State Level Options to Mitigate Benefit Cliffs

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Katharine French-Fuller, PhD
kfrenchfuller@gmail.com

Community-Engaged
Researcher

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Introduction

Around the United States, the growing consensus is that benefit cliffs hurt families, employers, and the economy as a whole. Public benefit programs like SNAP (food stamps), housing subsidies, Medicaid, childcare subsidies, and cash assistance (TANF) provide critical aide to low-income families, but they currently all terminate before families can support themselves. Families depend on these resources to make ends meet and nationally, over half of workers in the bottom 20% of the wage distribution receive benefits from public programs.[1] Technically, benefit cliffs "occur when working families lose public support benefits faster than they can earn income to replace the lost resources."[2] Benefit cliffs are harmful because "...workers make job and career decisions based on short-term financial considerations. Benefit cliffs hurt the families who are worse off financially despite moving ahead, hurt businesses who experience churn and struggle to fill open positions and retain workers, and hurt taxpayers who bear the cost of elevated need for public benefits".[3] In some cases, a benefit cliff is a disincentive to work or accept a raise or a promotion because the family would have less money at the end of the month. It is important to note, however, that people colloquially refer to the termination of any benefit at any time as a "benefit cliff" because they cannot pay their bills with earned income alone after it ends (not because they make less after the benefits end). This report explores the interconnected solutions to benefit cliffs and other problems with the benefit system.

The benefit system could help recipients get to self-sufficiency in four key ways:

01

First, public benefits are confusing and bureaucratic. The criteria for the various programs are administered by different government agencies and frequently change. Programs target different populations and have varying eligibility requirements. Programs count income differently, accept disparate levels of maximum income, and are administered diversely state by state. Programs also treat assets dissimilarly. Asset tests, amongst other criteria, differ by how they count vehicles. Income limits can be alternatively measured by a percentage of the federal poverty level (FPL) or state median income (SMI). In short, as the Government Accountability Office noted, “…the numerous financial and nonfinancial eligibility rules for federal low-income programs can confuse applicants and increase program administration challenges.” [4] The requirements of applying for and renewing benefits can mean recipients spend time on paperwork rather than working or in job training. (This is often referred to as the “time tax.”) Please see Appendices A and B for examples of how complicated eligibility and review criteria are for the major public benefit programs.

02

Second, benefits sometimes terminate before recipients meet the FPL and always before self-sufficiency. The federal Office of Family Assistance, which administers TANF, notes that TANF is designed to “help low-income families with children achieve economic self-sufficiency.” How do we know that the public benefit system is not helping families[5] and individuals get to self-sufficiency? Some of that evidence exists in the substantial gap between poverty level and self-sufficiency in Utah (and the United States) in 2024 as measured by the MIT Living Wage Calculator. The federal poverty level for a family of four is $31,200/year. In Salt Lake[6] County, the living wage for a family of four with two working[7] parents is $110,946/year. In Iron County, Utah the living wage is $104,920/year. However, a family of four stops receiving TANF when it hits an income[8] of $14,760; SNAP at $40,560; Medicaid at $41,496; and childcare subsidies at $94,824. The gap between poverty and self-sufficiency indicates that importance in updating the FPL standard, suggests why workforce development strategies are integral to discussions of benefit cliffs, and demonstrates that families are unable to pay their bills on their own when benefits end (and must rely on food pantries and the like).

03

Third, in the past, benefit programs were designed with a “work first” approach, which meant getting the benefit recipient into a job, any job, rather than focusing on long-term financial stability and economic mobility (in other words, getting them into a career or a job that pays a living wage). Today, policy experts, human services providers, and families themselves recognize how that approach has a long-term cost to the economy and promotes cycling on and off benefits because families don’t have the opportunity to build economic stability. This perpetuates the cycle of intergenerational poverty.

