

HOUSE No. 208

The Commonwealth of Massachusetts

PRESENTED BY:

Patricia A. Duffy and Carlos González

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>Patricia A. Duffy</i>	<i>5th Hampden</i>	<i>2/10/2021</i>
<i>Carlos González</i>	<i>10th Hampden</i>	<i>2/11/2021</i>
<i>Mindy Domb</i>	<i>3rd Hampshire</i>	<i>2/10/2021</i>
<i>Vanna Howard</i>	<i>17th Middlesex</i>	<i>2/12/2021</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/14/2021</i>
<i>Natalie M. Blais</i>	<i>1st Franklin</i>	<i>2/22/2021</i>
<i>Susannah M. Whipps</i>	<i>2nd Franklin</i>	<i>2/26/2021</i>
<i>Daniel R. Carey</i>	<i>2nd Hampshire</i>	<i>2/26/2021</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>	<i>3/15/2021</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>	<i>3/19/2021</i>
<i>Orlando Ramos</i>	<i>9th Hampden</i>	<i>4/10/2021</i>
<i>Jacob R. Oliveira</i>	<i>7th Hampden</i>	<i>4/13/2021</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>	<i>5/10/2021</i>

HOUSE No. 208

By Representatives Duffy of Holyoke and González of Springfield, a petition (accompanied by bill, House, No. 208) of Patricia A. Duffy, Carlos González and others relative to a pilot program to address the drop in public supports when recipient earnings increase. Children, Families and Persons with Disabilities.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

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 and
3 persisting in the workforce;

4 WHEREAS, Springfield Region’s Working Cities Group is led by the Economic
5 Development Council of Western Mass in partnership with a significant number of private
6 employers, not-for-profit organizations, training organizations, municipal departments, and
7 Community Based Organizations;

8 WHEREAS, a study entitled, The Road to the Cliff Edge: Understanding Financial Gaps
9 in Public Assistance Programs Available to Massachusetts Families, Center for Social Policy,
10 August 2017, Marija Bingulac, Caitlin Carey, Susan Crandall. The study details the cliff effects
11 that refer to the drop in public supports that occur when a benefit recipient’s earnings increase.

12 The net effect is overall income and benefits decline or remain stagnant, resulting in little or no
13 incentive to work as financially a person/family benefits more by staying on public assistance
14 than working for low wages;

15 WHEREAS a Conference entitled Reframing Benefits Cliffs: Solutions for an Inclusive
16 Recovery, Federal Reserve Bank of Atlanta, October 15, 2020, states that the issue of benefits
17 cliffs has long been recognized as a barrier to economic mobility for lower-income families.
18 However, solutions to the benefits cliff are no longer being viewed in isolation, but rather as part
19 of an overall approach to support workers on the path to economic self-sufficiency.

20 WHEREAS research Reducing the Cliff Effect to Support Working Families, Roxane
21 White, Morgridge Family Foundation Innovator in Residence, Ascend at the Aspen Institute,
22 Brittany Birken, Ph.D., Chief Executive Officer, Florida Children’s Council, Erin Moriarty-Siler,
23 Director of Communications, the Bell Policy Center, April 23, 2018, states the rationale for
24 reducing the cliff effect is simple: It helps families become more economically self-sufficient.
25 Employees who are able to experience economic security for their children when accepting
26 raises, working additional hours or advancing in their careers have a greater likelihood of work
27 retention. By working together, businesses and government can create work-based pathways for
28 economic stability, reduce government dependency, improve child and family outcomes, and
29 support economic development.

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

33 WHEREAS, it is the desire of the Commonwealth to create a Pilot Program to mitigate
34 the cliff effect for low-income individuals/families who are receiving public assistance and to do
35 so in partnership with the Boston Federal Reserve’s Working Cities Grant and to increase
36 participation and persistence in the workforce;

37 SECTION 1. Chapter 18 of the general laws, as so appearing in the 2018 official edition,
38 is hereby amended by inserting, after section 39, the following section:-

39 Section 40. (a) As used in this section the following words shall, unless the context
40 clearly requires otherwise, have the following meanings:

41 “Base”, the dollar value of all benefits and after-tax earnings that a participant is
42 receiving at the time that the participant enters the Pilot Program and becomes fully employed
43 with a minimum of 37.5 hours per week.

