



# WHOLE FAMILY APPROACH TO JOBS

## 6 State Policy Brief Addressing Benefit Cliffs

A summary of policy options and state actions in New England  
from the 6 State Workgroup on Benefit Cliffs  
December 2018 Draft for Discussion Purposes

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## Context

In many New England states, businesses are having a hard time filling their workforce needs and are looking toward untapped labor pools such as the hard-to-employ and the chronically underemployed. State leaders face aging demographics, slow population growth, low unemployment rates and in some industries, a workforce shortage. These realities give rise to concerns about maintaining economic growth and competitiveness for states.

A common hurdle for both business and workers is the “cliff effect.” When income increases, families lose eligibility for full or partial support (SNAP, child care, housing, etc.). Sometimes a parent “parks” at the cliff’s edge because the fiscal gain is offset by a significant loss of family support.

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*“I hear from employers that folks can’t take on extra hours or a wage increase because they’re afraid of losing their housing, childcare or other supports. We want to hand them a pole vault stick to get over the cliff.”*  
*Jeff McCue, MA Commissioner, Department of Transitional Assistance*

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The cliff effect creates a continuous uphill climb, rather than a ladder out of poverty. Businesses are hiring workers only to lose them to simple math. Families lose more than they gain, when their safety net disappears or is reduced at the job entrance. The worker shortage is not filled for business and the family does not leave state supports. Money does not flow further in the community. The system needs changing to turn a double loss to a triple win.

Various pieces of legislation have been passed nationwide to mitigate the cliff effect, addressing either short or long-term solutions. Short-term solutions primarily fall into three categories: (1) phasing out benefits slowly or using sliding fee scales; (2) raising eligibility limits for social programs that enable workers to keep benefits while working up to an income or asset threshold; and (3) providing monetary incentives for continued employment.

Long-term strategies aim to revitalize statewide employment opportunities by increasing educational and work supports through job training and skill developing initiatives, and improving educational funding and oversight.

New England states are tackling benefit cliffs in policy, culture and frontline practice. Recently, two states have studied when and why the cliff effect makes employment a difficult economic choice for families. Another state has interviewed parents to learn how benefit cliffs impact their employment choices. States are beginning to study family self-sufficiency tools, such as a benefit calculator, to assist both state workers in performing their jobs and customers building towards family goals. New Hampshire is learning what business can do with apprenticeships and employee supports. Many are incorporating a TANF coaching model to shift agency culture. Frontline staff are coaching clients to maximize opportunity, not maximize benefits.

## Values

The Benefit Cliff Workgroup participants have shared updates and ideas on legislation and policy, tools and strategies, and big ideas. This brief highlights actionable steps to address benefit cliffs at the state and/or federal level.

- Putting family in the center
- Leveraging public investments to support quality jobs
- Incentivizing work
- Boosting individual effort and responsibility
- Promoting efficiencies in systems
- Maximizing opportunity
- Two-generational framework; help parents work and children thrive

## Benefit Cliff Policy Options

This chart identifies actions in four categories to mitigate cliff effects, shows where they are implemented in New England, and notes where change could occur.

### 1. Rules and Relationships: Reforms to Support Work

Action	Why It Matters	Implemented Regionally	State	Federal
Allow for different entry and exit points	Rules can be adjusted to enable eligibility at lower income and asset levels, and for exit at higher income levels to support families as earnings increase. This action will improve clients' planning and decision making and reduce the tendency to "park" at the brink of a cliff.	MA (for TANF, submitted waiver to explore alignment with SNAP)	✓	✓
Align rules to better support work and career pathways	TANF, SNAP, Medicaid, child care, and housing all have different eligibility requirements for income and assets, redetermination requirements and processes. This action improves interaction between programs to mitigate cliffs. Reduces complexity for client and frontline staff.		✓	✓
Implement earnings disregard	This action allows families to accrue assets and plan proactively. It boosts efforts of families as they transition off supports and increases their ability to address family needs.	MA	✓	
Increase asset limits to enable families to build a cushion	Families need to build their own safety net for emergencies and future financial needs. This action allows families to accrue assets, strengthening economic mobility.		✓	
Expand work requirement eligible activities to support families	Clients manage a range of family needs while working towards a sustainable career. This action allowing education, parent teacher conferences, and other activities to fulfill work requirements offers a family framework. The family has a greater chance to remain on a pathway to sustainable employment as children's well-being and learning are strengthened.			✓
Expand definition of caregivers in child-only TANF families	More grandparents and kin are caregivers, resulting in more child-only TANF cases. This action ensures children access to quality child care, regardless of work status of caregiver.	RI	✓	

