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# HELPING FAMILIES CLIMB THE ECONOMIC LADDER BY ADDRESSING BENEFIT CLIFFS

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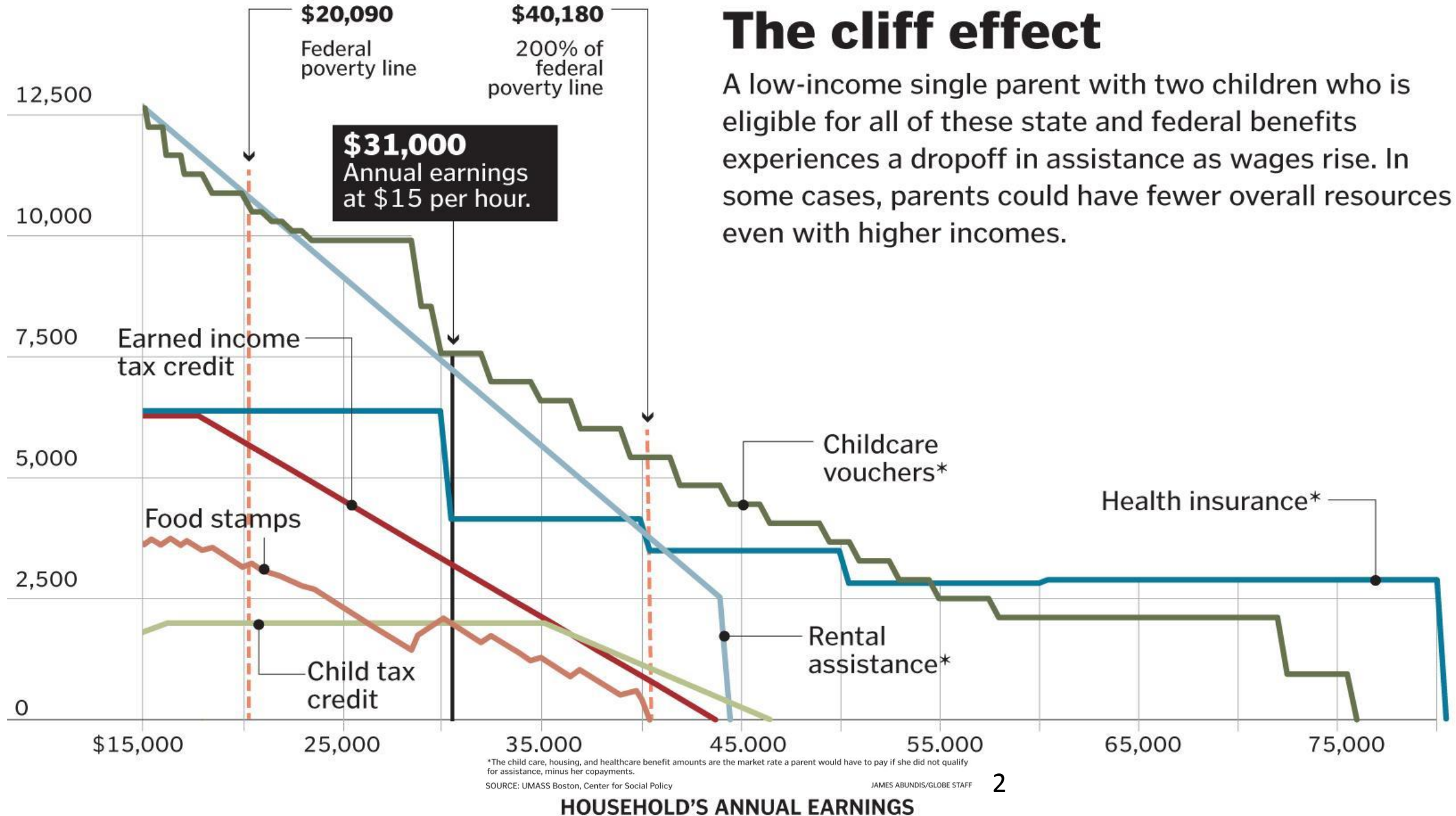
WHOLE FAMILY APPROACH TO JOBS INITIATIVE IN NEW ENGLAND



NATIONAL CONFERENCE OF STATE LEGISLATURES

# The cliff effect

A low-income single parent with two children who is eligible for all of these state and federal benefits experiences a dropoff in assistance as wages rise. In some cases, parents could have fewer overall resources even with higher incomes.





