



Women's Money Matters

Bridge to Prosperity:
Cliff Effects Pilot Program



What is the Cliff Effect?



When families' are working to improve their economic mobility and get an increase in wages it creates a loss in eligibility for public assistance supports like food, childcare, and housing. However, their wages are not enough to afford these on their own. The result is a family worse off than before the wage increase, or no better off.

Where do benefits “drop off”?



\$15/hour

\$20/hour

\$22/hour

\$28/hour

Housing Assistance

~~Housing Assistance~~

~~Housing Assistance~~

~~Housing Assistance~~

Childcare Subsidy

Childcare Subsidy

Childcare Subsidy

Childcare Subsidy

SNAP

SNAP

SNAP

SNAP

EITC

EITC

EITC

EITC

Mass Tax Credit

Mass Tax Credit

Mass Tax Credit

~~Mass Tax Credit~~

\$31,200/yr

\$41,600/yr

\$45,760/yr

\$58,240/yr

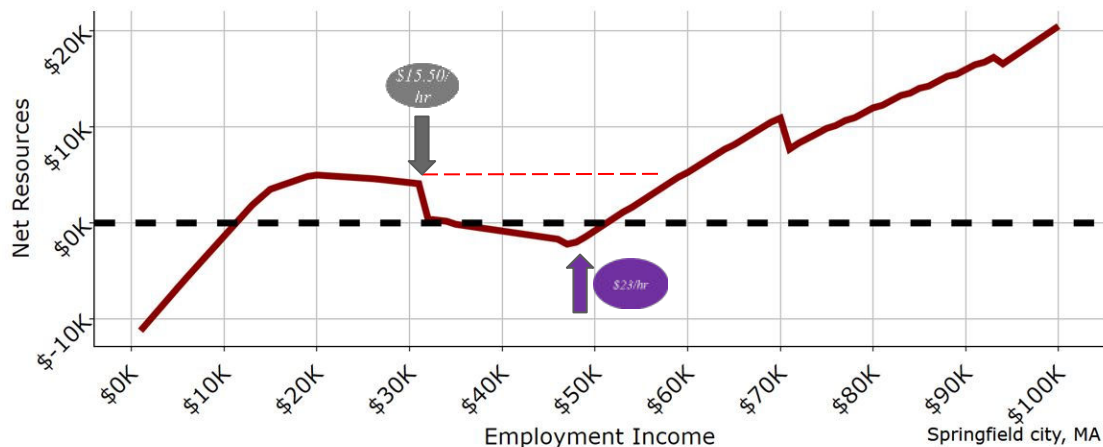
Pre-tax and working 40hrs/wk

Public Benefits Cliff Effect Pilot Example



FAMILY NET FINANCIAL RESOURCES (INCOME + PUBLIC ASSISTANCE - TAXES - EXPENSES)

The chart below shows how changes in income affect family net financial resources. As income increases, the programs shown in the chart above phase out. As a result, the net financial resources may flatten (reflecting a *benefits plateau*) or even dip (reflecting a *benefits cliff*) as income increases.



Major Cliff Effect Points

\$15.50/hr

Loss of Mass Health (Adult) creates a ~\$3,346 drop in Annual Net Financial Resources (ANFR)

Loss of Housing Voucher plummets ANFR by ~\$8,000

\$23/hr

SNAP and EITC phase out too.

Would require earnings of over \$35/hr to reach previous ANFR mark



Deonne

(WMM Graduate)

- Single mom to two
- Works full-time as a data clerk at health insurance company
- Accepted new full-time job after working part-time for a decade.

“I know my rent is going to go up a couple hundred dollars. I’m going to lose my food stamps. I get \$600 [a month] in food stamps and I’m probably going to lose 90% of that. The money that I’m [earning from] working has to go and cover those expenses. Once I get my first paycheck, DTA [the Department of Transitional Assistance] automatically knows I’m working, so my benefits get cut down.”

Bridge to Prosperity: Cliff Effects Pilot



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, leaving families worse off with less overall income. It causes people to turn down raises and promotions so they can qualify for support with childcare or housing. This issue can perpetuate family poverty for generations.¹

We are amplifying the voices of the women in our programs by raising awareness about the systemic barriers that prevent them from achieving financial stability. Some areas of focus include: cliff effects, pay equity, and cost of living.

Test a government solution to remove the impact of cliff effects

Use data to prove that this policy incentivizes work AND reduces costs to the Commonwealth

Deploy a holistic 2 Generation/Whole Family model (similar to DTA Works, Learn to Earn, Springfield WORKS Whole Family Approach to Careers) to ensure Family success.

Starting small – 15 participants in the first 6-9 months of implementation to understand pitfalls and challenges

Identify employer career-directed pathway opportunities to a living wage job

Ensure career coaching, mentoring, financial education and wellness counseling resources are in place

What is the MA Cliff Effect Pilot?



The program will serve 100 Massachusetts residents over three years by:

- Supporting working individuals and their families with cash bridge payments to make up for any loss in benefits they experience as they pursue higher paid jobs.
- Supporting working individuals with 1:1 financial and career coaching/pathways to set goals.
- Upon completion of the program, participants will receive an up to \$10,000 savings bonus to help build wealth and support their long-term goals.

Cliff Effect Pilot Partners



Thank You!



For more Cliff Effects Pilot Program information visit:
<https://springfieldworks.net/our-work/cliff-effect-pilot/>

To View WMM Cliff Testimonies:
<https://womensmoneymatters.org/blog/testify-cliffeffects/>