### 2. Incentivize Work and Connect to Labor Market to Mitigate Worker Shortage

Action	Why It Matters	Implemented Regionally	State	Federal
Increase Earned Income Tax Credit	EITC helps turn cliffs into slopes. EITC increases in value as the client earns more, providing a strong incentive to retain work.	CT, ME, MA, VT, RI	✓	✓
Connect Career Pathways	Identifying high growth jobs and wages can help families make choices towards economic sustainability long-term. Establish wage progression and relationship to benefits cliffs.		✓	

Action	Why It Matters	Implemented Regionally	State	Federal
Make entry level work pay	Creating mechanisms to hold benefits at same level during initial employment months helps employers retain workers.	NH	✓	
Educate employers	Educating employers on how cliff effects impact an employee's decisions will raise awareness to help align public benefits to support families earning entry level wages.	NH	✓	✓
Minimize turnover in jobs	Index benefits to minimum wage increases.		✓	✓
Invest in worker economic stability	Work with employers getting subsidies so the subsidy goes fully or partially to the worker. This will assist with retention in a tight market.			
Demonstrate savings over time	Create fiscal notes to evaluate long-term savings of benefits cliff reforms because of movement into labor market.			

### 3. Client Engagement and Goal-setting: Tools to support families moving forward

Action	Why It Matters	Implemented Regionally	State	Federal
Shift from case management to goal setting and coaching	A strength-based approach that includes training, whole family assessments and goal-setting, across multiple domains will cultivate culture change at the front door, shifting from maximizing benefits to maximizing opportunity. This action moves system towards client-driven outcomes.	MA, NH, VT	✓	
Benefits calculator for case workers	A state-level benefits calculator helps detail how discrete benefit systems impact decisions of clients. Staff are able to educate effectively on benefits changes, with increased earnings. This action reduces the staff and client's concerns regarding misalignment of rules, benefits and the loss of family supports.	MA	✓	
Benefits calculator for clients	A benefits calculator will help families proactively plan when they understand how current and future earnings will impact support.	MA, CT	✓	
Develop assets to weather emergencies and maintain employment	Enable families to build assets through escrowed accounts that could be matched, such as the HUD Family Self-Sufficiency program. When income/rent increases, the extra cost goes into a savings vehicle.	VT, ME statewide matched savings account	✓	
Expand access to tools and supports for fathers	Build child support policies that allow non-custodial fathers to make child support payments that are increased gradually for newly employment parents.	CT		
Social capital	The inclusion of parents as leaders in civic change, program design and legislation helps to ensure efforts meet the real needs of the family and community. Family input, from program design through implementation, improves results, increases responsiveness and build social capital.	CT	✓	

#### 4. Retention and Moving Ahead

Action	Why It Matters	Implemented Regionally	State	Federal
Strengthen and lengthen on-ramp to sustainable employment	As people transition to work, enable them to maintain benefits for a certain period of time to support retention and family stability. For the business sector, this minimizes turn-over and helps address the worker shortage. For the client, this action strengthens their ability to remain in the workforce and care for family simultaneously.		✓	✓
Implement retention payments for cases “closed”	To shift agency culture and support long-term employment outcomes, retention payments for cases “closed” could support families transitioning from benefits. Count post-TANF families employment retention towards the Work Participation Rate as a measurable outcome for state systems. This action supports culture change and accountability across benefit systems.		✓	✓
Expand support for families during post-employment	Agencies would be able to work with previously enrolled families for two years, regardless of their employment status.		✓	✓
Expand student success	Expand definitions of benefits eligibility to increase support for students.		✓	
Improve Work Opportunity Tax Credit	Suggest that employers receiving the WOTC credit, invest in their employees through child care subsidies, and other work support strategies.			✓