04

Fourth, of course, is the issue of benefit cliffs, which occurs when a small increase in earnings leaves families with fewer resources at the end of the month. Cliffs, therefore, act as disincentives to work and leave families feeling deflated and punished for working hard. The solutions below focus on making changes that could help families achieve self-sufficiency, promote economic mobility, and improve financial stability. Critical to these changes is rigorously adopting whole family, two-generation policies that center families and favor coaching over case management.

The purpose of this project was to understand the variety of options available to the state of Utah at the *state level* to mitigate the negative effects of benefit cliffs and other barriers that are preventing families and individuals from achieving self-sufficiency. The information gathered here is meant to spark a conversation on what potential improvements make sense for Utah. Fortunately, there is widespread agreement over policy changes and interventions. Entities such as the National Governors' Association, the National Conference on State Legislatures, the US Chamber of Commerce Foundation, the Florida Chamber of Commerce Foundation, The Urban Institute, and the Center on Budget and Policy Priorities generally agree on "best practices" and first steps for potential improvements.[9] From these sources and others, this report first describes typical barriers benefit recipients face. It goes on to identify a suite of basic changes that many states have already made to their eligibility criteria and policies for the most popular benefits. It then goes on to identify a sample of other changes that are allowable and have been implemented by some states. This is to give an idea of how many types of solutions are available and how states tailor their solutions to their local conditions. The report then describes both the conditions and parameters needed for systemic change and lists successful pilot projects tackling benefit cliffs. Finally, the report offers options--both short- and long-term--that can be implemented at the state or federal level.[10]

The report notes 25 state-level potential improvements broken down into three categories. Almost all of these suggestions were also identified as critical in a small survey of Weber County benefit recipients in the spring of 2023.[11] No one modification will be large enough to make meaningful or systemic change. The effectiveness of short-term modifications will be limited without long-term or federal changes. The short-term options tend to focus on phasing out benefits gradually, lengthening re-certification periods, permitting more earned income to be held onto in the shift to employment, using sliding fee scales (for child care), raising eligibility limits or changing exit/loss of eligibility standards to facilitate a longer stay on benefits while working. Long-term solutions focus on two areas.

First, they focus on the rigorous implementation of whole family, two-generation approaches that adopt long-term coaching, including after entry into the workforce (approaches that require a minimum of 2 years of coaching). Second, they focus on employment and workforce development opportunities by increasing educational and work supports through job-training and skill-development initiatives. The potential options also include employers as part of the solution. It is critical to encourage long-term solutions because, as the US Chamber of Commerce Foundation noted, "Public benefits are designed to encourage labor market entry, but not employment retention, career development, and economic stability and mobility – including the ability to withstand fluctuations in income and avoid hardship… Policy options should encourage financial stability and economic mobility."[12] In other words, the assumptions and design of the public benefit system need to be re-evaluated as the current benefits system in the US is not designed to address the needs of the whole family and the unique social determinants of health (SDOH) challenges that any family is facing.

Suggested changes are distributed unevenly through the most utilized public benefits. The biggest cliffs occur with Medicaid, childcare, and housing. However, the vast majority of steps that states have taken to tackle cliffs and other inefficiencies in the system are with childcare and TANF because states have the most control and flexibilities with these programs, especially with TANF. Because the potential improvements in this report are based on solutions other states have implemented, the report has relatively few options to offer regarding housing and Medicaid.

The implementation of TANF in Utah has the most room for changes that would reflect a whole family, sustainable model. Fortunately, Utah has the authority and ability to make changes to TANF at the state level. For instance, the TANF benefit level is about 32% of the 2023 FPL for a family of three.[13] Utah receives about $75 million each year in TANF assistance and 19% is spent on basic needs. There are also unspent TANF funds. Utah serves about 4,671 individuals and 1,995 families with cash assistance.[14] As such, there is plenty of room for TANF changes which, combined with workforce development strategies, could better support families to self-sufficiency.[15]

Typical Problems & Solutions

Below are descriptions of the most common types of barriers that those on public benefits face. This will give the reader an understanding of the scope of problems that permeate all programs in all states. Following a description of the problems and typical solutions is a chart of "Proven Solutions." These solutions are some of the most widely recommended first steps in creating a more effective benefits system and show how widespread – and therefore possible – some of the solutions are.

