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Income Support and Social Services for Low-Income People in Massachusetts

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Massachusetts has established a strong commitment of support to its families at the lower end of the income scale through an enhanced safety net of services built on the framework of federal assistance.

Through a combination of federal and state funding, Massachusetts has been able to achieve a degree of support for low-income families that is both broader and deeper than that in many other states.

In recent years, the state has shifted away from emphasizing long-term financial support for able-bodied residents. Instead, it has moved toward strengthening safety net programs designed to support financial independence, such as child care and child support.

State Characteristics

Massachusetts is a prosperous state, with higher incomes and lower rates of poverty and unemployment than the national average (table 1). It has the lowest mortality rate in the country for children ages 1 to 14 and the second lowest infant mortality rate. The percentage of births to unmarried women is relatively low and the teen birthrate was the fourth lowest among the states in 1995.

The state is enjoying an unprecedented period of fiscal health, due to an improved economy, tax changes, a concerted effort to increase revenue through federal reimbursements, and spending cuts. In the 1990s

the state has been governed by a Republican governor and a Democratic state legislature. Although this political divide can be contentious, it is generally agreed that the state's current fiscal health is due to strong bipartisan efforts.

There is little substate decision-making in Massachusetts because of a weak county structure.

Setting the Policy Context

In recent years, Massachusetts's administrators and policymakers largely agreed that welfare and other issues pertaining to low-income families were a high priority. Welfare reform debate has forced the state to reassess its strategy for alleviating the financial pressures on needy families.

Among the first and largest changes was the replacement of the state's General Relief program with Emergency Aid to the Elderly, Disabled, and Children (EAEDC), which considerably tightened eligibility for cash assistance and ended the presumption that need alone was sufficient for benefit receipt. This was followed

Massachusetts has historically had a strong commitment of support to its low-income families and has achieved a broader and deeper social safety net than many states.

Table 1
State Characteristics, 1995

	Massachusetts	United States
Population Characteristics		
Population (1995) (in thousands)	6,002	260,202
Percent under 18 (1995)	24.2%	26.8%
Percent Hispanic (1995)	4.4%	10.7%
Percent Non-Hispanic Black (1995)	6.1%	12.5%
Percent Noncitizen Immigrant (1996) ^a	5.4%	6.4%
Percent Rural (1990)	21.4%	36.4%
Population Growth (1990–1995)	0.9%	5.6%
Births:		
Per 1,000 Women Ages 15–44 (1994)	59.3	66.7
Percent to Unmarried Women (1994)	26.6%	32.6%
Percent to Women under 20 That Were Nonmarital (1994)	90%	76%
Per 1,000 Women Ages 15–19 (1994)	37	59
Economic Characteristics		
Per Capita Income (1995)	\$28,021	\$23,208
Percent Change in Per Capita Personal Income (1990–1995)	20.8%	21.2%
Percent Poor (1994)	10.9%	14.3%
Unemployment Rate (1996)	4.3%	5.4%
Employment Rate (1996)	64.6%	63.2%
Percent Persons Receiving AFDC	4.5%	5.1%
Percent Persons Receiving Food Stamps	6.8%	10.1%
Family Profile		
Percent Two-Parent Families (1994)	35.1%	35.7%
Percent One-Parent Families (1994)	13.2%	13.8%
Percent Mothers with Child 12 or Under		
Working Full-Time (1994)	33.9%	38.1%
Working Part-Time (1994)	20.2%	16.1%
Percent Children below Poverty (1994)	17.2%	21.7%
Median Income of Families with Children (1994)	\$45,800	\$37,109
Percent Children Uninsured (1995)	6.8%	10.0%

Source: Complete list of sources is available in *Income Support and Social Services for Low-Income People in Massachusetts* (The Urban Institute, 1997).

a. These numbers have been corrected since the printing of the full state report, based on a three-year average of the Current Population Survey (March 1996–March 1998) edited by the Urban Institute to correct misreporting of citizenship.

by a replacement of the Aid to Families with Dependent Children with the Transitional Aid to Families with Dependent Children (TAFDC) program.

