



Beyond the Cliff

**The Challenge of
Benefits Cliffs and
How to Fix Them**

October 2025



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About Beyond the Cliff

Beyond the Cliff is a network of practitioners focused on eliminating benefits cliffs through policy and innovative solutions that ensure all individuals and their families have the resources and opportunity to work and advance economically. The coalition of more than 50 organizations includes state and local governments, nonprofit organizations, and collaboratives from across the country. Beyond the Cliff is convened by the nonprofit **Martha O'Bryan Center**.

This report addresses the challenges posed to families by the current public benefits system and compiles the best available evidence to address those challenges. The views and recommendations presented do not necessarily represent those of individual or organizational members of the Beyond the Cliff coalition, our advisors, or funders and should not be attributed to them as such.



About the Martha O'Bryan Center



The nonprofit **Martha O'Bryan Center** (MOBC) is dedicated to improving lives and solving for the root causes of generational poverty. Based in Cayce Homes, the largest housing project in Nashville, and rooted in a foundation of Christian faith, MOBC is a model of community listening and serves more than 12,000 individuals annually across an innovative and comprehensive support system including its Family Success Network, a top-rated Early Learning Center, two K-8 public charter schools, out-of-school care, post-secondary access and coaching, whole-family services, adult education, employment training, and place-based community connection. Additionally, MOBC leads statewide and nationally to address barriers to economic mobility. Through strategic partnerships and community engagement, it remains committed to fostering hope, resilience, and opportunity for all. Learn more at marthaobryan.org.

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Executive Summary

Benefits cliffs represent a significant challenge within the American public benefits system, including programs like SNAP, Medicaid, HUD-supported housing, and childcare subsidies. These means-tested programs support families with low income but often include complex and rigid eligibility rules that unintentionally penalize employment and economic advancement.

As families earn more, they can face steep reductions or losses in benefits, leaving them worse off financially despite higher earnings; these are benefits cliffs in action. Often, workers will make the financially reasonable decision to reduce work and earnings to maintain the benefits that ensure they are able to meet basic needs. Nearly one in four workers receiving public benefits have taken some action, such as reducing work, to avoid benefits cliffs.

This creates a barrier to economic mobility, impacting millions nationwide with significant implications for the labor market and the American taxpayer.

THE PROBLEM

Families receiving assistance risk losing benefits that outweigh their increased earnings. For example, earning even one dollar over the SNAP income threshold could result in losing hundreds per month in food assistance. Such sudden benefit losses undermine financial stability, discourage labor participation, and create confusion and frustration for those working to get ahead.

The complex eligibility rules across programs exacerbate the challenges families face. Both hard income cutoffs that trigger benefits cliffs—like crossing the SNAP income threshold—and the more gradual SNAP reductions that occur with increased earnings that are below the income threshold, strain the already-stretched finances of families with low incomes. Families that participate in multiple benefits face compounded benefit reductions as programs fail to account for reductions made by other programs. Low asset limits prevent families from building adequate emergency funds or saving for reliable transportation, a first home, the launch of a business, or other investments that can promote family stability.

As families navigate these challenges, they often find themselves with limited access to career opportunities, resources needed to pursue economic advancement, and information on what will happen to their public benefits and financial situation if they were to increase earnings.

RECOMMENDATIONS

Addressing the government inefficiencies that lead to benefits cliffs is a triple win that unlocks pathways of prosperity for working families, strengthens employers and the wider economy, and delivers better value for the American taxpayer. To address benefits cliffs and support economic mobility, a multifaceted approach is needed:

1. Fix benefit reduction rates: Solutions such as earned income disregards help ensure that no family experiences a combined reduction in benefits and increase in taxes greater than the top marginal tax rate.
2. Increase asset limits to promote financial stability: Families are able to save for financial emergencies and big goals such as homeownership and are empowered to achieve economic mobility.
3. Better align the Earned Income Tax Credit (EITC) to support the transition off public benefits: A modified EITC that is partially advanceable with adjustments to amount and phaseout can offset benefit cliffs and encourage work.
4. Coordinate and innovate across public benefits: A “super waiver” authority and coordinated federal action would allow for innovative demonstrations across benefits programs and align federal agencies to identify and support benefits cliff solutions.
5. Promote career pathways and employer engagement: Public workforce investments should support economic advancement for recipients of public benefits through improved alignment across programs, performance measurement, and promotion of apprenticeships and other earn-and-learn opportunities.
6. Adopt an evidence-based coaching approach and provide benefits counseling: Supporting evidence building and implementation efforts for family-focused, evidence-based coaching and counseling will help more families transition off public benefits.

