

HOUSE No. 174

The Commonwealth of Massachusetts

PRESENTED BY:

Aaron Vega

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act concerning public assistance for working families and the creation of a pilot program to address the impacts of the cliff effect.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|-------------------------------|----------------------|------------------|
| <i>Aaron Vega</i> | <i>5th Hampden</i> | <i>1/18/2019</i> |
| <i>Brian M. Ashe</i> | <i>2nd Hampden</i> | <i>1/21/2019</i> |
| <i>Natalie M. Blais</i> | <i>1st Franklin</i> | <i>2/1/2019</i> |
| <i>Daniel R. Carey</i> | <i>2nd Hampshire</i> | <i>2/1/2019</i> |
| <i>Mindy Domb</i> | <i>3rd Hampshire</i> | <i>1/31/2019</i> |
| <i>Michael J. Finn</i> | <i>6th Hampden</i> | <i>1/23/2019</i> |
| <i>Carlos González</i> | <i>10th Hampden</i> | <i>1/24/2019</i> |
| <i>Russell E. Holmes</i> | <i>6th Suffolk</i> | <i>2/1/2019</i> |
| <i>Paul W. Mark</i> | <i>2nd Berkshire</i> | <i>1/29/2019</i> |
| <i>Smitty Pignatelli</i> | <i>4th Berkshire</i> | <i>1/31/2019</i> |
| <i>Angelo J. Puppolo, Jr.</i> | <i>12th Hampden</i> | <i>1/24/2019</i> |
| <i>Lindsay N. Sabadosa</i> | <i>1st Hampshire</i> | <i>1/29/2019</i> |
| <i>José F. Tosado</i> | <i>9th Hampden</i> | <i>1/18/2019</i> |
| <i>John C. Velis</i> | <i>4th Hampden</i> | <i>1/31/2019</i> |
| <i>Bud L. Williams</i> | <i>11th Hampden</i> | <i>1/18/2019</i> |

HOUSE No. 174

By Mr. Vega of Holyoke, a petition (accompanied by bill, House, No. 174) of Aaron Vega and others for legislation to establish a pilot program to mitigate cliff effects for low-income individuals or families that are working and receiving public assistance. Children, Families and Persons with Disabilities.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act concerning public assistance for working families and the creation of a pilot program to address the impacts of the cliff effect.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 WHEREAS, the Federal Reserve Bank of Boston awarded the City of Springfield a
2 Working Cities Grant whose goal is to increase the number of individuals participating in the
3 workforce;

4 WHEREAS, Springfield’s Working Cities Group is led by the Economic Development
5 Council of Western Mass (EDC) in partnership with a significant number of private employers,
6 not-for-profit organizations, and municipal departments, including the Springfield Public
7 Schools and the Community Development Department (collectively, “the Working Cities
8 Group”);

9 WHEREAS, there is substantial data and research on the cliff effect including a study
10 entitled, “The Road to the Cliff Edge: Understanding Financial Gaps in Public Assistance
11 Programs Available to Massachusetts Families”, Center for Social Policy, August 2017, Marija

12 Bingulac, Caitlin Carey, Susan Crandall. The study details the “cliff effects” that refer to the
13 drop in public supports that occur when a benefit recipient’s earnings increase. The net effect is
14 overall income and benefits decline or remain stagnant, resulting in little or no incentive to work
15 as financially a person/family benefits more by staying on public assistance than working for low
16 wages;

17 WHEREAS, other States, including Maine, Minnesota, Colorado and Connecticut have
18 developed pilot and or tiered benefit programs to bridge the cliff effects that occur as an
19 individual/ family moves from public assistance to a livable wage; and

20 WHEREAS, it is the desire of the Commonwealth to create a Pilot Program to mitigate
21 the cliff effect for low-income individuals/families in the Western Mass Region who are
22 receiving public assistance and to do so in partnership with the Boston Federal Reserve’s
23 Working Cities Grant and to increase participation in the workforce;

24 SECTION 1. Chapter 18 of the general laws, as so appearing in the 2016 official edition,
25 is hereby amended by inserting, after section 39, the following section:-

26 Section 40. (a) There shall be established a pilot program to mitigate cliff effects for low-
27 income individuals/families that are working and receiving public assistance. Beginning on July
28 1, 2020, the EDC and Working Cities Group, in collaboration with the Department of
29 Transitional Assistance (the Department), is authorized to develop and oversee a pilot program
30 (hereby called the “Pilot Program”) in which the Massachusetts Earned Income Tax Credit
31 and/or all assistance programs that the Department administers or are administered by any other
32 agency, department or Secretariat of the Commonwealth, are modified to mitigate the cliff effect
33 for low-income individuals/families that are working and receiving any form of public

34 assistance, including but not limited to cash assistance, SNAP, child care benefits, transportation
35 assistance, housing assistance/voucher, and health care subsidy/benefits; understanding this
36 legislation cannot change existing federal programs and regulations. The EDC will authorize and
37 coordinate with the Department the assignment of Department case managers to oversee and
38 assist families/individuals who apply or are already receiving public assistance to maximize their
39 benefits and plan for the gradual lessening of benefits as their employment income increases.
40 Working Cities Group will leverage existing resources to provide coaching and mentoring,
41 financial wellness, cliff effect planning training, and other services as needed to achieve the
42 goals of the program.

