Massachusetts Department of Transitional Assistance

UNTANGLING WELFARE TO REINVEST IN WORK AND ECONOMIC MOBILITY

OVERVIEW OF FY19 H.2 REFORMS

Over the past two years, DTA has placed a renewed emphasis on economic mobility and employment for our clients and their families. In 2016, DTA launched Pathway to Self Sufficiency (PSS). The goals of PSS are positive client engagement and targeted supports that lead to employment, career pathways and long term economic self-sufficiency. In support of this effort, DTA has identified a number of necessary policy reforms within the Temporary Aid to Needy Families (TAFDC) Program that can: 1) Simplify and streamline program rules and requirements for working families; 2) Better incentivize and support employment and employment related activities; and 3) Ease the “cliff effect” during transition to economic self-sufficiency.

DTA is also a key partner in the state’s implementation of the Workforce Innovation and Opportunity Act (WIOA) and the newly launched Learn to Earn Initiative. 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.

SIMPLIFYING GRANT LEVEL STRUCTURES, ELIMINATING BENEFIT DISPARITIES, AND INCENTIVIZING WORK

Eliminate Work Disincentive from Grant Structure

Currently, Transitional Aid to Families with Dependent Children (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 requirement. 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. 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.

These changes will simplify payment standards and grant calculation.

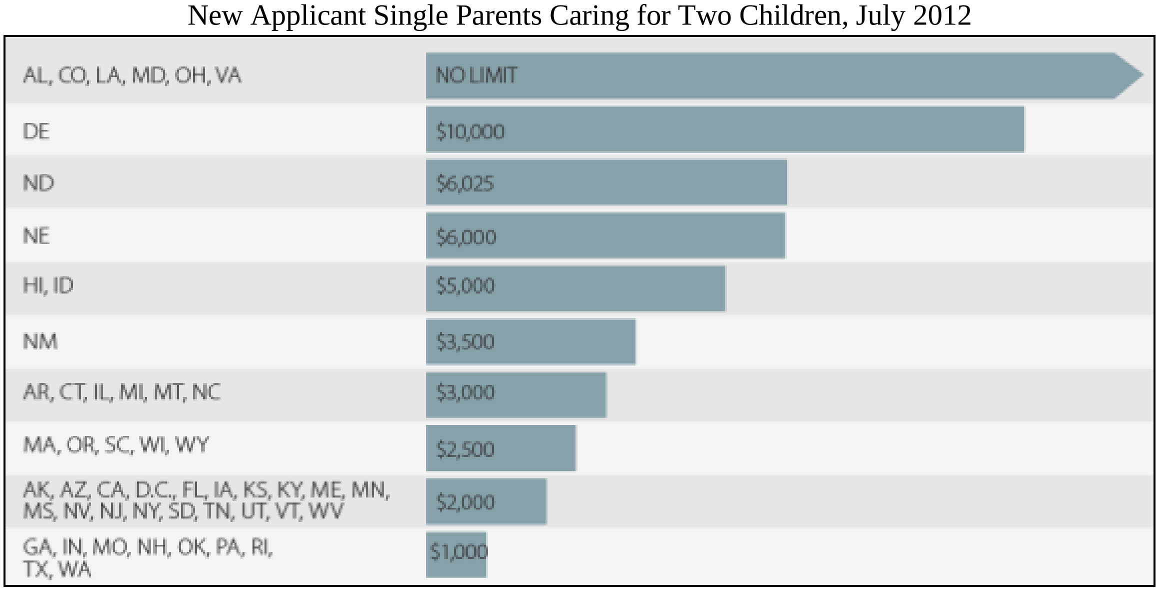
CURRENT PAYMENT STANDARD MATRIX				
Assistance Unit Size	Exempt, No Rent Allowance	Exempt, With Rent Allowance	Non-Exempt, No Rent Allowance	Non-Exempt, With Rent Allowance
1	$388	$428	$378	$418
2	$491	$531	$478	$518
3	$593	$633	$578	$618
4	$691	$731	$673	$713
5	$792	$832	$772	$812
6	$896	$936	$872	$912
7	$997	$1,037	$971	$1,011
8	$1,097	$1,137	$1,067	$1,107
9	$1,197	$1,237	$1,165	$1,205
10	$1,298	$1,338	$1,263	$1,303

REFORMED		
Assistance Unit Size	No Rent Allowance	With Rent Allowance
1	$388	$428
2	$491	$531
3	$593	$633
4	$691	$731
5	$792	$832
6	$896	$936
7	$997	$1,037
8	$1,097	$1,137
9	$1,197	$1,237
10	$1,298	$1,338

IDENTIFYING ASSET LIMITS THAT BEST SUPPORT WORKING FAMILIES

Under current policy in order for the assistance unit to be eligible for assistance the combined assets of the filing unit may not exceed $2,500. The fair market value in excess of $15,000 of one non-luxury vehicle is a countable asset. The full fair market value or the full equity value, whichever is greater, of each additional vehicle owned by the filing unit is countable.