Benefits cliffs penalize families for working to get ahead. Addressing this issue requires coordinated reforms to break cycles of poverty and support long-term economic mobility. Making these necessary changes will create economic opportunity and improved well-being for families as well as generate long-term benefits for the trajectories of children, help address talent needs in high-demand industries, and deliver better results for the American taxpayer.

What Are Benefits Cliffs?

“If I do what I’m told to do, get a job, pursue a career, then I’m punished for doing what I am supposed to to make my family’s life better. It’s like The American Dream is denied for me.”

—A Tennessee Parent

More than 127 million Americans receive at least one means-tested public benefit, such as SNAP, Medicaid, HUD-supported housing, and childcare subsidies.¹ While these programs provide essential support, their complex and rigid eligibility requirements can leave workers having to turn down higher paying jobs or cutting hours due to the resulting loss of benefits. That is because increased earnings trigger an abrupt loss, or steep reduction, of public benefits that outweighs their increase in income. This is known as a “**benefits cliff**,” and it creates a net reduction in resources that leaves the family in a worse financial situation. Often, they will make the financially reasonable decision to reduce work to maintain the public benefits that ensure they are able to meet basic needs. This creates a barrier to upward mobility, highlighting the need for a more flexible and adaptable system that supports individuals as they strive to move forward economically.

Millions of families across the country are potentially impacted by benefits cliffs, hindering their ability to achieve career advancement and economic security and hindering the potential of the American economy. A nationally representative survey found nearly one in four workers receiving public benefits have taken some action, such as reducing work, to avoid benefits cliffs², while other research suggests even more workers have done so.³ Navigating benefits cliffs is characterized by fear, frustration, and confusion as families are inadvertently penalized for pursuing economic security through employment. Worse still, many households are

unaware of benefits cliffs until they experience them directly. The sudden loss of benefits catches them off guard as their income increases, making it difficult to plan for the future and achieve long-term financial stability. Figures 1, 2, and 3 below illustrate how a family might experience benefits cliffs in different areas of the country representing both urban and rural communities. Each drop along the graphs represents a point at which the family experiences a cliff that leaves them worse off financially despite increased earnings. Because of the complexity of public benefits eligibility across programs and states as well as the different mix of benefits a family might access, every household’s experience will look somewhat different. However, all families’ experiences follow the trends illustrated by these figures.

These figures also illustrate another more challenging way that families experience benefits cliffs—the reality that income eligibility limits for many programs are below the point where a family is reasonably expected to make ends meet. The family in South Dakota (Figure 1) experiences significant work disincentives when their earnings exceed SNAP and childcare income limits. In Pennsylvania, a similar family (Figure 2) experiences smaller setbacks when they lose eligibility for SNAP and transition to higher-cost public healthcare assistance while experiencing a major setback when losing childcare assistance. In Illinois (Figure 3), the loss of SNAP is a significant setback, and at around \$53,000 in earnings, the simultaneous reduction in multiple benefits leaves the family worse off.

Figure 1

Experience of a
Single Parent of
Two Children
(Ages 2 and 5) in
Lake County, SD, in
2025



