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Testimony of the Department of Health and Human Services
To the Joint Standing Committee on Health and Human Services

Providing information on

LD 1426 - *An Act to Secure Housing for the Most Vulnerable Maine Residents by Amending the Laws Governing Municipal General Assistance*

LD 1664 - *An Act to Increase Reimbursement Under the General Assistance Program*

LD 1675 - *An Act to Amend the Laws Governing the General Assistance Program Regarding Eligibility, Housing Assistance and State Reimbursement and to Establish a Working Group*

LD 1732 - *An Act to Expand the General Assistance Program*

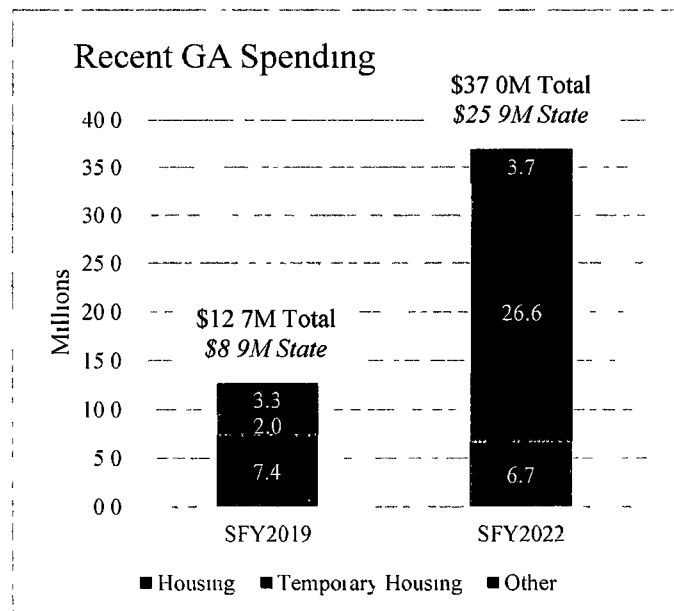
May 5, 2023

Senator Baldacci, Representative Meyer, and Honorable Members of the Joint Standing Committee on Health and Human Services I am Molly Bogart, Director of Government Relations at the Department of Health and Human Services Thank you for the opportunity to provide you with information and input from the Department of Health and Human Services on a slate of bills proposing to expand or increase funding for the Municipal General Assistance Program (GA)

For background, it is important to understand the context of the General Assistance program over the last several years First, GA is intended to be the safety net program of last resort It is administered by municipalities and assistance is provided by voucher There is no federal support for GA, and under current law, municipalities pay out assistance and bill the state for 70 percent of their costs

Municipalities set maximums (overall and for different categories) for support "Emergency" General Assistance is available in set circumstances and allows municipalities to provide support above the maximum(s) and still be reimbursed for 70 percent of cost Just prior to the pandemic, PL 2019, Ch 515 expanded the definition of a qualifying emergency to include homelessness This was not accompanied with funding to account for additional expenses

Between this policy change and significantly increased housing insecurity and homelessness, as well as the need for distancing, quarantine, and isolation in response to the COVID-19 pandemic, GA expenditures for municipalities and the state have increased precipitously All of this has transpired without any permanent increase in the baseline budget for GA Additionally, in recognition of the significant



impact these increases have on municipal budgets, the Legislature and Administration provided \$10 million, which was allocated proportionally based on previous year expenditures, to municipalities last year to offset increased spending. The Governor's FY24/25 Budget Proposal includes a similar request for a one-time supplemental support to municipalities of \$3 million, along with a one-time \$7 million appropriation to ensure the State could meet its obligations under GA and two policy change recommendations to curb spending in the short term. Neither appropriation was included in PL 2023, Ch 17 but the Department will continue to seek support for them in the Part 2 budget. The policy recommendations were rejected by a majority on the Health and Human Services Committee.

We provide this context to make it clear the General Assistance program is important but unsustainable as it is currently structured. The Department has proposed only one year of municipal and state funding for state fiscal year 2024 on purpose – to allow for time to assess trends and options and fully engage people supported by the program, municipalities, service providers, legislators, and others in developing long-term reforms. The engagement begins next week and will involve several listening sessions that include municipalities, GA recipients, advocates, and others. The Department will also review recommendations from the numerous study groups and task forces, one of which was just a few years ago during the 129th Legislature.

Given the related intents of the bills listed above, we are responding to their content by policy area, rather than bill-by-bill.

Increasing the state funding All four bills increase state funding to 90 percent of costs to municipalities from the current 70 percent. Additionally, LD 1732 requires 100 percent reimbursement for emergency GA costs over the established maximums, for temporary housing, emergency health care, and interpreter services. LD 1426 and LD 1732 both call for reimbursement to municipalities of 5 percent of the direct costs of administering the program, and both LD 1426 and LD 1675 increase the housing assistance maximum to be equivalent to Section 8.

The Department's current reimbursement rate of 70 percent for all municipalities, regardless of the amount of assistance expended, provides an impartial and unbiased reimbursement rate across the state, and fosters a shared responsibility of GA expenses. This shared responsibility also promotes cost containment as municipalities must fund 30 percent of the direct costs of the benefits they issue.