State TANF Cash Assistance Program Asset Limits for
New Applicant Single Parents Caring for Two Children, July 2012



Source: Congressional Research Service (CRS), based on data from the Urban Institute's Welfare Rules Database, funded by the U.S. Department of Health and Human Services (HHS).

Increase Asset Limit to $5000

House 2 proposes to align its total combined assets policy more closely with other states by increasing the threshold to $5000. 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 $1000 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.

Months 1-6 of Employment: Report Wages and Maintain Grant

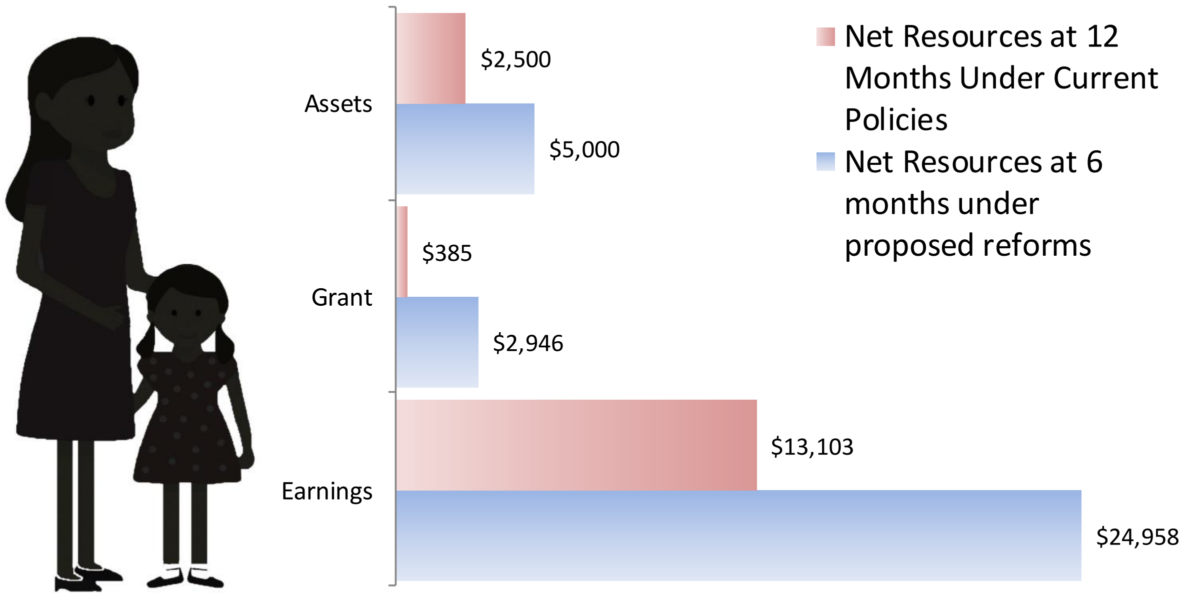
House 2 proposes a six-month *non-countable wages* period where a disregard of 100% is applied to a client's earned income, unless income plus benefits exceed 200% of the Federal Poverty Level for the household size (the case would then close for excess earnings).

After Month 6 of Employment: Reduced Simplified Disregard

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. Because the grant amount is unaffected by earned income (not exceeding 200% of the F.P.L.), disincentives to increasing household earnings are eliminated. Most critically, clients will be able to retain a safety net while re-establishing themselves in the workforce.

The Millers, A working TAFDC Family:
Twelve Months of TAFDC under Current Structure vs. Six Months with Reforms



* Including allowable value of vehicle *above* first $15,000.

Under the proposed policy reform scenario Ms. Miller is able to expand her work participation without fear of losing essential supports, builds her income and assets, and exits TAFDC more quickly and better equipped to continue on her path to economic security.

<u>SNAP Employment and Training Transportation</u>

As part of federal requirements, certain SNAP clients must participate in a SNAP E&T program, and must be provided with reimbursement for transportation costs. A major barrier for those served by DTA is transportation. To comply with the USDA requirement and to lessen the previously mentioned transportation issue, and as a response to a recent audit finding, 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 promote participation in the SNAP E&T program, and assist approximately 2,000 SNAP clients.