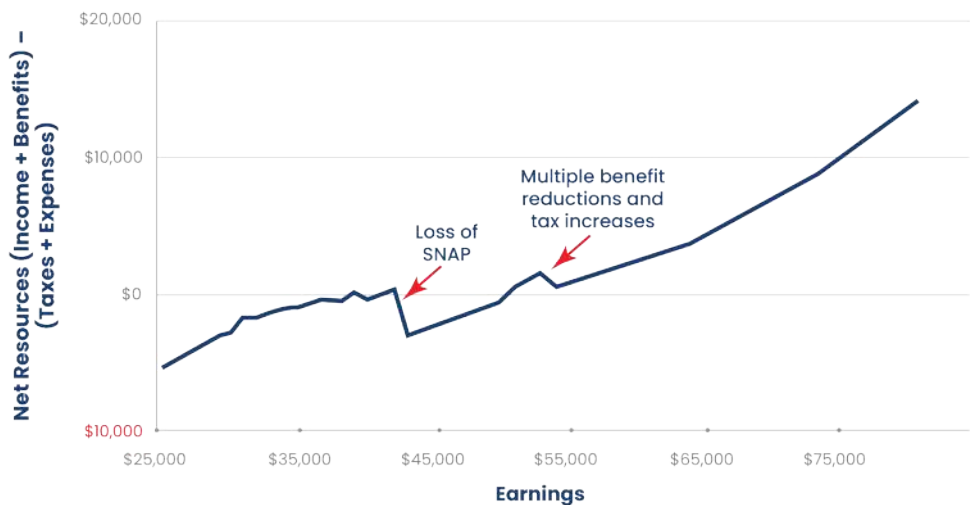
Figure 2

Experience of a
Single Parent of
Two Children
(Ages 2 and 5) in
Bucks County, PA,
in 2025



Figure 3

Experience of a
Single Parent of
Two Children
(Ages 2 and 5) in
Cook County, IL,
in 2025



Note: All three figures assume that when eligible, the family accesses SNAP, childcare subsidy (CCDF), Medicaid, CHIP, Marketplace subsidies, EITC, CTC, & CDCTC.

Source: Federal Reserve Bank of Atlanta's Policy Rules Database

Benefits cliffs are largely a result of policy decisions related to two main factors:

1. Public benefit eligibility rules; and
2. A lack of coordination across public benefits.

PUBLIC BENEFIT ELIGIBILITY RULES

Benefits with hard income limits create the most extreme benefits cliffs—i.e., steep and abrupt reductions in overall resources available to a household.

For example, in states that use the federal gross income limit for SNAP, a family of three with two children earning \$2,694/month could potentially lose \$400+/month in SNAP benefits if they increase their earnings by a single dollar.

While programs that gradually taper assistance provide a smoother transition for families, they also contribute to financial strain. For example, SNAP and the EITC both have manageable benefit reduction rates on their own—reduced by roughly 24 cents and 21 cents respectively for each dollar earned for a family of three. However, a family that receives both SNAP and EITC will see nearly half the benefit of their new earnings lost to benefit reductions. This is at the same time their household is incurring increased work-related expenses, such as transportation and childcare, that further erode the benefits of increased work. Taken together, these benefit reductions and increased work-related expenses strain household budgets.

LACK OF COORDINATION ACROSS PUBLIC BENEFITS

Households that participate in more than one benefit are more at risk of experiencing cliff effects.

For the most part, eligibility rules within each program often do not account for the loss or reduction of benefits in other programs. The example above with SNAP and EITC illustrates this. Neither of those benefits accounts for reductions in the other, which leads to nearly

half of increased earnings being lost to reductions in these two benefits. Furthermore, if the household happens to increase earnings above their state's gross income limit for SNAP, they could lose a greater amount in benefits than their increased earnings. If they receive non-cash assistance such as Medicaid, losing those benefits could further add to the financial losses incurred from even a small increase in earned income.

Such compounded losses of benefits create a demoralizing and financially impossible situation for families to navigate. This is particularly true as these losses are often the result of a family's working to get ahead while still falling short of the earnings needed to meet minimum basic needs.

It is important to note as well that certain combinations of benefits are more likely to trigger cliff effects than others. This is due to the factors noted above and the accessibility of the benefits themselves.

One analysis estimated that over half of households likely to experience cliff effects due to modest increases in earnings received some combination of SNAP, Medicaid, and refundable tax credits, as these are all essentially guaranteed to be received if the household is eligible for them.⁴ The same study found that some of the steepest cliff effects were experienced by a relatively small number of households that also received federally funded childcare or housing subsidies, which are received by only a fraction of those eligible due to program funding constraints.

Public benefit programs often generate obstacles to financial stability and economic mobility beyond these income-related benefits cliffs.⁵ Low asset limits in some programs prevent families from building

adequate savings, leaving them vulnerable to financial emergencies. Eligibility criteria based on factors like age can lead to arbitrary losses of assistance, hindering upward mobility. Many families with low income are unable to access needed public assistance, and even when they do, local services may not be aligned to support upward mobility.

Additionally, the current design of benefits related to child support and marriage penalties can create barriers to two-parent involvement in the lives of children and their economic well-being.⁶ In short, the current system fails to provide necessary support for these families to achieve stability and economic advancement.

