DTA was in crisis as it struggled to process documents in a timely way, resulting in impaired client access and unnecessary case closures. Although DTA continues to experience high demand, we now have better processes and systems in place to handle the volume. We post our *DTA Performance Scorecard* on our website every month so you and members of the public can track our progress. A recent scorecard reveals that in December 2017 DTA processed about 24,500 applications for our programs. During that month, each day we saw on average 2,300 clients visit our local offices and about 8,300 individuals call our assistance line.

Client volumes would have been even higher without the Baker-Polito administration support of new avenues for our clients to access routine services in ways that don’t require traveling to or waiting to talk to a DTA staff member. These new access points free up our staff time for those client needs that truly require a personal interaction. DTA’s efforts at improving access were recognized by our federal partners in October 2017 when the USDA awarded Massachusetts a $2.9 million bonus for improving access to our Supplemental Nutrition Assistance Program (SNAP). This bonus came on the heels of a $3.3 million bonus we received in April 2017 for our SNAP quality control activities.

In August 2016, DTA launched a mobile phone application called DTA Connect that improved client services by allowing clients to access their benefit information when they want and according to their personal preferences. Massachusetts was one of the first states to launch a mobile app and it was immediately lauded as robust and client-friendly, and using analytics and caseworker and client feedback, we’ve continued to enhance it. DTA Connect allows our clients unprecedented 24/7 access to check their benefit balances, upload documents that are sent directly to our electronic document processing center, and view the status of their case and documents, among other features. The app now has almost 211,500 unique downloads and has handled over 31 million transactions.

I’m pleased to announce that in April we’ll improve client access even further when we launch an expanded DTA Connect that will include a new and vastly improved web-based application for our clients. Our new DTA Connect web portal will provide potential clients with a 10-second preliminary screening tool to quickly see if they may be eligible, and a streamlined food assistance application that can be completed in about 20 minutes. In addition, a new client and provider portal will enhance access to case information and simplify the on-going eligibility process. The new portal enhancements will allow clients to view DTA notices, print necessary forms, and upload required documentation directly to their case file.   Care was taken to develop the web application with state of the art security technology and protocols.

Two months ago, the Baker-Polito administration also improved client access for one of our hardest to reach and most vulnerable populations, our state’s seniors. We launched our new dedicated Senior Assistance Office (SAO) to reach this population. Physically located in Holyoke, but serving elders throughout the state, the SAO provides an easily-navigated, high-touch approach with a dedicated assistance line and staff specially trained in issues affecting our elders. As part of this unit, we designed a new, simplified senior SNAP application and a phone assistance line that connects callers directly to a DTA worker without having to use phone system navigations and prompts, and allows our seniors to leave a voice mail if they’d like to be called back. Early feedback on this new unit has been very positive and we look forward to continuing to find new ways to reach targeted populations. In the next few months we’ll be using the senior assistance unit to assist in outreach to potentially eligible but not enrolled senior clients and thus continue to address the senior “SNAP gap.”

DTA played an instrumental role in the Baker-Polito administration’s response to last summer’s devastating hurricanes as we saw many of the displaced residents applying for our programs. Only days after the hurricanes hit, DTA made systems changes to allow us to identify the related applications. Thus, we were able to track and target services to evacuees that were being served at all our 23 local offices, and specifically to our highest influx of hurricane-related applications in Springfield, Holyoke, Worcester, Lawrence and New Bedford. As of February 1, 2018, 5,000 new applications related to the hurricane have been received for DTA services throughout the state, representing around 7,000 individuals applying for benefits. DTA staff continues to respond with professionalism to the unexpected volume of applications we received, and with compassion by going above and beyond to help these evacuees in their time of need.