Readers may notice a number of unfamiliar terms. Many of the terms below are self-explanatory, but a few need explanation. For any questions regarding the italicized words in the table below, please consult page 23 for any questions regarding terminology.

Typical Short-Term Problems	Potential Solutions
Benefits terminate before the family/ individual can pay bills independently.	Increase income limits that are indexed to financial stability standards.[16]
Benefit cliff - Benefits terminate all at once (they do not taper sufficiently) and drastically, so recipients have fewer resources at the end of the month.	Child Care: Create a benefit decline by slowly phasing out the subsidy over a longer period of time and to a higher income level. SNAP: Slowly reduce subsidy over a longer period of time. Medicaid: Ensure a smooth transition to a marketplace plan that is 7% or less of the person's income.
(TANF) There is no transition or grace period once a recipient starts working.	Increase TANF *income disregards* during the first 3 months of work, reduce disregards in months 4-6, discontinue after 6 months of work. This allows beneficiaries a few months to build up a small nest egg. Offer state funded cash assistance during that transition. Offer post-TANF/benefits counseling and other supports.
Running in place – recipient cannot progress.	The State publicizes and actively encourages Utahns to invest in Individual Development Accounts (IDA), the HUD self-sufficiency program, or escrow funds. Recipients invests in IDA, self-sufficiency program, or escrow funds.

Typical Short-Term Problem	Potential Solutions
Fear of benefit cliffs stops recipient from accepting a raise, promotion, or increasing hours.	State case managers incorporate *benefit cliffs calculator* to help plan and mitigate the effect of the benefit cliffs.[17] Switch from case management to coaching in a *two-generation approach*.
Time tax: time taken applying/renewing access to benefits takes away from working, training, or education.	Lengthen recertification periods, and coordinate between agencies and programs so less time, less frequently is spent applying. Implement *broad-based categorical eligibility*, which allows for automatic eligibility if an applicant is eligible for one benefit program. Ensure data sharing between agencies.[18]
Families and individuals are ineligible for public assistance because of *asset tests/ limits*.	Eliminate or increase amounts allowed by *asset tests*.[19]
Recipients are overwhelmed and confused. They do not understand the rules, know what programs they are eligible for, and have a hard time figuring out how to utilize the patchwork of services to achieve self-sufficiency.	Provide coaching for benefit recipients that extends six months after recipients' benefits terminate. Coordinate case management and coaching across agencies; case managers and coaches understand how benefit programs intersect. Utilize *benefit cliffs* calculator in coaching. Address SDOH through wrap-around services/referrals, specifically utilizing a coaching model.
Many low-income workers experience job volatility. A family or individual loses benefits because in the month of their recertification they had unexpected overtime hours, received a job training stipend, received a large child support payment, etc.	Average income over the certification period rather than income at point of recertification.[20]

Proven Solutions

Potential Improvements	Overall Number	Is Utah Included?
Number of States legislatures that have ordered the study of benefit cliffs since 2019	**At least 15** Including: Connecticut Florida Hawaii Kentucky Louisiana Maine Massachusetts Montana New Hampshire [21] New York Pennsylvania South Carolina Vermont Washington, DC West Virginia [22]	**NO**
Number of states who have determined their self-sufficiency standard	41	**APPEARS NO**
States who are financially supporting pilot programs to mitigate the cliff effects	**At least 12** Colorado Connecticut Florida Maine Maryland Massachusetts Missouri New York [23] Ohio Tennessee Texas	**NO**