The state's current approach to helping low-income families has three major facets. The first is a continuing strong commitment to basic health and nutritional services for infants and toddlers. Massachusetts is, for example, the only state that fully funds the supplemental food program for Women, Infants, and Children. The second is education reform, with 1993 legislation establishing performance measures for

individual students and allocating substantial funds to gradually equalize spending among school districts. The third is the ideological change from cash assistance to promotion of work. Massachusetts's current human services spending accounts for 25 percent of the state's budget.

Basic Income Support

In addition to EAEDC, Massachusetts provides cash support to low-income families through a state supplement to the federal Supplemental

Security Income (SSI) program and through TAFDC. TAFDC, the largest of these programs, is a federal welfare reform waiver program that replaced AFDC and is the responsibility of the Department of Transitional Assistance (DTA). The primary income support available to low-income families in Massachusetts, TAFDC pays \$540 a month on average to eligible families, compared with a U.S. average family welfare payment of \$381.

Chapter 5 of the Massachusetts Laws of 1995 authorized the waiver application for TAFDC, implementa-

tion of which began late in 1995. Chapter 5 specifies numerous provisions to encourage work and increase personal responsibility, along with special provisions relating to teen mothers. The work provisions include a time limit on benefit receipt (no more than two out of every five years) and a work requirement (after 60 days). TAFDC is more generous than federal law in its exemption provisions. Only families in which the youngest child is school age, an estimated 20 percent of the caseload, face the time limit and the work requirement. Families in which the youngest child is between ages two and six, another 31 percent of the caseload, are exempt from the work requirement but not the time limits. Provisions to increase personal responsibility include a family benefit cap preventing coverage of children conceived while the mother is on welfare, a child immunization requirement, and a school attendance requirement. Teens under 18 must live at home and meet a schooling requirement if they have not graduated from high school or earned a GED.

Those subject to the work requirement have 60 days after applying for welfare to find a paid job or unpaid community service position that provides at least 20 hours a week of employment. Recipients can meet the 60-day requirement by working at a paid job, doing volunteer work at an approved site through the Community Service Program, working full-time at a subsidized job through the Full Employment Program, or participating in Supported Work. Recipients not working in a subsidized or unsubsidized job within 60 days are assigned a Community Service Program position.

The transition from AFDC to TAFDC was relatively smooth, with the entire caseload brought into a local welfare office and evaluated in terms of the new rules within 10 months. Implementation of the work requirements and work activities was much more difficult. No additional funding was provided for the Community Service Program or the Full Employment Program. DTA staff were expected to assume responsibility for them with little warning.

Programs That Promote Financial Independence

To help promote self-sufficiency, cash assistance often needs to be supplemented with employment and training, subsidized child care, child support collection efforts, and health insurance coverage. For employment and training and subsidized child care, Massachusetts makes sharp distinctions between welfare and non-welfare working families.

Like most states, Massachusetts will get a considerable “windfall” from the new welfare block grant structure. Despite competing demands for these funds, the state has committed itself to using them to fill gaps in the welfare system.

Employment and Training Services

The foundation for employment and training for the disadvantaged in Massachusetts is the One-Stop Career Center Initiative, spearheaded by the MassJobs Council. This initiative rests on four principles—universality, integration of services, consumer participation in program design, and success measured by customer satisfaction. The model is built on competition. Initially, 16 Regional Employment Boards (REBs) competed for selection as Career Center pilot sites. The selected REBs then oversaw competition among potential program operators in their areas. Now that the Career Centers are operational, customers can choose to receive core services from any of the Centers in their administrative district.

Implementation of the One-Stop Career Centers began independently of and shortly after the welfare reform initiative. The two are extremely interdependent, however, with the Centers relying on funds from the DTA and the DTA relying on the Centers to provide job search and job

placement assistance for welfare recipients. For this reason alone, their different approaches have created tensions that are difficult to resolve. In particular, the customer-centered approach of the Centers conflicts with the dictates of the welfare reform work requirement. And the competitively bid service model conflicts with the service co-location already implemented by several local welfare and/or employment offices. To address the concern of welfare staff that an additional office stop could be a major obstacle to a clientele whose work motivation may be low, the Career Center concept has been widened to encompass a variety of models. Career Center staff are also now co-located in welfare offices. The Center system still has problems, not least of which is lack of adequate preparation for the federal data reporting requirements (because the Center system was set up in the expectation of an employment and training block grant that would simplify recordkeeping). State staff express optimism that these problems will be solved.