# ADDRESSING CLIFF EFFECTS: *MULTI LEVEL APPROACH*

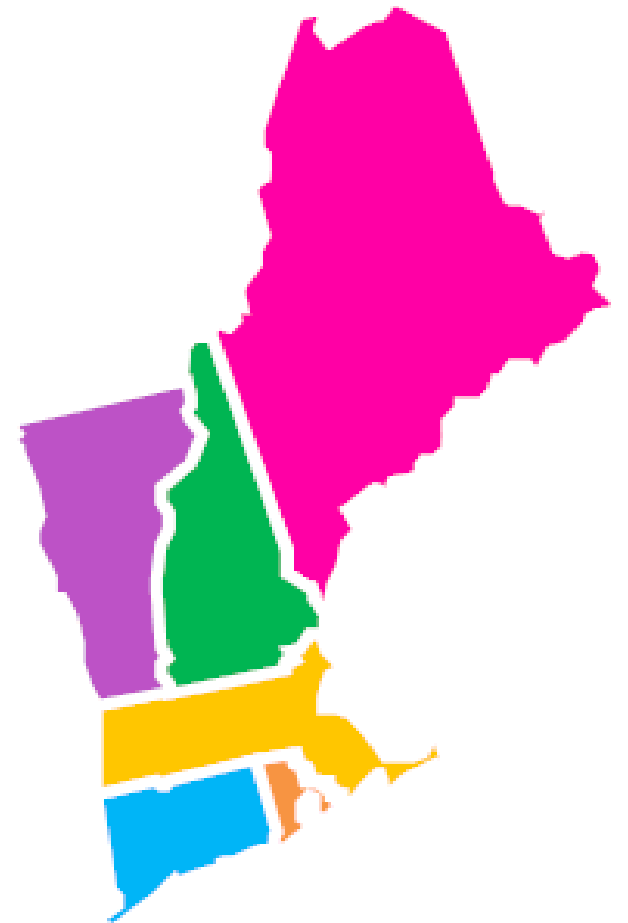




# WHOLE FAMILY APPROACH TO JOBS

## GOALS

- Identify program and policy alignment opportunities at the local, state and federal levels to improve economic stability for low-income families.
- Support state-driven policies and systems changes that improve success in education, training and employment.
- Create a regional learning community to develop and share best practices, policies and systems reforms.
- **Working Group on Benefit Cliffs will update report based on social and economic impacts of COVID on policy options for cliffs.**