TANF

Potential Improvements	Overall Number	Is Utah Included?
Number of states who have eliminated the asset test for TANF (2022) [24]	**9** Alabama Colorado Hawaii Illinois Louisiana Maryland Massachusetts Ohio Virginia	**NO**
Number of states who have set the asset limit at $5000 or above (2022) [25]	**12** California Delaware Idaho Michigan Minnesota Nebraska Nevada North Dakota Rhode Island Vermont Washington Wyoming	**NO**
Number of states who have exempted at least one vehicle for TANF from asset test [26]	**38**	**YES**
Number of states who have utilized TANF income disregards (how much income is NOT counted in determining the benefit amount) to smooth the transition to work [27]	**25** Maine [28] Massachusetts [29] New Hampshire [30] New York Oregon	**YES** - 30 hours/week and max is 3 months; full benefit for first 2 months, and 50% for 3rd month [31]
Number of states who have more than 36-month lifetime time limit for receiving TANF	At least 16	**NO**

Childcare & SNAP

Potential Improvements	Overall Number	Is Utah Included?
Number of states who have exit eligibility levels at or above 200% FPL for childcare	26 states[32]	**YES**[33]
Number of states who have introduced a sliding scale or phasing out of payments to specifically avoid the cliff	**At least 8** Colorado Florida Maine Missouri New Hampshire Pennsylvania Rhode Island Vermont	**NO**
SNAP		
# of states who have broad-based categorical eligibility for SNAP (meaning participants qualify for SNAP when you receive non-cash TANF or maintenance)[34]	**44**[35]	**NO**
# of states who have increased income limits for SNAP (most to 200% of FPL)	**24**[36]	**NO**

Other Examples of Changes Implemented

CHILDCARE

1) Colorado determines benefits based on cost of living by county.[37]
2) Maine introduced a plan that said by 2030 childcare could not cost more than 7% of a family's income (H163, 2023).

TANF

1) New Hampshire has taken three additional steps. They have worked to allow master's degrees to count for education exemptions, they started providing post-TANF support to reduce recidivism, and they started an automobile savings program that provides a match for a down payment for a car.
2) States such as North Dakota, Oklahoma, Texas, and Arizona are participating in a workforce development program that specifically targets TANF recipients for high demand careers experiencing labor shortages. An example of such a workforce development program is the Health Profession Opportunity Grant, which 32 organizations in 21states receive.[38]

SNAP

1) Indiana reduced the number of verification requirements.[39]
2) New Jersey requested a waiver to extend the eligibility time period for able-bodied adults.[40]
3) Maine used unspent TANF Block Grant funds to supplement SNAP.[41]
4) New Hampshire is working to increase the SNAP gross income limit.

OTHER

1) Missouri requires the establishment of transitional TANF, SNAP and childcare benefits for recipients who become ineligible for benefits due to an increase in income.
2) Maine established a "rainy day fund" that is exempt from the asset test. It "…allows income-eligible adults to contribute to a matched savings program that can be used for emergencies, such as car or household appliance repairs, transportation to work or school, or other expenses due to job loss, reduced hours, or short-term disability."[42]
3) Minnesota, working with Code for America, reduced the average amount of time it takes to apply for benefits from 120 minutes to 20 minutes.[43]

Additional Interventions

The modifications listed would support a holistic approach to families' journeys to self-sufficiency. Luckily, some of the activities below already exist in Utah but could benefit from more engagement. Other approaches have not yet been implemented. The examples below would complement other policy and bureaucratic changes to holistically support families over the long-term and help prevent recidivism.

01 Incorporate the use of benefit calculators (see the Federal Reserve Bank of Atlanta's CLIFF tool) into case management and coaching within DWS as a basic planning tool.

02 Support and publicize Individual Development Accounts (IDA), which allow low-income individuals to save money for certain uses, such as education, buying a home, or starting a business without this money counting against asset limits. IDA programs are "operated by community-based organizations and sometimes state or local governments. The account holder's individual investment is matched by community-based organizations through grants from the federal government and other sources. The income in an IDA is typically disregarded when determining eligibility for public assistance programs, which can help smooth the cliff effect."[44]

03 Childcare: Index payments to a self-sufficiency standard, phase out co-payments more gradually to eliminate the benefit cliff, and freeze decreases in allocation during temporary disruptions in work schedules.