44 “Cliff Effect”, the effect that occurs when a family or individual begins to earn above the
45 income eligibility limits set by the state and becomes ineligible for subsidies on food, housing,
46 child care, and other benefits.

47 “Economic Development Council”, the Economic Development Council of Western
48 Massachusetts.

49 “Department”, the Department of Transitional Assistance.

50 “Participant”, a family or individual.

51 “Pilot Program”, a pilot program that modifies the Massachusetts earned income tax
52 credit, established in section 6 of chapter 62 of the General Laws to mitigate the Cliff Effect for
53 low-income families or individuals that are working and receiving any form of public assistance,

54 including but not limited to cash assistance, Supplemental Nutrition Assistance Program
55 benefits, child care benefits, transportation assistance, and housing assistance or voucher.

56 “Working Cities Group”, private sector employers, not-for-profit organizations, training
57 organizations, municipal departments, and community based organizations.

58 (b) There shall be established a Pilot Program to mitigate Cliff Effects for 100 Western
59 Massachusetts participants who have been receiving public benefits for less than 12 consecutive
60 months at the time of application into the pilot program. Participants in the pilot program must
61 be eligible for the Work Opportunity Tax Credit.

62 (c) The Economic Development Council and Working Cities Group, in collaboration with
63 the department, shall develop and oversee the pilot program. The Economic Development
64 Council , in coordination with the department, shall assign department case managers to oversee
65 and assist families or individuals who apply or are already receiving public assistance in order to
66 maximize their benefits and plan for the gradual lessening of benefits as their employment
67 income increases. The Working Cities Group shall leverage existing resources to provide
68 coaching and mentoring, financial wellness, Cliff Effect planning training, and other services as
69 needed to achieve the goals of the program.

70 (d) The Economic Development Council in partnership with the department shall
71 collaborate with all appropriate state agencies, departments, and secretariats of the
72 commonwealth in developing the pilot program.

73 (e) The pilot program shall run for three years beginning in concurrence with the start of
74 the first fiscal year after passage unless extended by an act of the legislature.

75 (f) The goal of the pilot program is to conduct a full test of this model that facilitates,
76 encourages, and supports participants to enter, reenter, and remain in the workforce.

77 (g)(1) A family or individual may be eligible to participate in the pilot program once in a
78 5 year period for three 3 consecutive years. For the duration that a family or individual
79 participates in the pilot program, the pilot program shall continue to pay an amount not less than
80 the base for each participant.

81 (2) The department shall determine the base amount.

82 (3) In the first, second and third year that a participant is in the pilot program, he or she
83 shall be allowed to keep all earned income and shall be awarded an adjustment to the earned
84 income tax credit, whose dollar value allows the participant to continue to earn an amount that is
85 not less than the base. If the participant successfully transitions off of public assistance during or
86 at the end of the pilot program, then the participant shall continue to receive counseling services,
87 technical support services and be monitored for data collection purposes.

88 (4) If the department determines that a participant has successfully moved into the
89 workforce during or at the end of the pilot program, the commonwealth shall award a match
90 equal to 20 percent of the base, not to exceed an amount of \$10,000.

91 (h)(1) For the duration of the pilot program, the department shall coordinate with the
92 Economic Development Council to provide 2 intensive case managers that are assigned to the
93 pilot program with the primary responsibility of overseeing the progress of the participants.

94 (2) The Economic Development Council, the department and the intensive case managers
95 shall utilize shared resources of the Working Cities Group employer partners, staff members,
96 mentors and volunteers in order to maximize the effectiveness of the pilot program.

97 (i) In partnership with the Economic Development Council and the department, a third
98 party evaluator will be retained to provide the legislature with an annual report on the program's
99 efficiency and impact on or before December 31, 2022. The report shall include but not be
100 limited to the number of participants; the number of participants who entered the workforce; the
101 amount of yearly income each participant earned; the hourly wage rate of each participant
102 including a record of all salary increases over each year; the dollar amount of all monies that
103 incurred to the state in years one, two and three; and all records of participants entering or exiting
104 the workforce including reasons for exiting. The department shall file the report with the clerks
105 of the senate and house of representatives, the house and senate committees on ways and means
106 and the joint committee on children, families and persons with disabilities.

107 SECTION 2. This act shall begin each fiscal year beginning on July 1, 2022, and shall
108 take effect upon enactment.