



**Testimony of Ruthie Liberman, Vice President of Public Policy at  
Economic Mobility Pathways,  
to the Joint Committee on Community Development and Small Businesses  
in Support of An Act Relative to Public Assistance for Working Families and the Creation of A  
Pilot Program to Address the Impacts of the Cliff Effect (S79/H2807)  
June 15, 2017**

Dear Chairman Cyr, Chairman Coppinger, and members of the Joint Committee on Community Development and Small Businesses,

My name is Ruthie Liberman and I am the Vice President of Public Policy at Economic Mobility Pathways (EMPath), formerly Crittenton Women's Union. EMPath is a poverty disrupting organization that transforms lives by helping people move out of poverty and provides the tools to help other organizations and institutions to do the same. We provide emergency shelter and transitional housing as well as economic mobility mentoring and support services to 1,400 people annually.

I am writing in support of An Act Relative to Public Assistance for Working Families and the Creation of a Pilot Program to Address the Impacts of the Cliff Effect (S79/H2807). When recipients of benefits begin to work, they often experience an economic penalty because of the sharp decline in the amount of their benefits. For example, SNAP (food stamps) benefits decline by \$.30 for every additional dollar earned, TAFDC (cash assistance) declines when a recipient earns \$11/hour, and Earned Income Tax Credit, childcare, and housing benefits decline steeply at 100% of the federal poverty level (\$20,420 for a family of 3). And indeed, we have seen this firsthand in our work. Many of our participants are on benefits, and as we work with them to find jobs with wages suitable to their family's needs, we see their benefits decline rapidly, leaving them struggling as they are working to establish themselves in their new positions. For them, there is little to no increase in income from working. This is a problem because it discourages participants from finding suitable employment and achieving long term economic stability, which is the goal of our work with our participants.

This system further harms our participants' journeys to economic self-sufficiency. By removing their benefits as they are making a transition into the workforce, many lose critical support, whether through a reduction in support for housing, or a loss of childcare vouchers. As they are beginning to enter the workforce, these sorts of challenges can prove to be discouraging to participants from pursuing their work further. Thus, it is important that they retain some measure of support as they establish themselves in the workforce.

One participant shared with us her experience with the cliff effect. She is a working single mother of three, currently attending a nursing program while working at the Veteran's Affairs. She is on SNAP (food stamps) and living in a Boston Housing Authority unit. She expressed a struggle with balancing her income from working and the subsequent loss in benefits from working in order to make ends meet: when she works full time, she gets close to losing her SNAP, which drops from \$400 to \$150 for 4 people, and her child care and housing payments go up. If she works part time, she gets more SNAP and pays less rent, but cannot still cover her expenses with school and three children. She is over income for TANF (cash assistance) and the Earned Income Tax Credit. She feels that someone who is playing by the rules (working hard, being a good mother, and going to college) should get enough support to successfully move off benefits so that someone else can get the support. Allowing her to retain her lower rent payment and childcare vouchers would help her continue to be able to pay for her children's expenses and her school, and move off benefits.

Another participant shared with us a similar story of struggling to transition from benefits to work, which is attached in full at the end of this testimony. We have changed her name to protect her identity.

Supporting these families as they seek economic independence is critical. The establishment of a Pilot Program to Address the Impacts of the Cliff Effect would create incentives for people to work and transition off of benefits. Senate bill 79 and House bill 2807 is essential to encouraging more people on benefits to seek employment that is sufficient to sustain their families, and supporting them as they seek to do so.

Thank you for your consideration of this testimony. I urge you to report this bill out favorably. We are hopeful of your support.

May 19, 2016

Dear Legislators,

My name is Laurie, and the purpose of this letter is to shine light on the thousands of low income families who are actively working toward their goal of self-sufficiency, and how some of the policies in place that were designed to be an aid are actually a barrier to success. I hope by sharing my story, you would be moved to reconsider.