04 Better publicize and make use of HUD's Bridging the Wealth Gap and specifically the Family Self-Sufficiency Program, which helps renters build assets and credit.[45]

05 Ensure career pathways and financial literacy courses educate about and teach planning for benefit cliffs.

06 Provide more and longer transitional support, including coaching. It is expensive for participants to go to work or training as they then need to pay for increased transportation, uniforms, books, etc. Transitional support would help reduce recidivism.

07 Provide employers a $2,000 bonus if participants are still employed in the fifth quarter after exiting TANF.

08 Employers could offer income-based health insurance premiums, childcare assistance, paid family leave, and financial wellness benefits.[46]

09 Long-term reforms require ongoing collaboration between the states and the federal government so that states can create efficiencies together. Utah could be active in those efforts and part of innovative, human-centered solutions.

10 Invest in a state Medicaid bridge program like New York State's "Essential Plan."[47]

Critical Strategies

In order to promote upward mobility, Utah needs a mutually agreed upon strategy that supports the whole family to long-term self-sufficiency. No one change would make a sufficient difference in ameliorating benefit cliffs. Rather a whole collection of bureaucratic, policy, and programmatic improvements be woven together to achieve agreed upon strategic goals. Embedded in this strategy are shared assumptions, shared approaches, an agreed upon self-sufficiency standard, and shared goals (all of which should eventually result in shared outcomes across agencies). Below are strategies and underlying conditions that researchers think are needed for a systemic reframing on how to support families to self-sufficiency.

01

Funding: Make use of flexible Workforce Innovation and Opportunity Act (WOIA) funds, available from the Department of Labor, to intentionally address long-term benefit cliff solutions. Human Services and workforce development coordinate well in Utah; what workforce development solutions, that have not already been tried, would specifically help mitigate long-term benefit cliffs?[48]

02

Funding: In general, federal agencies encourage states to make use of waivers to increase flexibility and limits of public benefit programs. For example, non-recurrent short-term benefits (NRST) in TANF are flexible and unconditional. Utah already makes use of these funds to pay for housing assistance, welfare avoidance, and emergency assistance.[49] These funds could potentially fund childcare, clothing allowances, vehicle support, and more.[50]

03

Collaboration: Continue to prioritize interagency collaboration and data transparency/ sharing as a way to help the whole person/family, not just address one pressing need: “agencies must build their capacity to coach clients on benefits and cliffs. The coaches [or case managers] themselves must have the information needed in order to translate and help educate clients…Frequently, case managers learn only the benefits assigned to their agency, and are unaware of the interrelationship across benefits managed by other agencies. It is essential that frontline staff develop an understanding of benefits and cliff effects across programs in order to provide accurate guidance for navigating potential cliffs.”[51] Once collaboration and data sharing have been institutionalized to address short-term needs, the same collaboration and data sharing are essential to address long-term needs. As a report for the National Governors’ Association noted, public benefit programs provide temporary economic stability but “do not mitigate structural barriers that inhibit low-income families from accessing stable employment. Improved alignment and integration among human service agencies, workforce development agencies, and post-secondary education agencies can create career pathways systems that enable all beneficiaries to access job service and employment opportunities.”[52]

04

Coaching: coaching, rather than case management, is the thread that ties the interagency collaboration together to make it effective. Providing financial counseling, including counseling related to benefit cliffs, and addressing SDOH and other barriers through wrap around services (transportation supports, ensure access to broadband, help to improve low credit scores, etc.), addresses the needs of the whole family. Provide the family incentives when they meet their goals.

05

Evaluation and impact: Support the development of shared outcomes and a self-sufficiency metric so that, “state workforce, human services, and other programs can measure progress toward self-sufficiency.”[53]

06

Adjust for Inflation: Ensure that TANF amounts have the same purchasing power as in 1996 when the program was implemented, and help recipients at least get above the poverty line. Utah’s TANF payment increases have not kept up with inflation. Since 1996, TANF funds have suffered a 12% loss in purchasing power.[54]As of 2022, Utah had unspent funds equal to 121% of its block grant.[55]