*“My food stamps fluctuate all the time depending on how many hours I work. But it’s not that I want to miss work. My son is special needs; he’s got issues, so he’s got a lot of appointments that he’s got to go to, so I can’t go to work. And I only get so many paid vacation days, so I end up taking a lot that are unpaid. But because [the Department of Social Services] has already calculated my income for my food stamps, I have to pay for food on top of rent when my benefits aren’t enough. So it’s like I’m dying, we’re struggling. It’s hard to do everything that my kids need [...] So why would I take overtime or go asking for a raise if I’m going to lose my food stamps in the end?”*

Married mother of two, working full-time

*“You have to choose between getting the help and not accepting that raise. Between disregarding all your benefits and taking the job. But it doesn’t make you proud. And sometimes, I’m like “whatever, I’m just gonna work and they can take [my Section 8 voucher].” But then gods forbid something happens, and I don’t have enough to pay my rent already, I need Section 8. I need to go to school so I cannot need assistance anymore, but in the meantime I still need them. It sounds so crazy that you wouldn’t take a position to get a raise or to better yourself because you’re going to get your benefits cut. It’s just not fair.”*

Single mother of two, working full-time

## Regional Pilot Proposal

The six states of Region 1 have worked over the past year to understand how to reduce intergenerational poverty in New England. With shared values of putting the family in the center, maximizing opportunity and undoing obstacles to economic stability, the states have studied the cliff effect.

In this work it became evident that policies to assist families in poverty are not fully aligned, both within and across agencies and branches of government. These unintended misalignments confound both the parent seeking sustainable employment and the state worker striving to assist the family. Similarly, start-up income gains from employment are very often offset by federal safety-net declines. This creates an inadvertent disincentive for a parent to work, if family supports dissolve or decrease before a stable family income from work is secure.

The above four areas of: 1) incentivizing work, 2) reforming rules to support work, 3) improved client engagement and 4) lengthened on-ramp support, all have actionable items. The six states have already begun testing change on the state level.

We would like to discuss the possibility of a regional pilot. With the ability to experiment, we believe it is possible to:

- significantly close the cliff effect
- meet a percentage of the worker shortage
- bolster sustainable employment
- build significant culture change within and outside our agencies
- improve employment for reentry parents and parents in recovery
- see two generational family gains in school and workforce readiness

A key element of a pilot could be to explore how to better align TANF, SNAP, Child Care and Medicaid as work supports, from eligibility and enrollment to recertification, to training and employment – and how to better align these work supports to mitigate cliffs. It will be important to partner with Housing (HUD) and Labor (DOL) stakeholders. The cross-state team is seeking ways to increase efficiency with such a pilot while also supporting families towards employment and supporting business to close the worker shortage.

### Cost savings

Children remain more likely to be poor than any other age group. A recent analysis by economists McLaughlin and Rank indicates that the annual aggregate cost of U.S. child poverty is \$1.0298 trillion, representing 5.4% of the gross domestic product.<sup>1</sup> These costs are associated with the loss of economic productivity, increased health and crime costs, and increased costs as a result of child homelessness and maltreatment. In addition, it is estimated that for every dollar spent on reducing childhood poverty, the country would save at least seven dollars with respect to the economic costs of poverty. This is compounded by a ripple community and cross-generation effect.

Region 1 would like to perform an **economic model analysis** to determine which actions of those in the Benefit Cliff Policy Options chart above would render the strongest fiscal gains for the family, the workforce and the economy over five to ten years.