Benefits cliffs and related issues built into our public benefits system leave individual families worse off. Additionally, these

inefficiencies leave taxpayers funding assistance for families that want to increase their economic well-being through increased work and career opportunities.

At the same time, as workers reduce hours and pass on promotions to avoid benefits cliffs, this creates pain points for employers that hurt bottom lines and reduce the growth potential of the wider economy.

While state governments⁷ and employers^{8,9} can help address these barriers, they cannot fix them alone; federal action is necessary. Addressing this challenge presents the opportunity to promote family flourishing while supporting a more efficient, less expensive government response to poverty as well as unleashing additional labor talent to grow the American economy.



RECOMMENDATION 1

Fix Benefit Reduction Rates

“There is this fear when you think of how everything you are doing is working. The bills are covered. When I got to that point, I thought maybe I should get a full-time job so that I could provide better for my kids. I had to look at what would happen if I got hired at a certain amount and what my budget would look like. Would it work out? I had to weigh the risk of getting a full-time job.”

—Kathleen S.

“We were not able to get security because the moment we started working our benefits were cut off.”

—A Tennessee Parent

BACKGROUND

Depending on the public benefits a family receives, families may face benefit reduction rates (i.e., the amount of public benefits lost for each dollar earned) greater than 100%; that is, they lose more in benefits than they earn in new wages.

Even families that manage to avoid steep losses can face demoralizing benefit reduction rates. A family of three receiving only SNAP and the EITC could face a larger reduction in benefits than the current top income tax rate (45% versus 37%). Arbitrary income eligibility cut-offs further exacerbate this challenge, particularly when they occur before a family is able to make ends meet (see Figures 1–3 for illustrations of this).

There is debate around identifying the optimal benefit reduction rate that would balance current national fiscal constraints with the assurance that families will be able to make ends meet and move forward economically. This presents opportunities for further testing (discussed below), but the top income tax rate presents a benchmark that policymakers should consider.

One policy already in place in some programs is to disregard a portion of earnings. For example, SNAP does not count 20% of a household's earnings. This provides a direct incentive to increase earnings by allowing workers to retain more of their earnings and increasing overall household resources until the family is able to make ends meet through earnings alone.

However, hard income limits (e.g., SNAP's 130% of the poverty guidelines) can negate the benefit of earned income disregards since the family will lose all assistance when those limits are crossed.

Income limits could instead be used for initial eligibility with a more gradual reduction in benefits applied for ongoing eligibility. This would remove disincentives to work and align with the feedback that we have consistently received from families that the reduction of benefits should be more gradual than the current system.

Another challenge that families face is that the earnings of their young adult—and sometimes even minor—children may be counted against benefits eligibility, further complicated by the variation across programs when considering the earnings of dependents.¹⁰

The net effect of this is that some youth and young adults who would otherwise pursue work or job training opportunities do not, in order to avoid jeopardizing assistance for the rest of their family. This work disincentive at a critical age carries implications for lifelong trajectories and significant societal costs.¹¹

RECOMMENDATIONS

Opportunities for Federal Administrators

- Encourage states to implement income disregards in federally funded programs like Temporary Assistance for Needy Families (TANF) where the state controls such policy choices.
- Encourage states to disregard all or a portion of earnings of children in the household under age 26 in federally funded programs such as TANF, where the state controls such policy choices.

Opportunities for Congress

- Seek solutions, such as earned income disregards, that ensure no family is experiencing a combined loss in benefits and increase in taxes that is greater than the top marginal tax rate. Work with states to encourage similar adjustments to federally funded programs where the state controls such policy choices.
- Apply earned income disregards prior to comparison of income to eligibility limits. Work with states to encourage similar adjustments to federally funded programs such as TANF, where the state controls such policy choices.
- Disregard all or a portion of earnings of children in the household under age 26. Work with states to encourage similar adjustments to federally funded programs such as TANF, where the state controls such policy choices.

RECOMMENDATION 2

Increase Asset Limits to Promote Financial Stability

“ Even having a car, people don’t understand how hard it is to maintain having a car [without savings for maintenance]. ”

—Kathleen S.