# MOVING ON UP: HELPING FAMILIES CLIMB THE ECONOMIC LADDER BY ADDRESSING BENEFITS CLIFFS

CHILDREN AND FAMILIES

## Moving on Up

Helping Families Climb the Economic Ladder  
by Addressing Benefits Cliffs



## 1. MAPPING BENEFITS CLIFFS

- Self-Sufficiency Standards
- Benefits Calculators

## 2. ALIGNING ELIGIBILITY LEVELS

- Asset Limits
- Income Disregards
- Alignment of Rules Across Programs

## 3. MAKING WORK PAY

- Tax Credits for Working Families
- Career Pathways

## 4. INCREASING FAMILY ECONOMIC SECURITY THROUGH ASSET DEVELOPMENT

- Escrow Accounts
- Individual Development Accounts

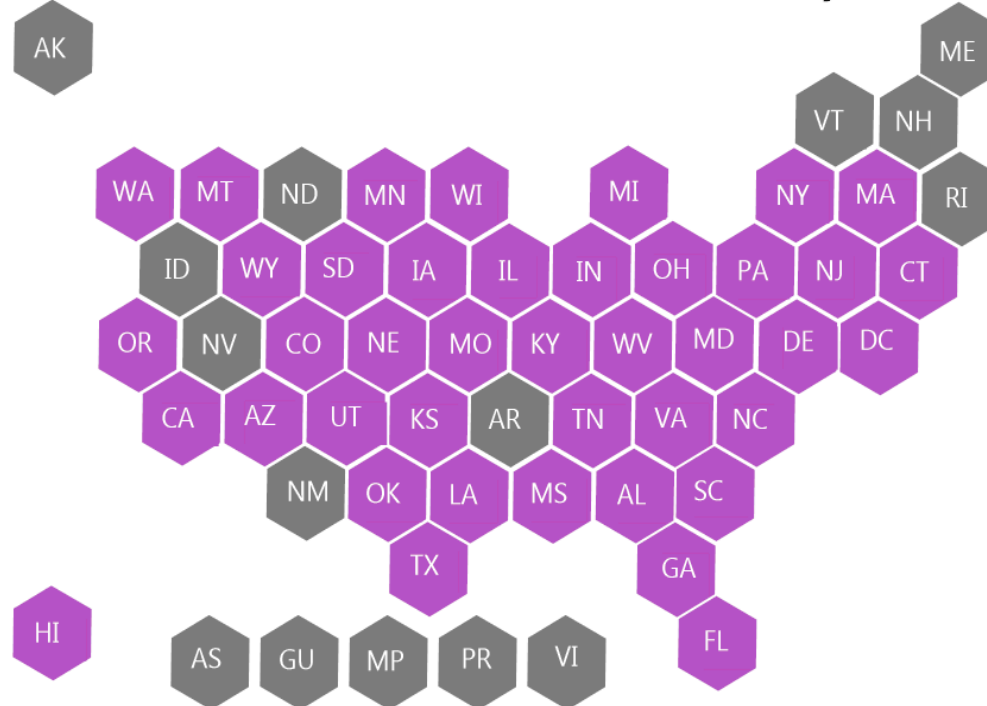
## 5. FOSTERING CULTURE AND SYSTEM CHANGES IN THE PUBLIC AND PRIVATE SECTORS

- Employer Engagement
- Cost-Benefit Analysis
- Goal Setting, Career Planning and Coaching
- Student Access to SNAP

Access the Cliffs Brief  
HERE!

# MAPPING BENEFITS CLIFFS: SELF-SUFFICIENCY STANDARD

## 41 States and D.C. Have Established a Self-Sufficiency Standard



- Some states use 200% of the federal poverty guideline
- Others factor in cost of living by geography, household size, and ages of children.
- Seven states use a self-sufficiency calculator (California, Indiana, New York, Ohio, Oregon, Washington and Wyoming)
- **New COVID impact analysis needed.**

# MAPPING BENEFITS CLIFFS: CALCULATORS

- Case Management vs. Statewide Perspective
- Overall goal is to increase awareness
- Minnesota, Family Stability Indicator
- Massachusetts, CommonCalc
- Urban Institute, Net Income Change Calculator
- National Center for Children in Poverty, Family Resource Simulator
- CT CLIFF tool

## Family Resource Simulator : Cincinnati/Hamilton County, OH (2015)

step 1 City & State   step 2 **Family**   step 3 Income & Assets   step 4 Work Supports   step 5 Child Care   step 6 Health Insurance   step 7 Other Expenses   step 8 Results

**2 Select family characteristics.** ?

Family structure

Age of first child ?

Age of second child

Age of third child



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# CAREER LADDER IDENTIFIER AND FINANCIAL FORECAST (CLIFF)

**Connecticut's Career Ladder Identifier and Financial Forecast (CLIFF)** tool helps families understand how wage increases and employment decisions affect their public supports and career trajectories.

- **The Two-Generational Initiative** - a statewide, bipartisan 2Gen Advisory Board with executive, legislative, and judicial branch members and private sector partners and parents. Benefit Cliffs are one of three subgroup.
- CLIFF tool helps families make informed choices on employment/training opportunities, identify savings opportunities and meet their long-term needs.
- Atlanta Federal Reserve will simulate several specific policy proposals for analysis..
- The CLIFF tool will be piloted at six sites to inform optimal use statewide.