Which policy actions would yield the greatest economic benefits by enabling more parents to work? Which actions would fill the worker shortage?

If we could decrease the unemployed numbers by 1 or 2 per cent, the gains would be in the millions per state for decreased state dependency, increased wages and spending, and a model of work success to inspire younger family members with greater hope and expectation.

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<sup>1</sup> McLaughlin, Michael, and Mark R. Rank. "Estimating the Economic Cost of Childhood Poverty in the United States." *Social Work Research* 42, no. 2 (June 1, 2018): 73-83.

## New England States' Efforts to Address Benefit Cliffs

State	Summary of Actions
Connecticut	The state's Office of Early Childhood (OEC) is establishing a childcare voucher so participants can choose childcare anywhere near Community College; the challenge is insufficient supply of childcare agencies available, especially for infants and toddlers. The Connecticut team is considering updating a previously made homegrown benefits calculator and modifying CCDF to support families in education and training. The state has a partnership with UMASS Boston to create a benefits calculator. The CT 2Gen initiative has pilot sites, one with housing. OEC has conducted parent focus groups and started a family coaching pilot - \$5M demonstration.
Maine	Maine engaged Stepwise Research for a detailed analysis of benefit cliffs. Findings showed that Maine's system was characterized by slopes rather than steep cliffs across most benefit systems. Maine is currently looking at the common bundles of benefits people are currently using. Efforts are also informed by clients' stories. Current conclusions are that EITC levels out the slopes. A benefits calculator for consumers and employers may be important to reduce inaccurate assumptions and help in planning. The state is thinking how to value social supports, a critical component to client success.
Massachusetts	Recent policy changes in the state's TAFDC/TANF program are intended to be a work incentive. For these clients, Massachusetts has increased the asset limit to \$5000 and provides 100% income disregard for a 6 month period. Clients may stay in the program up to 200% FPL and are able to save assets. These changes are shifting culture at the agency. Frontline staff are coaching clients to maximize opportunity rather than benefits. The state is implementing policy change to help refocus the program on self-determination for clients. Other efforts include: a benefits calculator pilot intended for staff, moving childcare redetermination to year's end, and financial coaching with TANF clients. Proposed SNAP Gap legislation ( <a href="#">S.612</a> and <a href="#">H.101</a> ) is being considered that would create a common application for SNAP and Mass Health.
	Massachusetts' Learn to Earn (LTE) initiative targets people with long-term barriers to employment. LTE offers a comprehensive approach to providing unemployed and underemployed individuals receiving assistance from public benefit programs with the supports, skills, and credentials they need to gain and retain employment in occupations. LTE Partnerships are developing and testing models to serve participants in the context of their family/household. The Initiative is working at two-levels: 1) through a statewide cross-agency working group, identifying policy, regulatory and statutory changes that can mitigate cliff effects; and 2) supporting five pilot sites to test out policy changes and identify key solutions. " <a href="#">Demand Driven Strategies for Business and Workforce,</a> " Learn to Earn Initiative, Commonwealth Corporation, 2018
New Hampshire	The recent Department restructure is aimed at prevention and economic stability at the "front door" through the Division of Housing and Economic Stability. NH is bringing in the TANF coaching model with motivational interviewing. Being a largely rural state, transportation is critical to keeping jobs for clients. The state increased provision for car repair from \$500 to \$1000 and increased cars for low-income families from \$100 to \$300. Also in 2017 the TANF grant was aligned with 60% of the FPL. The state is considering