The EBT Card to Culture was also launched in 2017 and is a joint venture between DTA, the Massachusetts Cultural Council, and cultural institutions throughout the Commonwealth, including museums and performances in each of your districts. The program is straightforward: in most cases, DTA clients arriving at participating cultural institutions merely need to show their EBT card to receive discounted or free admissions prices. The program is the most comprehensive effort to expand cultural access for low-income families in the nation, and provides essential outside of the classroom educational opportunities that provide two-generation linkages to help break the cycle of multi-generational poverty.

In spring 2017, DTA also launched a new program for our SNAP clients called the Healthy Incentives Program, or HIP. HIP is partially funded through a USDA grant and provides matching funds for SNAP fruit and vegetable purchases made from participating Massachusetts farmers at farmers markets, farm stands and mobile markets. Through the grant, over 35,000 low income households have accessed HIP incentives to date. The program is responsible for over 170 new Massachusetts farmers accepting SNAP benefits at local farmers markets, and for building new, enduring access points for local fruit and vegetable sales to SNAP clients. Total incentives sold by HIP authorized farmers and earned by SNAP households have exceeded $3.4M to date. The grant was originally envisioned to run year round from spring 2017 to spring 2020 but because of its overwhelming popularity the program funding was exhausted in its first year and the program is being suspended in mid-April of this year. If the legislature follows the governor's budget recommendation, $1.35M in additional HIP funding will be available in FY19 that will allow the program to resume for approximately six weeks during the summer 2018 growing season. DTA continues to actively and aggressively pursue private funding to further extend the program into FY19.

**Programs**

While administered by DTA, the Supplemental Nutrition Assistance Program (SNAP) is 100% federally funded and regulated, and the state is responsible for 50% of the costs to administer the program. SNAP benefits help families supplement their food budgets to afford nutritious food, and the average SNAP benefit for a household in Massachusetts is just under $215. About 73% of SNAP households in Massachusetts have gross countable income of less than 100% of the federal poverty level. In FY18, DTA is projected to administer nearly $1.15 billion in SNAP benefits to an average of more than 447,000 households monthly.

Since 2006, DTA has partnered with UMass Medical School (UMMS) to offer SNAP-only clients opportunities to enhance their employability through the SNAP Employment and Training Program, now called “SNAP Path to Work,” In the past two years, DTA has been focused on growing and raising the profile of SNAP Path to Work to ensure that SNAP benefits not only support food security but also provide a pathway to better and more meaningful employment. Through a network of training and employment providers, SNAP Path to Work provides SNAP-only clients job search assistance, job readiness training, education, vocational skills, and training and job retention services.

Transitional Aid to Families with Dependent Children (TAFDC) is a state and federally-funded program that provides economic assistance to families with children, and certain pregnant women. The average TAFDC grant is $449 a month. TAFDC supports approximately 30,600 households monthly. As part of TAFDC, some participants are required to participate in an education, training or work-related activity to receive benefits.

DTA’s Employment Services Program (ESP) is an integral part of the DTA’s efforts to help these TAFDC clients work and move to self-sufficiency. Case managers assist TAFDC clients to meet their work program requirements primarily by referring them to appropriate activities for their skill level and goals, often through community-based training providers or one stop career centers. ESP providers assist TAFDC clients in finding jobs, resolving barriers to employment and providing a means to gain a pathway to self-sufficiency. In FY17, DTA was able to fund employment related activities/slots for approximately 3,900 clients.

In FY17, through partnerships with the Department of Housing and Community Development (DHCD), DTA took over administrative responsibility (and line-item authority) for the Secure Jobs Program. Secure Jobs was created in 2013 through a partnership between the Fireman Foundation and Massachusetts Interagency Council on Housing and Homelessness to address both homelessness and joblessness by bringing together employment and housing agencies from across the state to help homeless families increase their level of economic self-sufficiency. The Secure Jobs model assesses families to find employable parents residing in shelter, short term rapid rehousing or rental voucher programs and assesses their career plans and skills as well as the barriers they face to employment. Families are then matched to the services that will help them to overcome these barriers, and connected with suitable employers in jobs with career pathways. After job placement, families are provided a year of retention support services.