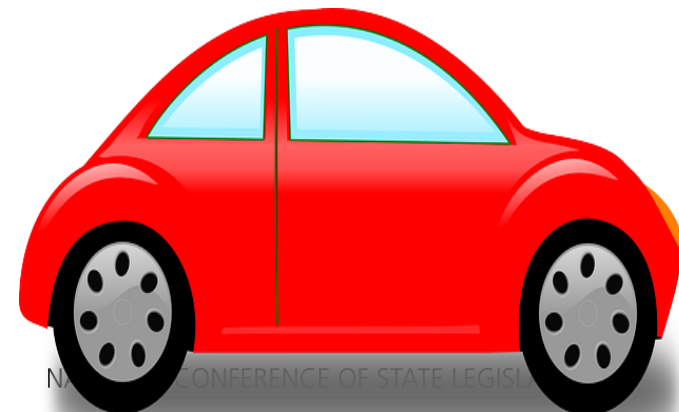


# ALIGNING ELIGIBILITY LEVELS: ASSET LIMITS

- Total value of assets an individual or family may hold and remain eligible for a program.
- Programs with Asset Limits: Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Medicaid, and sometimes housing programs.
- Exemptions:
  - Restricted Asset Accounts: Individual Development Accounts (IDAs), Retirement Accounts etc.
  - Vehicles
- Recent State Action:
  - In 2018, Massachusetts increased its asset limit from **\$2,000 to \$5,000 for TANF**.
  - In 2018, Vermont increased its asset limits for TANF from **\$2,000 to \$9,000** with HB 236.



Source: Welfare Rules Database



# ALIGNING ELIGIBILITY LEVELS: INCOME DISREGARDS

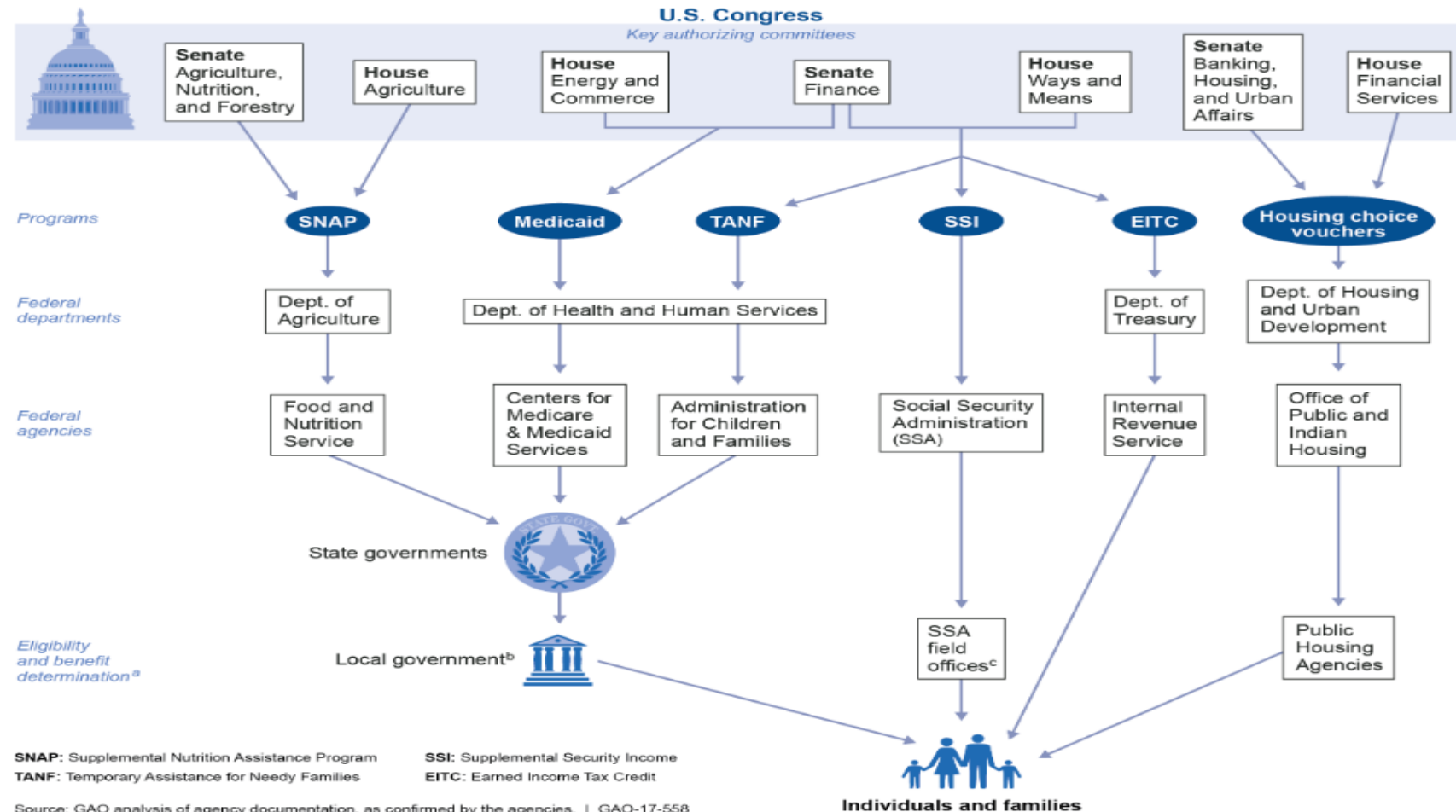
- Enable workers to continue receiving public benefits while their income increases.
- For businesses – reduces employee turnover.
- For workers – able to remain in the workforce and provide for their families.
- **In 2018, Massachusetts implemented an earned income disregard of 100% for the first six months of employment while receiving TANF, as long as the family income is not over 200% of the federal poverty level.**
- Income important at initial eligibility, for benefit computation.
  - 11 states have an earned income disregard for determining continuing eligibility for TANF (AK, DE, HI, IN, AZ, AR, CA, MT, UT, CO, MA, TX)