State	Summary of Actions
	retention bonuses at month 3, month 6 as well as a one-time benefit up to \$1000 for work related challenges (car breakdown, childcare, examples). NH is also considering how to leverage SAMHSA opioid grant to build infrastructure to support families impacted by opioid use.
Rhode Island	Rhode Island is focused on childcare reauthorization at 12 months and ways to engage families with greater consistency. The team is looking at childcare access for child-only families and expanding access to grandparents. Families would need to provide reasoning and support to access childcare funds for an appropriate activity related to jobs or training. RI is also trying to sunset the current 48 month limit on TANF, implement new contracts for TANF that include supportive services paired with work activities and thinking about who works with the client once they leave TANF to create intentional and appropriate connections to housing, mental health. <a href="#">"Childcare Assistance Program (CCAP) Information,"</a> RI Department of Human Services
Vermont	<p>Vermont has turned the cliff into a long slide. The state TANF program/ReachUp VT has extended transitional benefits and offers an income disregard adjustment. The state uses a common application and aligns many verification requirements. Vermont offers State Deferments allowing families to tend to children's well-being, special health needs, health/mental health and substance use of parents. TANF promotes the HUD Family Self-Sufficiency program and a Financial Empowerment pilot in four districts that includes matched savings. After a ReachUp case closes, the Reach Ahead program provides job retention incentives, full child care subsidy, and other support services. Participating families count in the federal work participation requirement.</p> <p><a href="#">H.326</a> increases asset limits for TANF from \$2,000 to \$9,000 and excludes deposits in child savings accounts and retirement accounts. Assets accumulated from earnings of adults by participating families (also any EITC) are excluded in determining continuing eligibility in TANF. In child care eligibility, the statute removes any child care higher education savings accounts from asset limits. Vermont DCF, Economic Services Division, <a href="#">3SquaresVT Participation and Benefits, 2017</a>.</p>

## **Benefit Cliff Workgroup Participants**

This brief represents a summary of ideas generated by Workgroup discussions; individual members may not necessarily endorse every idea therein.

### ***Connecticut***

Kate Parr, UCONN Faculty  
CT Office of Early Childhood

Manisha Srivastava  
CT Office of Policy and Management

Astread Ferron-Poole  
CT Department of Social Services

Liz Fraser  
Connecticut Association of Human Services

Shelia Goldfarb  
Connecticut Association of Human Services

### ***Maine***

Nicole Witherbee  
John T. Gorman Foundation

Jen Beck  
John T. Gorman Foundation

Rhiannon Sawyer  
ME Parent Consultant

### ***Massachusetts***

Jeff McCue, Commissioner  
MA Department of Transitional Assistance

Amy Kershaw, Associate Commissioner  
MA Department of Transitional Assistance

Anthony Britt  
Commonwealth Corporation

Emily Hajjar, Staff  
MA State Representative Kay Khan

Johanna Wakelin, Staff  
MA State Representative Kay Khan

Ruthie Liberman  
EmPath

Ashley Brihm  
Way Finders

Khushbu Webber  
Funders Together to End Homelessness

Laura Sylvester  
Food Bank of Western Mass

Anne Kandilis  
Springfield Works

Geoff Foster  
UTECH, Inc.

### ***New Hampshire***

Gene Patnode  
NH Department of Health and Human Services

Tina Brousseau  
NH Department of Health and Human Services

Chantal Hagan  
NH Department of Health and Human Services

Lynn Wilder  
NH Department of Health and Human Services

### ***Rhode Island***

Maria Cimini  
RI Department of Human Services

Kimberly Rauch  
RI Department of Human Services

Kate Cantwell  
RI Working Cities

***Vermont***

Representative Ann Pugh  
Vermont General Assembly

Sarah Buxton  
VT Department of Labor

Erin Oalican  
TANF/Reach Up  
VT Department of Children and Families

Kate LaRose  
Champlain Valley Office of Economic Opportunity

***NCSL/ACF***

Meghan McCann  
National Conference of State Legislators

Sarah Griffen  
NCSL/ACF Consultant

Elaine Zimmerman  
Administration for Children and Families

Josephine Hauer  
Administration for Children and Families

Please send comments to  
[Josephine.hauer@acf.hhs.gov](mailto:Josephine.hauer@acf.hhs.gov)