Examples of Promising Pilot Projects

There is growing momentum within federal, state, and non-profit agencies to better support families to self-sufficiency. The program summaries below briefly describe how these partnerships are holistically supporting families to long-term self-sufficiency:

01

The Benefit Bridge Program (Ohio) - The Department of Job and Family Services Program in Ohio implemented a coaching based program and developed an assessment tool to determine if a family was a good fit for their coaching program, which tackles SDOH amongst other barriers. Participants come out of the program with a drastically increased assessment score. Participants need about two years in the program, engaging with a peer mentor and receiving incentives for meeting customized goals that are based on their circumstances. For example, families in intergenerational poverty have very different needs than those experiencing poverty situationally. Recognizing this difference is critical to the success of the program. In this way, the barriers that TANF is not able to mitigate (like a low credit score or being behind on child support), the coaching program addresses. State funding provides essential support for this program.

02

Benefit Bridge Employer Program (Ohio) - The program provides grants to eligible employers to incentivize employees who receive public assistance to complete additional training to receive higher pay to replace the public assistance. The employer must submit a benefit replacement plan and a description of training programs for each participating employee. The plan must use a benefit cliffs calculator.

03

Learn to Earn (Massachusetts) – "A comprehensive approach to providing unemployed and underemployed individuals who are receiving assistance from public benefit programs with the supports, skills, and credentials they need to gain and retain employment in occupations for which employers have persistent demand. LTE Partnerships will develop and test models to serve participants in the context of their family/household. LTE Programs will help participants set and achieve goals necessary for employment and sustained economic stability, such as maintaining and growing family net resources and minimizing the real or perceived potential impact of increased earned income on benefit receipt[;] state agencies will improve coordination across benefit programs and reduce benefit cliff effects. Grants [are] issued to community organizations to implement the program."

04

The Martha O'Bryan Center (Tennessee) –this center conducts several projects, including providing backbone support for the collaborative network Beyond the Cliff (Circles Salt Lake is participating in the collaborative). They also conduct a randomized control trial called Our Chance Tennessee. This study compares three pathways, each pursued for two and a half years, to determine which approach best helps families get to self-sufficiency and includes a $1,000 incentive.

05

Springfield Works Cliff Effect Pilot (Massachusetts) – This three-year pilot, working with up to 100 residents, provides a cash bridge to help recipients weather the benefit cliff. It also includes coaching and partnerships with employers. The program is being evaluated by UMass Boston.

Utah's Current Successes

Utah is ahead of the curve and has already carried out some important improvements. In particular, Utah was the first to implement the first "one stop shop" model in the country and has realized numerous changes with childcare subsidies in the past three years. Below is a partial list of where Utah is excelling:

01 Utah increased TANF payments by 33% between 2022-2023.

02 Utah does not include vehicles in the asset test for TANF.

03 Utah offers 3 months of transitional TANF payments once a recipient returns to work. During the transition, the recipient receives full benefits for first 2 months and 50% of their benefit in the third month.[56]

04 There is no waitlist for childcare subsidies in Utah.

05 The income eligibility limit for childcare in Utah in 2023 was the equivalent of 300% of FPL.[57]

06 Utah set their payment rates for childcare providers at or above 75% of market rates.[58]

07 Utah residents can apply for childcare, SNAP, and TANF through one portal. Department of Workforce Services also contains the agencies that administer childcare, SNAP, and TANF benefits. (Note: Medicaid is administered by Department of Health and Human Services, and housing subsidies go through local housing authorities and other entities, which must be applied for separately.)