# ALIGNING RULES ACROSS PROGRAMS

- Federal program interactions complexity impacts a state's ability to align rules.
- **New opportunities under “inclusive recovery”**
- State Options:
  - Streamlined applications and eligibility determinations
  - Broad-Based Categorical Eligibility (BBCE)

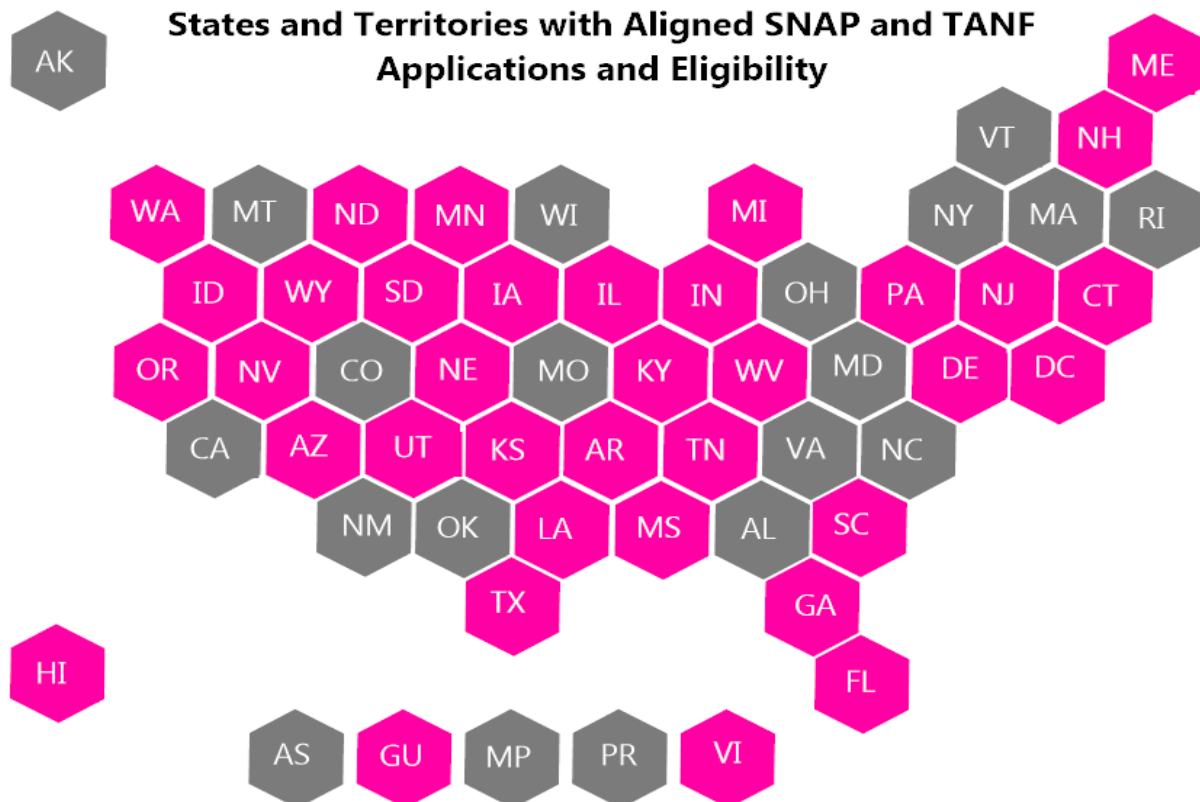
**Figure 7: Congressional Committees, Federal Agencies, and State and Local Governments Involved in the Six Programs**