The Department is aware of and sensitive to needs and current economic conditions of Mainers and municipal governments. However, as we have consistently said since 2019, an increase in reimbursement rates would both increase overall costs, as municipalities could expand benefits and eligibility for the same municipal investment as well as the state's General Fund needed to reimburse claims. The proposed changes to reimbursement rate alone would increase the state's GA obligations by a minimum \$12 million annually assuming current spending levels.

Expanding education and assistance to municipalities LD 1426 and LD 1732 would require the Department to ensure that overseers are trained on the purpose of the GA program and related laws, policies, and requirements within 120 days of being elected or appointed. These bills also require the Department to establish a 24/7 hotline for technical assistance and support and require the Department to provide a written response within 24 hours to assistance requests.

Currently, the Department has three individuals responsible for nearly all aspects of General Assistance administration by the state. To meet the proposed obligations, the Department would need to hire additional staff, including employees who will operate the 24-hour hotline. Even with increased staffing, it would remain difficult to conform to the 24-hour turnaround time for written decisions given

the unique situations and potential information gathering needed to make an eligibility, municipality of responsibility, or other policy determination

The Department supports a training requirement for overseers of GA across the state. Required training would improve the uniformity of decisions and expertise of overseers with respect to policy and responsibilities of municipalities.

Building a statewide database for GA LD 1426 would require the Department to establish a state-wide database for tracking applicants and expenses. LD 1732 would require the Department to build a state-wide, internet-based, real-time database for the purposes of determining eligibility for the program. LD 1675 would require the Department to convene a working group that would, in part, develop a plan for implementing a uniform intake process.

The creation of such a database would refine the GA application processes, aid in the facilitation of data collection, and could help standardize the program – all of which the Department is in favor of.

As we share this important goal, the Department is currently exploring technology solutions to assist in this work. At the same time, this undertaking is significant and would require a third-party vendor to implement and to ensure its success. This includes using the state competitive procurement process and work closely with municipal stakeholders to design, develop, test, and create the database.

While we are supportive of this effort, it would not be feasible for the Department to complete this work by the bill's prescribed deadline of July 1, 2024. A technology solution and implementation of this scope would carry an estimated \$7 million price tag in addition to ongoing maintenance costs. This is not currently included in the budget proposal.

Changes to eligibility and municipality of responsibility LD 1426 would change existing policy to extend the period of eligibility for applicants subject to at least one year if the assistance is used for the purposes of rent. LD 1732 would extend the period for which a municipality is responsible for GA benefits to an individual when that municipality assists an applicant in relocating from that municipality, from 30 days to 6 months, and from 6 months to 12 months if that applicant is in a group home, shelter, rehabilitation center, nursing home, hospital, or temporary housing.

These changes would also require additional staff to accommodate increased Department support and the audit and compliance components. Currently, GA audits conducted by state staff focus on an eligibility period of one month. The proposed changes would require a "look back" period of a duration lasting up to six months.

Additionally, when a municipality transfers an applicant to another municipality, this bill, as written, would increase the original municipality's period of financial responsibility from 30 days to six months. The sending municipality would also be responsible for the tasks associated with the applicant's continued eligibility for that period. This would require that two municipalities work together to agree upon a method of reimbursement, as well as share the tasks associated with processing the application and distributing the benefits. While we appreciate the intent of these changes, we believe they would increase the administrative burden on municipalities and could lead to applicants getting caught in the middle of disputes.

The Department is also concerned these changes could result in a delay in receipt of benefits or verified eligibility due to the time this level of coordination requires.

Working group to convert GA into a housing assistance program LD 1675 requires DHHS to convene a working group both to establish a uniform intake process as indicated above and to make recommendations on “the conversion of the general assistance program into a housing assistance program ”

This requirement would be duplicative of the Coordinated Entry Process and existing housing programs such as Section 8, and others that the Department supports including, but not limited to, the Bridging Rental Assistance Program (BRAP), Shelter Plus Care, and the new Housing Outreach and Member Engagement (HOME) Program

The Department recognizes the critical and increasing need for housing solutions across our state. However, the Department is concerned this approach would further entrench piecemeal solutions rather than streamline existing programs and does not factor in the lack of affordable housing to meet the need. Streamlining and improving coordination of housing programs is a priority for the Mills Administration and will be enhanced by initiatives like LD 2, which promotes Housing First and passed the Joint Select Committee on Housing with bipartisan support.

Finally, as mentioned, the GA program is designed to be a safety net of last resort. Although the data demonstrate the high cost and need for housing, GA provides benefits for other necessities such as food, prescriptions, and utilities like heat and electricity. Converting the program could jeopardize these existing supports that are critical for residents who turn to GA as a program of last resort.

In closing, we recognize and agree that change is needed in the General Assistance Program. We appreciate the opportunity to continue engaging on this issue and identifying improvements and solutions together that are feasible and fiscally responsible.