“ It’s difficult to navigate because on the one hand you want to be responsible and have an emergency fund set aside for any problems like a car repair, so you can keep your job.[. . .] I’m trying to buy a house. If I was able to qualify for SNAP benefits I could build my savings. If you’re financially responsible and trying to keep an emergency fund you’re punished for it. ”

—A Tennessee Parent

BACKGROUND

Some public benefit programs impose very low asset limits such as SNAP’s \$3,000 limit that applies to most households under federal rules. This is in direct conflict with the ability to save for big goals, such as the purchase of a home or reliable vehicle or to start a small business that will promote economic mobility.

It also prevents families from creating responsible levels of savings to deal with financial emergencies. When encountering such emergencies, families are often forced to return to the public benefits they have exited

or to seek greater public assistance, such as homelessness services.

Families are generally advised to have at least six months of living expenses in savings.¹² For a family of four living at the poverty level this would be roughly \$16,000 in 2025. While \$16,000 would be a minimum recommendation, further evidence-building should be conducted to identify appropriate asset levels needed for long-term economic stability (i.e., adequate emergency fund, purchase of home, vehicle, starting a small business, etc.). Additionally, asset limits should be designed to account for cost-of-living changes year to year so families’

ability to save for financial emergencies and long-term stability is not eroded.

While raising low asset limits is necessary to permit households to save, the financial challenges faced by those who are eligible for public benefits mean that additional barriers may prevent families from building savings through their earnings alone.¹³ Some public benefit programs offer matched savings (e.g., TANF Individual Development Accounts) and escrow accounts where benefit decreases

due to earnings are directed into a savings account rather than lost (e.g., HUD's Family Self-Sufficiency Program¹⁴).

However, there is no savings solution that works across benefits, and the programs that do exist often limit access to funds under certain conditions and for certain purposes. This doesn't meet the needs of families who need to use funds to meet immediate financial emergencies or to pay down prior debts.

RECOMMENDATIONS

Opportunities for Federal Administrators

- Encourage states to increase asset limits to at least \$16,000 and to adjust them annually for inflation in federally-funded programs such as TANF that have asset limits set by the state.

Opportunities for Congress

- Increase asset limits where they are set by the federal government to at least \$16,000 and ensure that they are indexed annually to address changes in cost of living. Work with states to encourage similar adjustments to federally-funded programs with asset limits set by the state.
- Create Universal Savings Accounts¹⁵ that are excluded from counting against public benefits eligibility (similar to the treatment of other tax-deferred savings accounts under current law).
- Direct a portion of public benefits savings from a worker's increased earnings into the worker's Universal Savings Account.



RECOMMENDATION 3

Better Align the Earned Income Tax Credit (EITC) to Support the Transition Off Public Benefits

“ I had to plan ahead for [losing SNAP]. I had to make a certain amount of money to cover what I previously had with SNAP benefits for it to work. [...] I went to the food bank, a lot. ”

—A Tennessee Parent

“ The biggest challenge for me [when losing public benefits due to increased earnings] was not being able to feed my children. Having to basically use that money [I was making] to buy food and not even have enough for food. ”

—Kathleen S.

BACKGROUND

The EITC, in effect, provides a wage supplement and work incentive to lower-wage workers through the tax system. It has been demonstrated to increase employment, including among single parents with very low income. It also has been linked to numerous short-term benefits, including improved birthweight, child test scores and behavior, food security, and long-term indicators of economic success in adulthood for children in households that claim the EITC.¹⁶

Additionally, the EITC helps offset the loss of public benefits due to increased earnings.

However, the current design of the EITC limits its effectiveness at mitigating benefits cliffs. First, the loss or reduction in public benefits generally follows within at least a few weeks or months of the earnings increase whereas the EITC is only available after filing taxes based on the previous year's income. A family loses public benefits almost immediately while it can take up to a year to claim the EITC that would offset some of that loss.

This delay in accessing EITC's wage-supplementing benefits can create a benefits cliff effect for many families and leave them unable to make ends meet.^{17,18} Second, rather than offering a bridge across the loss of other

benefits, the EITC begins to phase out in the same range that other benefits—SNAP, HUD-funded housing assistance, and TANF Cash Assistance, for example—are

being reduced or lost entirely. This can substantially increase the benefit reduction rate experienced by families as they increase earnings.

RECOMMENDATIONS

Opportunities for Federal Administrators

- Work with states to ensure public benefits recipients are aware of the EITC and are filing to claim the EITC when eligible.

