YOUR ORGANIZATION’S LETTER HEAD

Date

Instructions:

Please address separate letters to Senate Committee on Ways & Means and House Committee on Ways & Means. Chair and Vice Chair of each committee is as follows:

Michael J. Rodriques Cindy F. Friedman

Chair Chair

Senate Committee on Ways & Means Senate Committee on Ways & Means

Massachusetts State House Massachusetts State House

Room 212 Room 212

Boston, MA 02133 Boston, MA 02133

Aaron Michlewitz Denise C. Garlick

Chair Vice Chair

House Committee on Ways & Means House Committee on Ways & Means

Massachusetts State House Massachusetts State House

Room 243 Room 243

Boston, MA 02133 Boston, MA 02133

**RE: S. 57 and H. 174 – An Act Concerning Public Assistance for Working Families and the Creation of Public Program to Address the Impacts of the Cliff Effect**

Dear:

I am pleased to submit this letter in support of MA H.174/S.57, “An Act concerning public assistance for working families and the creation of a pilot program to address the impacts of the “cliff effect.”

[Brief statement about your organization and your interest in the issue]

The “cliff effect” refers to a structural flaw in our public benefits system that inadvertently disincentivizes work. Eligibility for family supports like food, health care, housing and child care assistance are based on income – the "cliff effect” happens when families’ income increases enough that they lose eligibility for these benefits, but not enough to yet afford housing, health care, child care on their own. The result is that an increase in wages often leads to a decline in standard of living – working harder, but getting poorer. Fortunately, we can fix this, and more effectively facilitate and support low-wage families’ entry and advancement in the workforce.

S.57/H.174 proposes the creation of a pilot program where participants will receive a MA Earned Income Tax Credit (EITC) adjustment that rewards work and closes the cliff effect gap during each year of a 3-year program. The MA EITC adjustment will ensure that a full-time worker does not end up economically worse off, as their income rises.

Now, with projections of nearly 20% unemployment in our gateway cities, our front-line, health care, hospitality, and part-time workers are disproportionately affected, as are women and people of color who work in these jobs. We must create the right economic incentives and work together to reskill and re-employ thousands of workers.

Given our current public health and economic crisis, it is an opportune time to explore several innovative ways to strengthen and truly enrich our social safety net. This pilot will provide us with more data about appropriate interventions to offset the cliff effect and will serve as a scalable template for other communities.

The program is also a win for the taxpayers as Massachusetts will capture increased employment taxes and save on public benefit expenses. We estimate the pilot program to LESS per person than keeping a family on public assistance programs.

*We respectfully request that you support this pilot and include it in the fiscal year 2021 budget.*

Thank you very much for your consideration.

Sincerely,