Emergency Aid to the Elderly, Disabled and Children (EAEDC) is a state funded program that provides economic assistance to mostly elderly and disabled persons, as well as some children. Those eligible for EAEDC include people over 65, individuals unable to work due to a physical or mental incapacity, and individuals participating in a Massachusetts Rehabilitation Commission program. The average EAEDC grant is $309, and EAEDC supports approximately 19,650 households monthly.

The Supplemental Security Income (SSI) program is a federal program that provides cash assistance to the elderly, disabled, and blind. Massachusetts provides state-funded payments designed to supplement these federal benefits. DTA funds State Supplemental Payments (SSP) to elderly, disabled, and blind recipients. SSP supports approximately 197,350 individuals monthly.

DTA has a responsibility to ensure the integrity of the programs we administer so benefits are available for those who rely on the services we provide. Our commitment to program integrity remains steadfast. Since 2013, DTA has blocked the ATM/POS systems at locations where it is prohibited to use cash assistance. Through this effort, DTA has monitored more than 20 million transactions at over 12,000 locations and blocked over 2,300 ATM/POS systems.

In September 2016, DTA launched a pilot to provide enhanced monitoring and reviewing of clients who request four or more replacement EBT cards within a 12 month period which often indicates SNAP trafficking. The goals of the pilot are to identify the reason for the high number of replacement EBT cards, assist clients with barriers or situations that are contributing to their replacement requests and reduce the illegal sale of EBT cards that may contribute to other illicit activities such as opioid abuse. As a result of the pilot, DTA has seen a 20% reduction in requests for multiple card replacements and has assisted hundreds of clients with referrals to substance abuse services, domestic violence services, and other community agencies.

Additionally, DTA is committed to combatting SNAP trafficking through our partnership with local law enforcement. Since signing an agreement with the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS), DTA has partnered with 163 local law enforcement agencies across the Commonwealth to investigate and stop SNAP trafficking in our cities and towns. DTA provides data analytics, research, and other resources to our police partners to aid their investigations of retailers potentially trafficking SNAP benefits. DTA’s work on enhanced data matching, as well as our partnerships with sister agencies are also essential to our underlying mission.

**DTA Fiscal Year 2019 (House 2) Proposal Overview**

The Governor’s FY19 budget includes $657 million in funding for DTA, a 2% increase from FY18 estimated spending and 6% above the FY18 GAA. It is important to note that of this total, $481 million, or 74% of the budget, is provided for TAFDC, EAEDC, and SSP benefits. Within the TAFDC budget is an increase of $6.7 million tied to caseload-related increases, primarily related to hurricane evacuees.

The recommended funding for the Employment Services Program (ESP) provides DTA with $14.2 million. DTA’s current caseload includes approximately 7,200 clients who are required to participate in a work related activity to receive their benefits and another 13,000 who are exempt from the work requirement but are eligible to participate if they choose to do so and there is an available activity that meets their needs. The primary goal of ESP is to assist TAFDC clients in finding jobs, resolving barriers to employment and providing a means to self-sufficiency.  ESP is an employment-oriented program, delivered through a network of community-based providers and One Stop Career Centers (OSCCS) that includes structured activities to support job readiness, job search and access to education and training programs connected to industries with a high demand for skilled employees.

DTA is also proud to have two budgetary investments in House 2, namely TAFDC incentives to reinvest in client work and economic mobility; and funding for SNAP client employment and transportation costs.

**House 2 Investment: Reinvesting in Work and Economic Mobility**

In support of DTA’s recently renewed emphasis on economic mobility and employment, and our work with the state’s WIOA efforts, DTA has identified a number of necessary policy reforms within the TAFDC program that can simplify and streamline program rules and requirements for working families; better incentivize and support employment and employment related activities; and ease the “cliff effect” during transition to economic self-sufficiency.