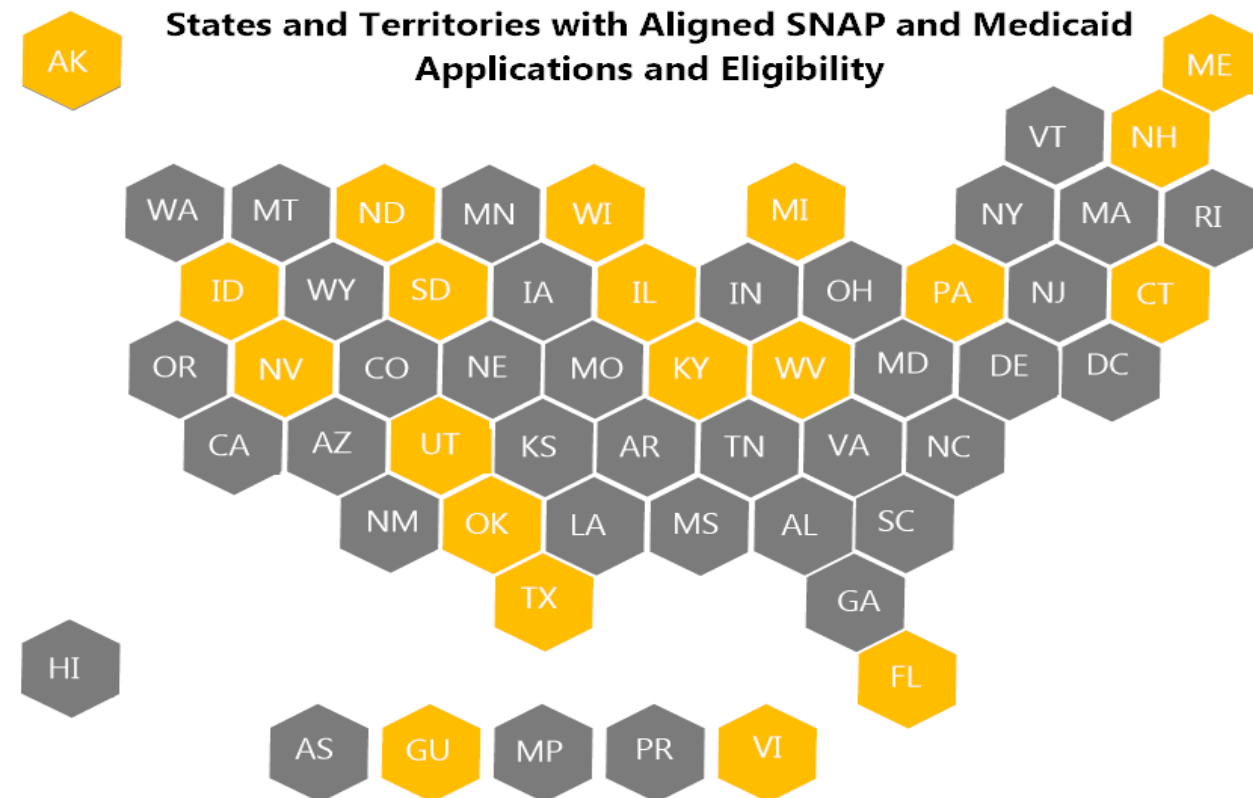


# STREAMLINING APPLICATION AND ELIGIBILITY PROCESSES

## Temporary Assistance to Needy Families

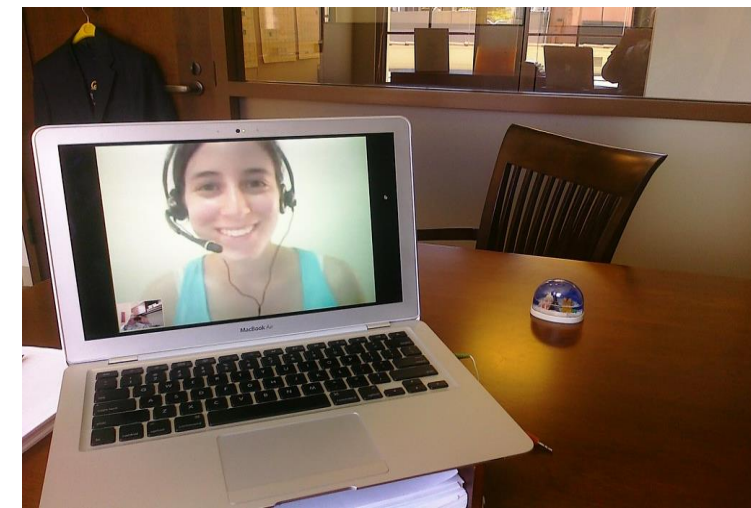


## Medicaid



# FLEXIBILITIES UNDER COVID ALLOWED STATES TO TAKE QUICK ACTIONS

