



Economic  
Pathways MA  
COALITION

Enable economic pathways by passing [S.119/H.208](#):

An Act to support working families by removing the impact of Cliff Effects

Filed by Senator Eric Lesser and Representatives Patricia Duffy and Carlos Gonzalez

**Remove Barriers to Economic Prosperity #Equity #Economic Mobility**

### What is the Cliff Effect?

- The Cliff Effect occurs when families' income increases enough that they lose eligibility for public assistance supports like food, childcare, and housing, but not enough to afford these on their own. The result is that an increase in wages leads to a decline in standard of living.

### Goals of Pilot Program as defined in S.119 and H.208

- Test a new, innovative way to use the MA Earned income Tax Credit (EITC) to ensure a family is no worse off because of public benefits cliffs.
- Use a "MA EITC adjustment" incentive to enable upward economic mobility and career advancement.
- Use data to prove that this policy reduces costs to the State.
- Test policy with 100 individuals and their families from across the state who experience the cliff effect which eliminates the incentive to exit public benefits programs.
- Enrollees will receive a MA Earned Income Tax Credit Adjustment that will reward work and remove the cliff gap each year of the three year program without jeopardizing other benefits
- Enrollees will receive a savings bonus up to \$10,000 upon successful program completion

### Summary of S.119/H.208 Pilot Program Plan Benefits & Costs

- Saves Taxpayer Dollars: State **experiences an immediate revenue surplus of 60% per family\*** when a non-working participant on full benefits enters the workforce
  - \*Costs will depend on family size and current levels of benefits received
- Participants transition off of public benefits and become taxpayers
- Participants achieve economic stability between \$25—\$31 per hour; research shows higher income increases health and education outcomes
- Serves as a scalable template for all communities in the Commonwealth and nationally.
- One-time costs of \$1 million per year for 3 years to administer and evaluate the pilot
- Administered by the Economic Development Council of Western Mass / Springfield WORKS with the Department of Transitional Assistance for a period of three years concurrently.
- Employers invest in participant upward mobility; case managers/coaches and workplace mentors provide intensive support to enrollees

#### **For more information, contact:**

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