Opportunities for Congress

- Make the EITC partially advanceable to offset losses in other public benefits. Create a portal that allows workers to opt in or out of receiving advance payments, choose the frequency of advance payments (e.g., monthly vs. quarterly), and report changes to household circumstances. Ensure good faith actors are protected from overpayments.¹⁹
- Increase the EITC credit amount by 40%²⁰ while maintaining full refundability.
- Increase the phaseout threshold (i.e., the income threshold whereby the EITC begins to be reduced) and/or reduce the phaseout rate (i.e., the amount the EITC is reduced for each dollar earned above the phaseout threshold) to mitigate the overall impact of reductions and losses in public benefits due to increased earnings.
- Explore implementing a “welfare-to-work” credit for those who have lost public benefits specifically due to increased earnings by targeting changes to phaseouts for this population.

RECOMMENDATION 4

Coordinate and Innovate Across Public Benefits

“ It’s a complicated situation. They should look at a person’s actual situation. They have guidelines to use but not every person fits into those guidelines. That is one of the big flaws in how the guidelines are written.”

—A Tennessee Parent

“ When they lowered [my public benefits] and they gave me the [benefits cliff pilot assistance], that helped get me to where I needed to get to. If I wouldn’t have had that I honestly don’t know what would I have done without it. ”

—T. Butler

BACKGROUND

The current federally funded public benefits system is siloed administratively and often misaligned to facilitate economic mobility.

Families are left to navigate a maze of programs with varying eligibility rules and participation requirements. Program metrics are often focused on administrative compliance and whether an individual is employed and not on indicators of family flourishing and achieving family-sustaining wages. The net result is an administratively burdensome system that leaves too many families cut off from opportunity and trapped in poverty.

These challenges extend into the space of testing and scaling innovative solutions. Programs like SNAP and Medicaid are governed by detailed regulations but also have potentially broad waiver and demonstration authorities. However, different agencies and units are responsible for reviewing and approving (or denying) these waivers across the various programs, and there is currently no coordination across federal agencies to support cross-benefit innovation.

Other programs, such as Temporary Assistance to Needy Families (TANF) and Child Care and Development Block Grant (CCDBG) have fewer regulations but tend not to permit waivers or other flexibilities where federal

requirements are clearly articulated. This further hinders efforts by the states to align programs to support family financial stability and economic mobility.

The Fiscal Responsibility Act of 2023, which authorized TANF pilot programs, is an important step toward giving states the opportunity to test new approaches better aligned toward reducing government dependency. Coordinated waiver authorities across programs (“super waivers”) can accelerate innovation, increase government efficiency, and empower states to better serve their constituents.

In recent years the federal government has made efforts to address these challenges, most notably through the creation of the Interagency Council on Economic Mobility (the Council) under the first Trump Administration. The Council was created to “promote family-sustaining careers and economic mobility for low-income Americans.”²¹ The Council identified benefits cliffs as a key issue. The Council or a similar interagency body would be an important resource in supporting state efforts to address benefits cliffs and generally to deliver more effective, efficient services that support family economic mobility.

RECOMMENDATIONS

Opportunities for Federal Administrators

- Reestablish the Interagency Council on Economic Mobility or a similar interagency body and task with:
 - Conducting a top-down review of the existing public benefits landscape and where barriers and facilitators to economic mobility exist within and across these programs;
 - Providing guidance to state agencies on what actions they might take to mitigate benefits cliffs absent waivers of existing laws and regulations;
 - Coordinating administering agencies to approve waivers or other regulatory flexibilities for states seeking to pilot these demonstrations;
 - Compiling a report on where current legal and regulatory inflexibilities prevent the development of robust cliff-mitigating demonstrations and hinder data sharing across agencies to enable robust, long-term evaluation;
 - Ensuring that demonstrations are carried out with rigorous evaluation plans;
 - Compiling recommended policy reforms based on demonstration learnings; and
 - Ensuring that the Council includes representation from individuals who have received public benefits and direct service providers that interact with such individuals and that its recommendations are informed by these groups.

RECOMMENDATIONS *(continued)*

Opportunities for Congress

- Create a “super waiver” demonstration and data sharing authority that permits states to test better ways to administer public benefits and enable family economic mobility across benefits.
- Provide funding to support implementation of promising demonstration projects and robust independent evaluation.
- Enact recommended policy reforms based on the findings of the Interagency Council on Economic Mobility.