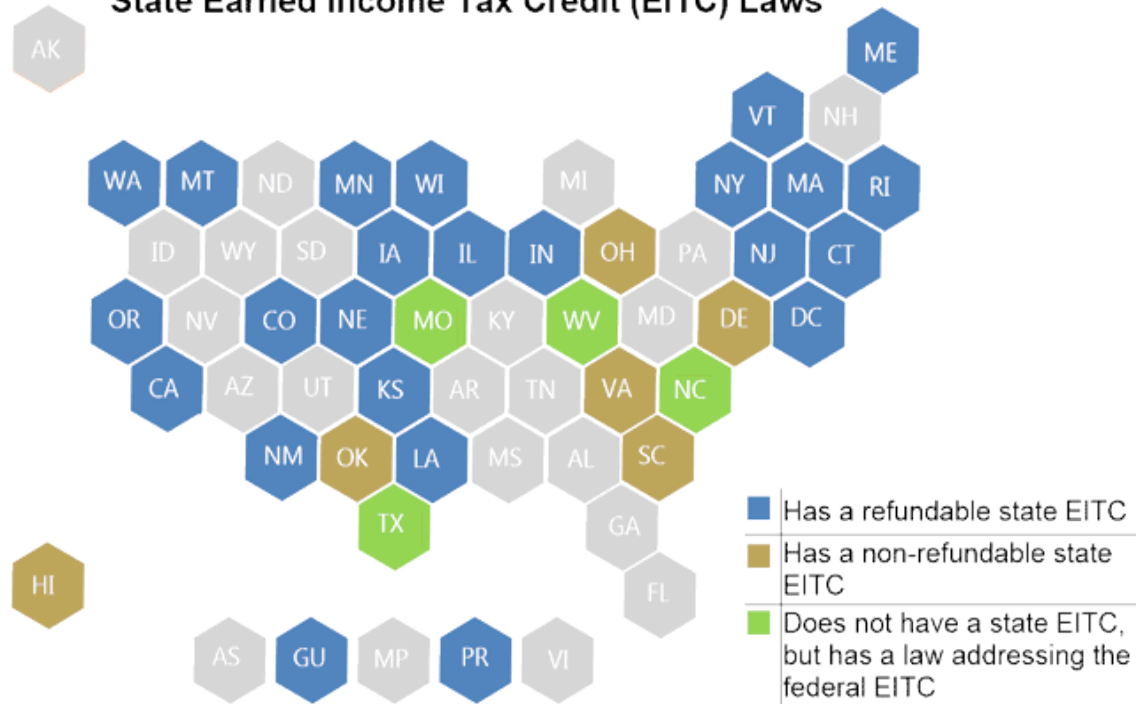
- Moved to virtual applications, mobile device applications
- Waived in-person meeting requirements, work requirements adjusted
- Resulted in increased engagement in many areas
- Streamlined application processes