Child Care

The system of child care and early education in Massachusetts has decentralized, with responsibility distributed across three state departments—the DTA, the Department of Social Services (DSS), and the Department of Education (DOE)—each of which administers its own subsidized programs with different goals and target populations. The goal of the DTA is to get people from welfare to work, and it administered almost \$100 million in child care funding a year through three types of slots. Access to subsidized child care was comparatively easy for TAFDC families, including up to three or four years (on a sliding fee scale) of care as they transitioned off cash assistance. The goal of DSS is to uphold the family structure and protect children. It managed \$83 million in child care funding a year for low-income families and families with either developmentally disabled children, severely incapacitated parents, or parents in an education or training program. DOE emphasizes early devel-

opment, including the state-funded prekindergarten program, Community Partnerships for Children.

Under this system, an operational distinction developed in which TAFDC families received child care assistance through a voucher system that is effectively seamless for the families, whereas the working poor received contracted care through a confusing mix of alternatives and overall funding that has not increased since 1992. This problem stimulated a structural reform proposal, implemented in fiscal year (FY) 1998, that is expected to create a simpler and more equitable system for all families by removing departmental and child care account distinctions.

Child Support

Massachusetts began to implement a centralized and automated child support system a decade ago, under the Office of Child Support Enforcement in the Department of Revenue. The Commonwealth now has new-hire reporting, revocation or denial of numerous licenses for non-payment, and a successful in-hospital paternity establishment program—all of which served as models for the recent federal welfare reform legislation. The Commonwealth has also increased court efficiency by devoting time blocks exclusively to child support cases. This combination of initiatives has increased state collections by 45 percent between 1991 and 1996 and the families supported by collections by 65 percent over the same period.

Medicaid and Other Health Coverage

Massachusetts is a leader in providing public health coverage. Its Medicaid program covers 64 percent of the state population with incomes below 150 percent of poverty, compared with a national average of 51 percent. It also covers all pregnant women and infants under 185 percent of poverty. Nearly 70 percent of Medicaid recipients are mandated into managed care programs. The state has also created MassHealth, under a Section 1115 waiver, which covers all children up to age 18 in families with incomes below 133 percent of pover-

Eligibility	Income eligibility is \$1,050/month for a recipient family of three with no unearned income or child care expenses (applies to families subject to time limit; income eligibility limits are lower for families exempt from the time limit); asset limit is \$2,500.
Time Limits	Two out of every five years and a five-year total lifetime limit, except for disabled/ill adults, adults caring for a child under two years old, and when no jobs are available or there is high local unemployment.
Earnings Disregards	Disregards \$120 and 50 percent of the remainder (for families not subject to the time limit, the disregard is \$120 and one-third of the remainder).
Work Requirements	Adults (except those with a child under six) must participate in work activities within two years of benefit receipt. Parents whose youngest child is between two and six years old may be required to participate in work activities if they become available.
Work Sanctions	Removal of adult from benefit in first instance of non-compliance; termination of benefit if continued non-compliance. In both instances sanctions last until compliance.
Benefit Level	\$565/month maximum for single parent with two children and no income (\$579 for families exempt from time limits and work requirements).
Family Cap	A cap is placed on family benefit level so that benefits are not increased if a child is born to a family already on welfare.
<i>Source: One Year after Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997, L. Jerome Gallagher, Megan Gallagher, Kevin Perese, Susan Schreiber, and Keith Watson, The Urban Institute, Assessing the New Federalism Occasional Paper Number 6, June 1998, various tables.</i>	

ty and combines separate state programs covering working adults with disabilities and children with disabilities not covered by Medicaid. Children not covered by Medicaid or MassHealth are covered through a state-funded program. In addition, through its Healthy Start program, the state covers care for all pregnant women who are not Medicaid-eligible up to 200 percent of poverty. Finally, welfare recipients are currently eligible for 12 months of transitional Medicaid coverage, which the state is considering extending to three years.