08 Utah has a state level EITC and Child Tax Credit in place.

Potential Improvements

First, Utah needs to make addressing benefit cliffs a state level priority. One way to do this is by establishing a working group that includes benefit recipients, DWS, HHS, non-profits, and employers -- with technical assistance from federal agencies. The working group could further study the issue, raise awareness, and decide which suite of options makes sense for Utah's families and economy. Establishing a self-sufficiency standard (by county?) is also a critical early step needed to guide the work and establish metrics and indicators. A suite of changes could include:

1

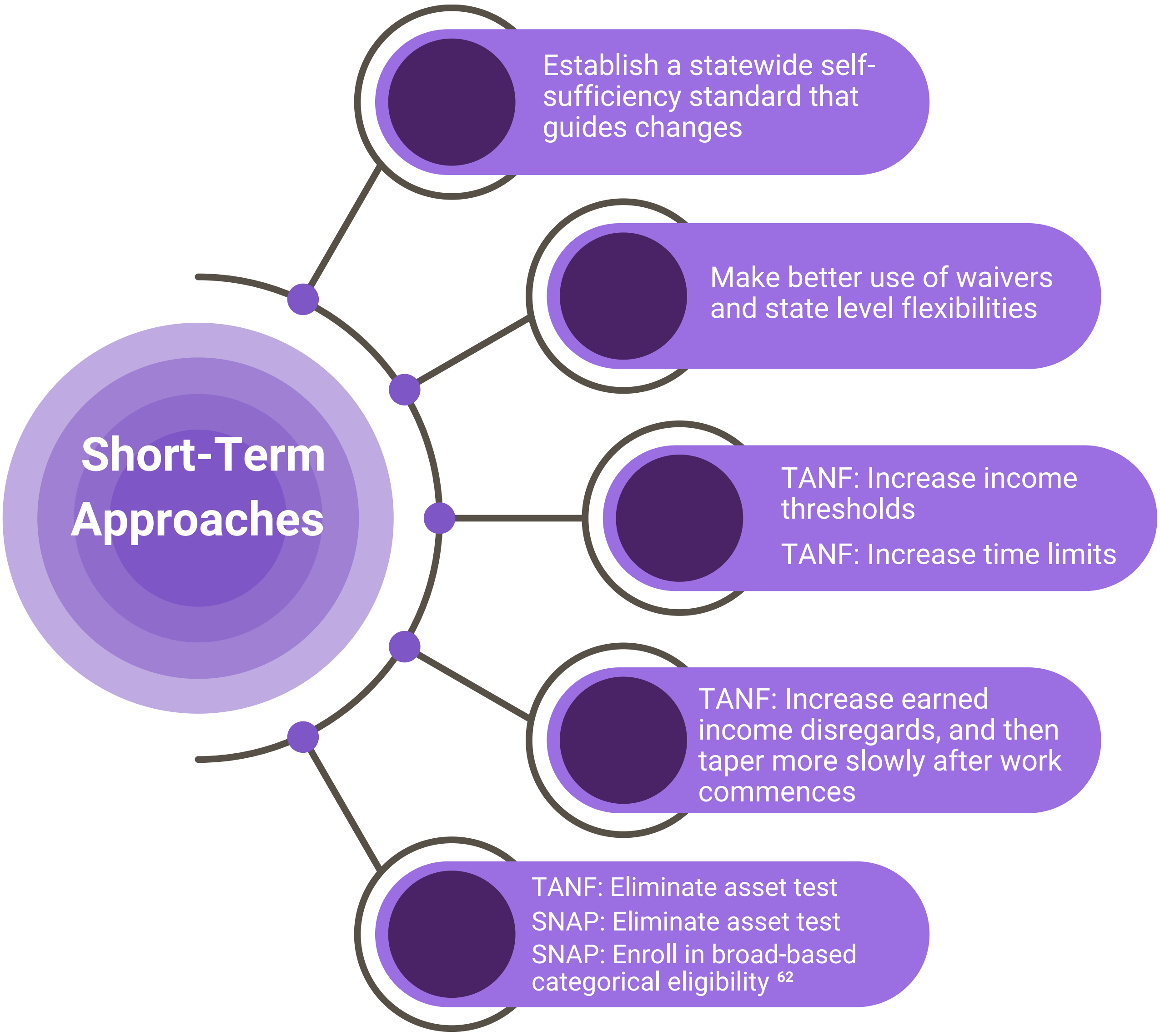
Implementing short-term state level changes that include new approaches to phasing out benefits, raising eligibility limits, changing exist/loss eligibility standards, eliminating asset limits, and lengthening review periods.