I am a single mother of 4 daughters. Since high school I have strived to further my education, my job skills, and have gradually climbed the career ladder. The transition from welfare to work was rewarding, but it was also challenging. Once I began earning more money, my rent portion increased exponentially. I was earning \$17 per hour and my rent share rose from \$0 to \$715. After taxes, my bring home pay was roughly \$1700 per month and although MBHP's rent calculation was supposedly 30% of my gross pay, the reality is that it equaled closer to 40% of my *take home* pay. One might imagine my lifestyle would be manageable since I retained 60% of my take home pay but I found that was not the case. It became increasingly more difficult to manage as my income rose and the other supports were slowly stripped away.

When my income increased my snap benefit budget dropped significantly. I went from a \$700 budget for a family of 5 to a \$200 budget. According to the USDA's Center for Nutrition Policy and Promotion, the average cost to feed a family of 4 is \$786, so the budget that I was working with was not enough to support my family as it was, and now to drop my budget by \$500 was a dramatic hit to my monthly income because I had to factor food into the budget.

Since my company offered a full benefits package, I had to enroll in their health, dental, and vision plans. In addition to that, these plans had high copayments and deductibles so I enrolled into an FSA account to cover the cost of medications and going to the clinic. With a family of five, we visit the clinic a minimum of 6-10 times per year for well checks and on the occasion that the kids get ill, 2-3 times more than normal. That's \$25 per visit and \$10 per medication.

None of my utilities are included in my rent so I am responsible for gas and electricity. That can run me between \$100-\$200 in the spring and summer months and \$200-\$400 in the fall and winter months. I have a \$100 phone bill to keep in touch with the kids and other emergency contacts. I have a \$500 car note and \$188 car insurance bill. It costs roughly \$40 per week in gas if I drive conservatively. I also elected to contribute to my companies 401K plan to start saving for retirement and all of my kids are covered for life insurance.

With all of the recurring monthly expenses, I found myself constantly living in "the red." I often had to use my accounts over-draft protection to pay for gas, food, or to provide for other small things like laundry, household cleaning products, and toiletries. Although over drafting helped out in the short run I paid a higher price in the long run. The bank attached high overdraft fees, so that my account was always in the negative, and by the time my direct deposit came I was already at a deficit. When over drafting wasn't an option anymore after losing my bank account, I was choosing which bill I could sacrifice to get by. I couldn't sacrifice my home, utilities, or food, so the car payments were always late. That in turn ruined my credit, and essentially locked me out of the financial system. When your credit is ruined you become blacklisted. You are reduced to using check cashing services and prepaid reloadable visas which charge ridiculous fees where most transactions through a reputable bank would be free. To get a car was virtually impossible. I was stuck with a bad loan with high interest. My payments were so high that what I was paying was double what the car was worth. Chances are high of the car dying before I'm done paying for the loan.

The one thing that people in my predicament have in common is that we all seek upward mobility and financial independence. There's a need in all of us to be able to break through barriers and lead productive lives. In other words, it's not a matter of trying to motivate us to move forward because we are doing that anyway. The better solution is to work together with families to create pathways that will allow us to maintain our independence without placing us further behind the eight ball.

Many people who set out with the goal of self-sufficiency in mind cannot see the incentive to continue striving when it feels like the weight of the world comes crashing down all at once. It's the equivalent of asking someone to compete in a race, but instead making them run it with 50 pound ankle weights. We *can* and *do* compete in this rat race called life, and there are those who do succeed; even with the weights called poverty bearing down on them. With everything that we are up against, it's a wonder why it takes some of us longer and understandable why some choose to sit out of the race altogether. Personally, I fall into the category of those who choose to take a little longer. However slow it may be, I will cross the finish line. It's like my mentor always says "be the tortoise and not the hare." Slow and steady wins the race. As long as I keep moving I am bound to win because I am determined to be an example to my daughters. On the same note, I don't want to be viewed as a poster child of what *all* can do because I recognize that if not for the additional supports I have in place like my mentor, FSS, and EMPath, I may not have been able to do it. I feel that additional supports are so necessary for women like me to keep moving forward in life and become productive members of society.

Respectfully Yours,

Laurie