# MAKING WORK PAY: TAX CREDITS FOR WORKING FAMILIES

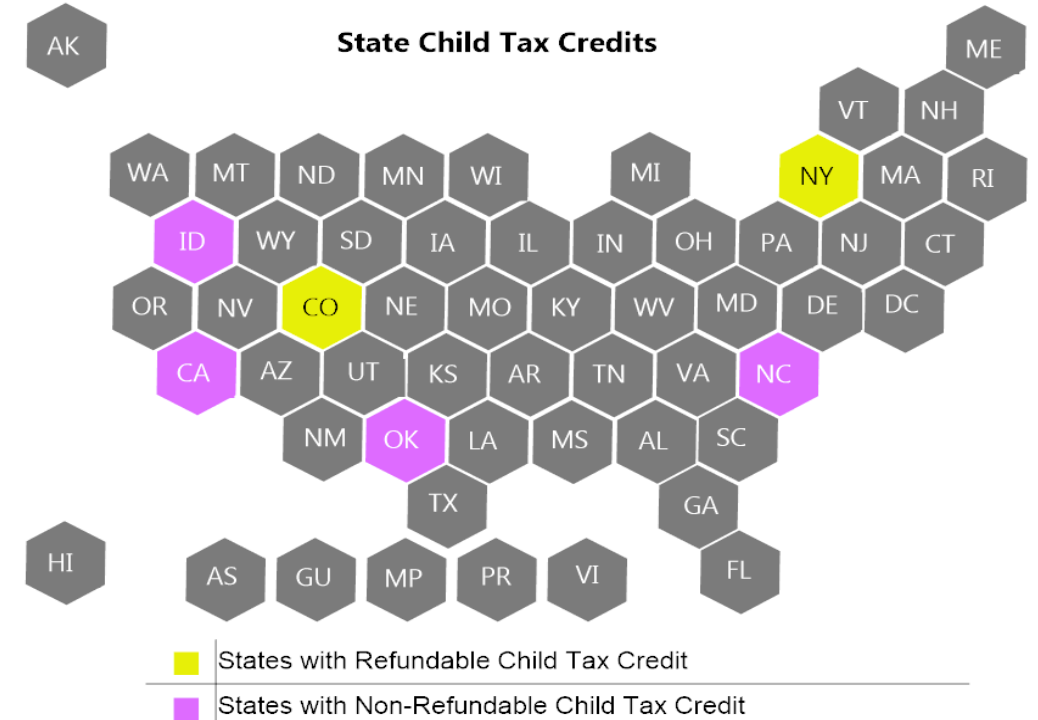
## Earned Income Tax Credit

### State Earned Income Tax Credit (EITC) Laws



## Child Tax Credit

### State Child Tax Credits





# OTHER STRATEGIES

- Phase out benefits by establishing sliding scales and gradually lowering benefit amounts.
- Allow escrow accounts like HUD's Family Self-Sufficiency Program
- Engage with employers who have vested interest in maintaining the workforce and advancing employees.
- Career Pathways: identify high-growth occupations where there is opportunity for wage progression.
  - Pair with strategies to reduce or smooth the cliff effect.
- Maximize potential income from both parents: leverage child support and TANF to provide employment services to noncustodial parents engaged in the child support program. Child support is often disregarded as income for public assistance.



## TAKEAWAYS

- Benefits impact employees' decisions and may create disincentive to work or advance in a career pathway.
- Small increases in wages can significantly reduce net resources.
- There are a lot of potential strategies that can smooth, or eliminate, the cliff effect.
- Benefits cliffs **impact each state differently**, knowing the landscape in your state may help determine which strategies would be most effective.

