



Cliff Effect Pilot Program

A pilot 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

- Test a new, innovative way to use a DTA-administered cash payment system to ensure a family is no worse off because of public benefits cliffs.
- 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 Participants transition off public benefits.

Summary of 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 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.
- Employers invest in participant upward mobility; case managers/coaches and workplace mentors provide intensive support to enrollees.
- Enrollees will receive a savings bonus up to \$10,000 upon successful program completion.

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