The following package of reforms will significantly enhance the opportunity for DTA clients to fully participate in and benefit from the state’s broader workforce development strategy, and to help meet the need for qualified workers in high demand industries. The total cost for building incentives to support the economic mobility and employment for TAFDC clients and their families is $2.8 million, and is comprised of certain increased grants, higher asset limits, and earned income disregards.

Simplifying Grant Level Structures and Eliminating Work Disincentives

Currently, TAFDC clients who are required to work or participate in employment related activities receive a grant that is 2.75% less than those clients who are exempt from the work program requirements. House 2 proposes eliminating this disincentive to working or participating in employment related activities by creating a uniform grant level, regardless of whether a client is required to work/participate or not. Under this proposal no client will have a reduction in their grant level, but some will see the 2.75% increase. Applying these changes simplifies eligibility and grant calculations and makes benefit levels more easily understood for clients planning for economic independence, resulting in more non-exempt, working households on the TAFDC caseload.

Identifying Asset Limits that Best Support Working Families by Increasing the Asset Limit

Under current policy in order for a TAFDC assistance unit to be eligible for assistance the combined assets of the filing unit may not exceed $2,500. The fair market value of a car over $15,000 is a countable asset; the full fair market value of second car is also countable as an asset.

House 2 proposes to align its total combined assets policy more closely with other states by increasing the threshold to $5,000. Concurrent with the proposal to allow working clients to keep more of their income, this change will allow those families to retain that income as assets.

Extending Support to Working Clients and Simplifying Reporting

In FY17 DTA proposed to include a higher income disregard for working clients. This proposal was accepted and as of October 24, 2016 working clients receive a disregard from their gross income monthly of $200. Once that disregard is taken into account, DTA then counts 50% of a client’s remaining income in the benefit calculation.

While a step in the right direction, House 2 proposes to continue this positive momentum by increasing and simplifying the earned income disregard to allow employed clients to retain more of their income, while ensuring they are still able to receive necessary employment supports such as child care and transportation.

Under the current countable earned income structure, the amount of earnings that are disregarded in the grant calculation decreases as earnings increase. For example, a household that earns $250 per month has ninety percent of those earnings disregarded; conversely, a household that earns $1,000 per month has just sixty percent of that income disregarded. In addition to relatively low eligibility thresholds, this inverse relationship can discourage clients from increasing their earnings.

House 2 proposes a six-month non-countable wages period where a disregard of 100% is applied to a client’s earned income, unless income plus benefits exceed 200% of the federal poverty level for the household size. After the first six months a simplified earned income disregard of fifty percent of any earnings would be applied. The newly-proposed structure would allow clients to retain more income overall. Most critically, clients will be able to retain a safety net while re-establishing themselves in the workforce. Clients will be able to expand their work participation without fear of losing essential supports, build their income and assets, and exit TAFDC more quickly and better equipped to continue on their path to economic security. These changes will not only assist TAFDC jobs seekers to find and keep meaningful employment opportunities, but it is a key strategy for helping meet the demand for new employees in growing industries across the state such as health care, advanced manufacturing and the service sector.

**House 2 Investment: SNAP “Path to Work” (Employment and Training) Transportation**

A major barrier to employment and training for SNAP clients served by DTA is transportation. In order to promote participation in the SNAP Path to Work (formerly SNAP Employment and Training) program, House 2 proposes to support SNAP clients who are in education and training programs by providing $80 per month in transportation costs for six months. This initiative is expected to assist approximately 2,000 SNAP clients and cost $960,000.

**Conclusion**

House Two is a fiscally responsible proposal that supports DTA’s mission, supports DTA’s efforts to minimize the “cliff effect” for clients, allows for continued enhancements in program integrity, maintains operational efficiencies, and facilitates implementation of legislative mandates.

Thank you for the opportunity to come before you today and for your support of DTA. Our partnership with the legislature is critical to ensuring DTA has the resources to serve the many families and individuals who rely on the benefits and programs we offer. I’d be happy to take any questions you have now or to follow up with you in the near future.