Last-Resort Safety Net Programs

Although one of the goals of devolution is to promote the well-being of children and families, it is important to consider what might happen to families for whom the new rules and programs do not work as designed. Child welfare and housing emergency services have existed for a long time to "pick up the pieces" when families cannot cope.

Child Welfare

The state DSS administers child welfare services through a central

state office, 6 regional offices, and 26 area offices. It performs all intake, investigations, assessment, and permanency planning functions and, since 1990, has been conducting the majority of foster care recruitment activities and adoption services. Restructuring at the regional level over the early 1990s has increased direct service staff and decreased the staff-client ratio. Despite increasing numbers of substantiated cases since 1991, the overall caseload and the number of children in out-of-state placements have remained fairly constant. Since 1993, DSS has moved more toward protection and away from traditional family preservation, although it still serves a large proportion of children not in placement. In recent years, the primary focus of DSS has been on improving the quality of service provided to the children and families served by the agency. When the department's new information system, FamilyNet, becomes fully operational during 1998, it will be the most advanced State Automated Child Welfare Information System in the country.

Emergency Services and Housing

The state's framework for Emergency Assistance (EA) for children and families has three major parts: homeless prevention services, shelter services, and services to teens. These are funded by a combination of state and federal matching funds through Title IV-A and locally provided services through the McKinney Act.

Services to prevent families from becoming homeless have been de-emphasized in the state's EA program in the 1990s, with rent arrearage assistance the main remaining category. State and federal emergency dollars fund virtually all the emergency shelter facilities in Massachusetts, which are provided by nonprofit organizations under state contract. EA services are currently available to families with dependent children under age 21 and to pregnant women without dependent children subject to the same income requirements as TAFDC. There is no residency requirement, but clients can only receive EA services once in a 12-month period. For families not eligible for EA, there are few alternatives.

The Teen Living Program was initiated in 1995 under the Chapter 5 legislation that created TAFDC. Designed to meet the needs of pregnant and parenting teens who cannot live at home for safety reasons, it is administered by DSS with funds from DTA. The program has been underutilized so far, which state administrators and advocates attribute to a misunderstanding of the new welfare rules that is keeping teens away from the welfare office entirely.

Implications of the New Federal Welfare Reform Legislation

Massachusetts had already designed and largely implemented a welfare reform initiative that parallels the federal welfare reform legislation of 1996. The Commonwealth's Temporary Assistance for Needy Families plan differs from federal legislation predominantly in the details of time-limited assistance and work requirements and the recipients who are exempted from these measures (table 2). The state's regulations on the speed with which recipients are subject to the time limits and the definition of "work" are more stringent than their federal counterparts. But these requirements apply to a smaller proportion of the caseload.

Overall, Massachusetts is in a stage of refining implementation in the delivery of services to low-income families and their children. The agenda for change in the ideology of service systems has been set through policy, and the planning process has largely been completed. There are few looming issues with regard to welfare reform to consider, and no structural changes in TAFDC are foreseen. The consolidation of child care funds under the Personal Responsibility and Work Opportunity Reconciliation Act did, however, provide the state with the opportunity to simplify its subsidized child care system. In FY 1998, the Office of Child Care Services assumed all administrative and budgetary responsibility over child care with the goal of creating a more centralized and client-friendly system. Other changes that may occur are more likely to occur at the service delivery rather than the policy level.

The state is moving steadily along the path of welfare reform that reflects the current environment emphasizing work and personal responsibility. As a forerunner in these efforts at the state level, Massachusetts could provide early lessons and implications for the direction of reforms in the coming years.

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There are two *Highlights* for each state. The *Highlights* that focus on health cover Medicaid, other public insurance programs, the health care marketplace, and the role of public providers. The income support and social services *Highlights* look at basic income support programs, employment and training programs, child care, child support enforcement, and the last-resort safety net. The *Highlights* capture policies in place and planned in 1996 and early 1997. To receive the full-length reports on which the *Highlights* are based, contact the Urban Institute.

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