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OFFICE OF THE MAYOR
MARTIN J. WALSH

November 21, 2019

Senator Sonia Chang-Diaz
Chair, Joint Committee on Children,
Families and Persons with Disabilities
State House, Room 111
Boston, MA 02133

Representative Kay Khan
Chair, Joint Committee on Children,
Families and Persons with Disabilities
State House, Room 146
Boston, MA 02133

Dear Chair Khan, Chair Chang-Diaz and Members of the Committee,

I write to you today to express my support of S.38, *an Act Promote asset building for low-income residents*, filed by Senator DiDomenico. If passed, this critical piece of legislation will break down barriers that limit access to key programs and resources to families across the Commonwealth.

The Economic Mobility Lab is a team of social entrepreneurs centrally located in the Mayor's Office. They research and test promising ideas that have the potential to dramatically increase upward economic mobility. In the last year, we have launched a fund to support childcare entrepreneurs, a pilot to promote emergency savings, and a pilot initiative to create a two generation financial empowerment approaches in Boston Public Schools. While the Economic Mobility Lab is focused on municipal government, we also think it is essential to advocate for policy changes at all levels of government.

In particular, we think that any effort on economic mobility starts by supporting our most vulnerable residents, especially those receiving cash assistance. The Department of Transitional Assistance has made significant progress through its economic mobility policy changes. The legislature demonstrated its leadership by lifting the Cap on Kids earlier this year. Raising the cap on assets from \$2500 to \$5000 was another step in the right direction.

First, the current policy--a \$5,000 cap on assets, disincentives saving for the lowest income households. We should not have public policies that make it even more difficult for families to save, or force tradeoffs between one's ability to put a roof over their family's head and save a little for the future. Second, this change would in all likelihood cost the Commonwealth nothing in increased participation in welfare. Asset caps have been eliminated in eight states, and independent studies have found no discernible effects on enrollment or "abuse" of the new rule. People with significant wealth did not line up for temporary cash assistance. In fact, the states that have eliminated asset limits have seen administrative cost savings that

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outweigh any increase in the number of families receiving benefits.

Third, and possibly most important, this would send a clear message to our most vulnerable families: We are working with you to create pathways where you and your family can achieve your goals. As someone whose immediate family grappled with the restraints and tradeoffs imposed by the asset cap and similar policies, I understand the real-world effects they have on family mindsets, decision making and asset accumulation.

An Act to Promote Asset Building would be another significant step towards creating a system that promotes upward economic mobility by eliminating the cap on assets. While there are several other cliffs we need to level off within the benefits system, this one would send a clear signal to families about the Commonwealth's commitment to creating a system that enables and promotes asset building. The process of working towards a better system begins by rooting out policies that harm children and families. This step, like lifting the cap on kids, would represent continued progress towards creating a social safety net rooted in dignity.

For these reasons, I respectfully request that you promptly and favorably report this bill out of Committee. If you have any questions, please do not hesitate to reach out to me directly or you may contact Alyssa Ring in the Office of Intergovernmental Relations at (617) 635-3817.

Sincerely,



Martin J. Walsh
Mayor of Boston