

Springfield WORKS/Working Cities Challenge MA EITC Cliff Effects Pilot Program

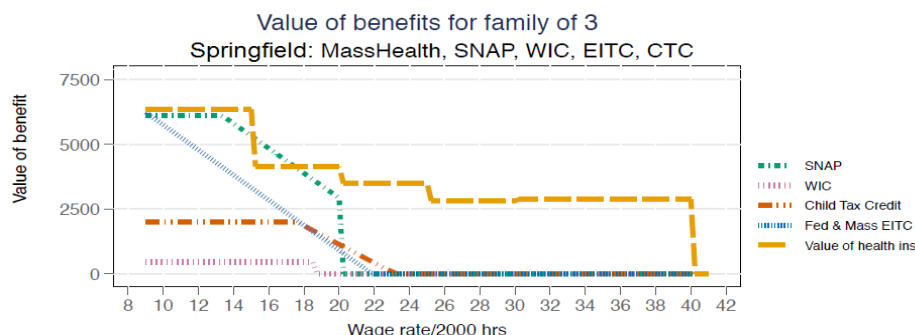


“An act relative to public assistance for working families and the creation of a pilot program to address the impacts of the cliff effect”

S. 57 Filed by Senator Lesser / H. 174 filed by Representative Vega)

Summary of Pilot Program

- Supports 50 individuals and their families who are experiencing the cliff effect which eliminates the incentive to exit public benefits programs
- Administered by the Economic Development Council of Western Mass / Working Cities Challenge Group in collaboration with the Department of Transitional Assistance for a period of three years concurrently
- Enrollees will receive a MA Earned Income Tax Credit Adjustment that will reward work and help close the cliff gap each year of the three year program
- Enrollees will be required to save their first year MA adjusted EITC credit in year one into a special savings account available to them upon successful program completion or for an emergency
- Employers invest in participant upward mobility; case managers/coaches and workplace mentors provide intensive support to enrollees



Summary of Pilot Program Plan Benefits & Costs*

- Scalable: State **experiences an immediate revenue surplus** when a non-working participant on full benefits enters the workforce
- State Incremental Cost* for adjusted MA EITC over a three year period ranges from \$15,000 to \$31,000 per participant
 - *Costs will depend on current levels of benefits received
- Participants achieve economic stability between \$25—\$31 per hour; research shows higher income increases health and education outcomes

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