Demonstrations to Prioritize

Following are policies and practices that warrant further investigation and testing due either to promising evidence or to feedback consistently shared by families trying to work to get ahead:

One Door: For the last three decades, Utah has implemented a more integrated approach to the delivery of public assistance and workforce development services, creating a seamless system of support and economic advancement for families. Given that state’s promising results,²² this approach should be explored in additional states particularly as recent expansions of work requirements in Medicaid and SNAP will make coordination of public human services and workforce systems more important for individuals receiving public benefits.

Transitional Assistance: Several pilots underway across the country testing approaches to providing targeted transitional assistance that offsets the loss of benefits and enables a smoother transition to full financial independence are showing promising preliminary results.^{23,24}

Grace Periods: Grace periods or “benefit freezes” allow a family that has exceeded eligibility limits to continue to receive assistance for a specified period of time. A few public benefits do this already (e.g., Transitional Benefit Alternative²⁵, Transitional Medical Assistance²⁶), but the conditions that trigger them, their duration, and other factors are not coordinated to create a smooth experience for families. A demonstration could test a more coordinated approach within existing authorities and consider grace periods in programs that lack them currently.

Demonstrations to Prioritize *(continued)*

Express Eligibility Reconsideration: Individuals are more likely to report an openness to increasing employment if they have assurance that they will be able to re-access benefits if the need arises.²⁷ Efforts should be made to test the benefits of this approach as a potential lower-cost solution to addressing benefits cliffs.

Empowerment Accounts: This concept consolidates multiple existing public assistance programs into cash payments for families seeking increased employment, creating a simpler, more efficient experience for families and administrators.²⁸

Work Support Supplements: While several states provide cash payments and other resources to offset increased costs of employment/loss of public benefits, there are opportunities to align these across the benefits a family receives to ensure that necessities for employment are provided efficiently and effectively and to evaluate more robustly this intervention's effectiveness.



RECOMMENDATION 5

Promote Career Pathways and Employer Engagement

“It’s hard to go to school. You are stressed out, and you got to figure everything out [on your own].”

—Kathleen S.

“Right now, I’m going back to school. I didn’t finish school when I had my first son. So I’m currently [working on my high school equivalence]. Just giving me resources to push me further so I don’t have to just look on my own [for those training and career opportunities] would be a huge help.”

—Tonya B.

BACKGROUND

Fixing how public benefits work is only a part of the solution. By connecting public benefit reforms with enhancements to workforce development, such as expanding apprenticeships, we can ensure successful transitions off public benefits. While there has been progress over the last decade to align the workforce development system to career pathways, those with higher barriers to employment, like many who access public benefits, have not benefited from this. Much of the current workforce development system is not designed to support the success of those receiving public benefits or to engage

the employers who can offer the right kind of career opportunities, particularly those that offer apprenticeships, on-the-job training, or other earn-and-learn models.²⁹

Part of the challenge is that those receiving public benefits often have access to dedicated employment and training funding streams (e.g., SNAP E&T) that operate apart from the rest of the workforce development system (i.e. WIOA, technical and community colleges, federal financial aid, etc.). This is compounded by the siloed rules and administration between public benefits and workforce training programs, such as the fact that earning income through participation in training

programs specifically for those receiving public assistance (e.g. SNAP E&T) can cause a loss of the public benefits that qualify the individual for training support before they've had a chance to launch their new career and achieve financial independence, leading to two steps back instead of a step ahead.³⁰ Additionally, performance measures across workforce development programs tend to focus on such short-term outcomes as whether an individual is employed which can leave out people in lower wage work still relying on public benefits to make ends meet.³¹

Additionally, public human service agencies and community providers with initiatives

focused on supporting the transition to financial independence often face challenges in obtaining long-term employment and earnings data. Data sharing permissions can be a particular sticking point, especially when local labor markets extend across state lines (i.e., an individual may receive public benefits in one state but be employed in an adjacent state where a different set of agencies would maintain wage data) or when program completers move to a new state in search of job opportunities. The lack of access to federal and state data makes it more challenging to assess intervention effectiveness.³²

RECOMMENDATIONS

Opportunities for Federal Administrators

- Strengthen alignment across federal workforce development programs available to those receiving public benefits, including TANF, SNAP, and WIOA. Ensure performance measurement is aligned to intended outcomes (i.e., achievement of self-sufficiency wages).
- Support efforts to improve data connections between human services, training, and workforce development to improve evaluation and performance measurement of long-term outcomes.
- Continue and expand efforts to promote apprenticeships and other earn-and-learn opportunities in quality, high-demand career pathways.