43 (b) The EDC in partnership with the Department is required to collaborate with all
44 appropriate State agencies, departments, and Secretariats of the Commonwealth in developing
45 the Pilot Program.

46 (c) The Pilot Program shall serve 50 Western Mass families/individuals who have been
47 receiving public benefits for less than twelve (12) consecutive months at the time of application
48 into the Pilot Program. Participants in the Pilot Program must be eligible for the Work
49 Opportunity Tax Credit.

50 (d) The Pilot Program shall run for three (3) years, ending December 31, 2023, unless
51 extended by an act of the legislature.

52 (e) The Pilot Program's primary goal is to facilitate, encourage and support
53 families/individuals to enter/reenter the workforce.

54 (f)(1) A family/individual may be eligible to participate in the Pilot Program, once in a
55 five year period, for three (3) consecutive years. The Pilot Program shall continue to pay an

56 amount not less than the participants' base year (as defined in Section 1.6(a), for the duration of
57 the family/individual's participation in the Pilot Program. In addition the Participant shall be
58 allowed to keep all income generated, (subject to conditions stated below) net of payroll and all
59 applicable State and Federal income or other applicable taxes/fees.

60 (2) The Department shall determine the dollar value of all benefits that a participant is
61 receiving at the time that he/she enters the Pilot Program (hereby called the base) and becomes
62 fully employed with a minimum of 37.5 hours/week.

63 (3) In the first year that a family/individual is participating in the Pilot Program it is the
64 intent of the Pilot Program that a participant be allowed to retain an amount equal to 100% of
65 their public benefits plus keep an additional 20% of the income earned as a result of fulltime
66 employment.

67 (4) In the first year that a family/individual is participating in the Pilot Program he/she
68 shall be required to deposit 80% of after-tax income earned as a result of full-time employment
69 into a savings account dedicated for the participant's future use (after he/she exits the Pilot
70 Program) or for an emergency during participation in the Pilot Program. The Department shall
71 determine what defines an emergency. The savings account shall be excluded from the so-called
72 "asset test" in determining benefit eligibility for the duration of the family/individual pilot
73 participation. If the Department determines that a participant has successfully moved into the
74 workforce during or at the end of the Pilot Program, then the Commonwealth shall award a
75 match equal to 10% of the balance of the participant's savings.

76 (5) In the second and third year that a family/individual is participating in the Pilot
77 Program he/she shall be allowed to keep all earned income plus be awarded an increase in the

78 Mass Earned Income Tax Credit, whose dollar value, allows the participant to continue to earn
79 an amount that is not less than the base. There shall be no required savings in year two or three
80 of the Pilot Program. If the participant successfully transitions off of public assistance, during the
81 Pilot Program, the participant shall still receive counselling services, technical support services
82 and be monitored for data collection purposes.

83 (g)(1) For the duration of the Pilot Program, the Department shall coordinate with the
84 EDC to provide two (2) intensive case managers that are assigned to the Pilot Program, with the
85 primary responsibility of overseeing participants' progress. The Department shall coordinate the
86 hiring process with the EDC.

87 (g)(2) The EDC, the Department and the intensive case managers shall utilize shared
88 resources of the Working Cities Group employer partners, staff members, mentors and
89 volunteers in order to maximize the effectiveness of the Pilot Program, but shall not require any
90 financial contribution from the parties.

91 (h) The EDC and the Department shall provide the Legislature with a yearly report on the
92 Pilot Program, on or before February 15 of each year of the Pilot Program beginning in 2021.
93 The report shall include but not be limited to the number of participants, the number of
94 participants who entered the workforce, the amount of yearly income each participant earned, the
95 hourly wage rate of each participant including a record of all salary increases over the year's
96 period of time, the amount of dedicated saving of each participant in year one, the dollar amount
97 of all monies that inured to the State in years two and three, and all records of participants
98 entering or exiting the workforce with all reasons for any exiting. The legislature will give due

99 weight to the report in all decisions of extending or sun setting the Pilot Program and
100 determining its effectiveness.