Opportunities for Congress

- Exclude from public benefits eligibility determination the income earned as a result of participation in publicly-funded training programs (e.g., WIOA, SNAP E&T) intended to assist the individual in transitioning off of public benefits.
- Strengthen alignment across federal workforce development programs available to those receiving public benefits, including TANF, SNAP, and WIOA. Ensure performance measurement is aligned to intended outcomes (i.e., achievement of self-sufficiency wages).
- Provide incentives to WIOA programs for meeting wage and long-term employment retention targets for individuals receiving public benefits. This could be achieved without increased funding by adding weight to these harder to reach outcomes for performance accountability purposes.
- Support efforts to improve data connections between human services, training, and workforce development to improve evaluation and performance measurement.

RECOMMENDATION 6

Adopt an Evidence-Based Coaching Approach and Provide Benefits Counseling

“ I’m one of those people [who] didn’t have a village. I didn’t have support. I literally had to figure things out because everybody else is going through their own stuff, too. It’s even harder when you don’t have that village and you don’t have that support and you know you can’t ask anybody.”

—Kathleen S.

“ [Agencies should] have someone who specializes in [career navigation and resources to support economic mobility] to help people with that transition part, and then also someone who helps you pull the pieces together to make things work because if you don’t think it’s possible to get by when you increase your income, it can seem very overwhelming.”

—A Tennessee Parent

BACKGROUND

Today, families must often navigate a patchwork of eligibility workers and case managers administering their various public benefits.

They may not have a consistent person to contact regarding their benefits, and interactions with these workers are focused primarily, if not entirely, on compliance—such as verifying eligibility, ensuring participation requirements are met, and more. Left out of this equation is recognizing the strengths and

challenges of the family served and helping them develop a plan to improve their financial situation.

Many are left on their own to figure out what will happen to their public benefits when they increase their earnings. A common refrain from parents navigating public benefits is that the system does not treat them as human beings.

Fortunately, this is not universal. An increasing number of government human services

agencies, as well as community providers, are taking a more family-focused approach to services, deploying evidence-based coaching for those who have moved out of immediate crisis and are prepared to move forward. Families report more positive outcomes from this approach, and there is increasing evidence showing this approach increases employment and improves financial well-being.^{33,34,35}

Additionally, an increasing number of agencies are implementing benefits counseling, using “benefits cliff calculators” and other tools like targeted coaching to help illustrate the relationship between public assistance and increased earnings.³⁶ This equips families to make informed decisions about increased employment and aids in developing long-term career plans.

RECOMMENDATIONS

Opportunities for Federal Administrators

- Support evidence-building efforts to refine family-focused coaching and counseling for the transition off public benefits.
- Develop guidance and technical assistance to support states in adopting a family-focused coaching approach and offering benefits counseling.

Opportunities for Congress

- Align federal policy to promote evidence-based coaching and benefits counseling in the delivery of public benefits.



Conclusion

Benefits cliffs represent a significant barrier to economic mobility for millions of families relying on public assistance programs like SNAP, Medicaid, HUD-supported housing, and childcare subsidies.

As workers strive to increase earnings through higher-paying jobs or extended work hours, they often risk facing benefits cliffs that leave them in a worse financial position despite earning more.

This creates disincentives to work in the short term and barriers to economic opportunity in the long term. Families are financially penalized and emotionally burdened by the complexity and unpredictability of navigating this system.

Addressing these challenges requires a thoughtful redesign of policies to support the path of exiting public benefits and achieving financial independence.

To address benefits cliffs, policymakers must pursue reforms that align public assistance programs with the realities of what is needed to achieve economic stability and mobility.

This involves coordinated efforts to reward work by reducing benefits gradually, increasing asset limits, improving the EITC to offset cliffs and promote work, supporting coordination and innovation across benefits, creating opportunities for good careers, and delivering services using an evidence-based coaching approach.

Doing so will support economic opportunity and improved well-being for families as well as reap long-term benefits for the trajectories of children, address critical labor needs in the wider economy, and deliver better results for the American taxpayer.





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