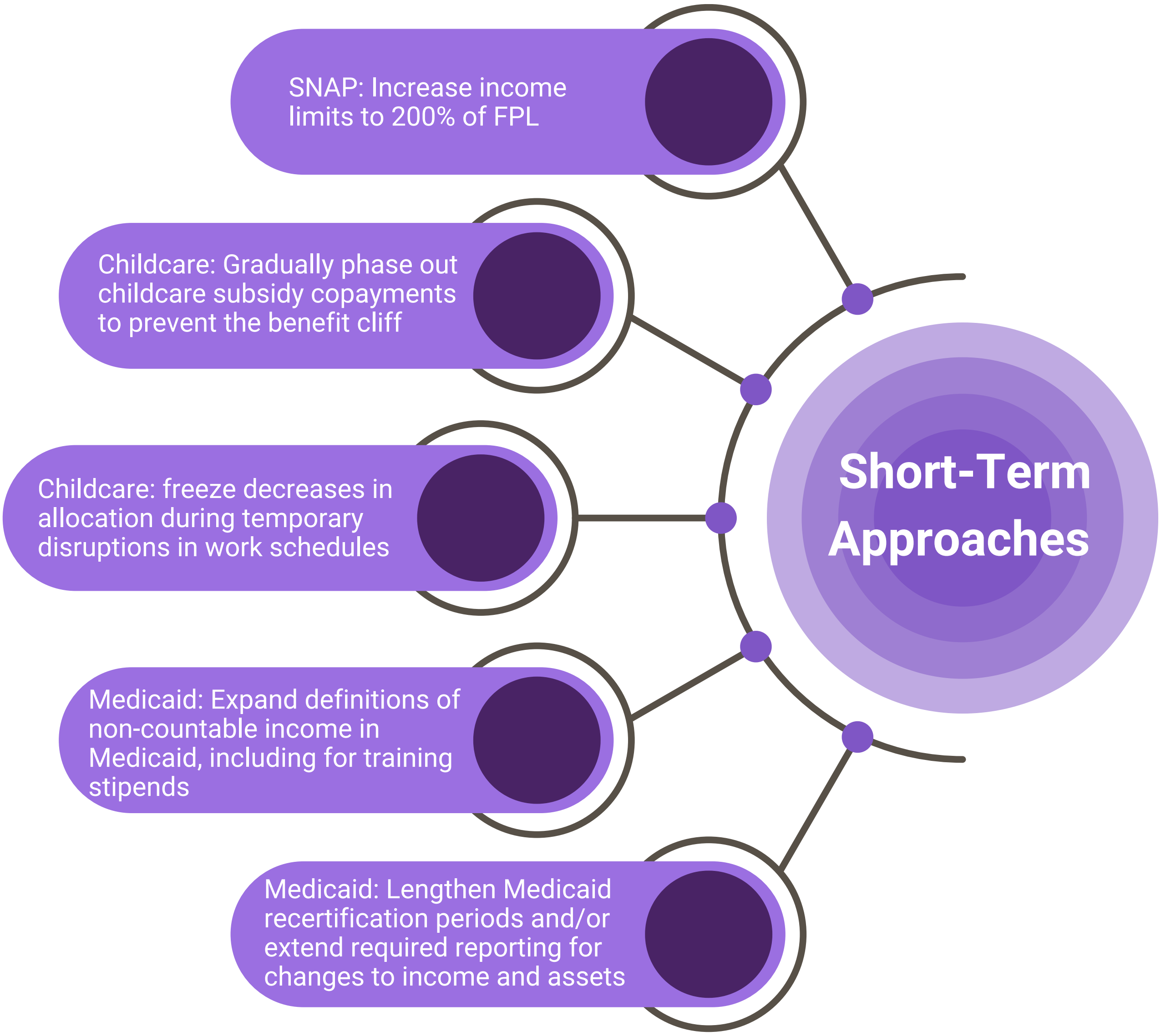
2

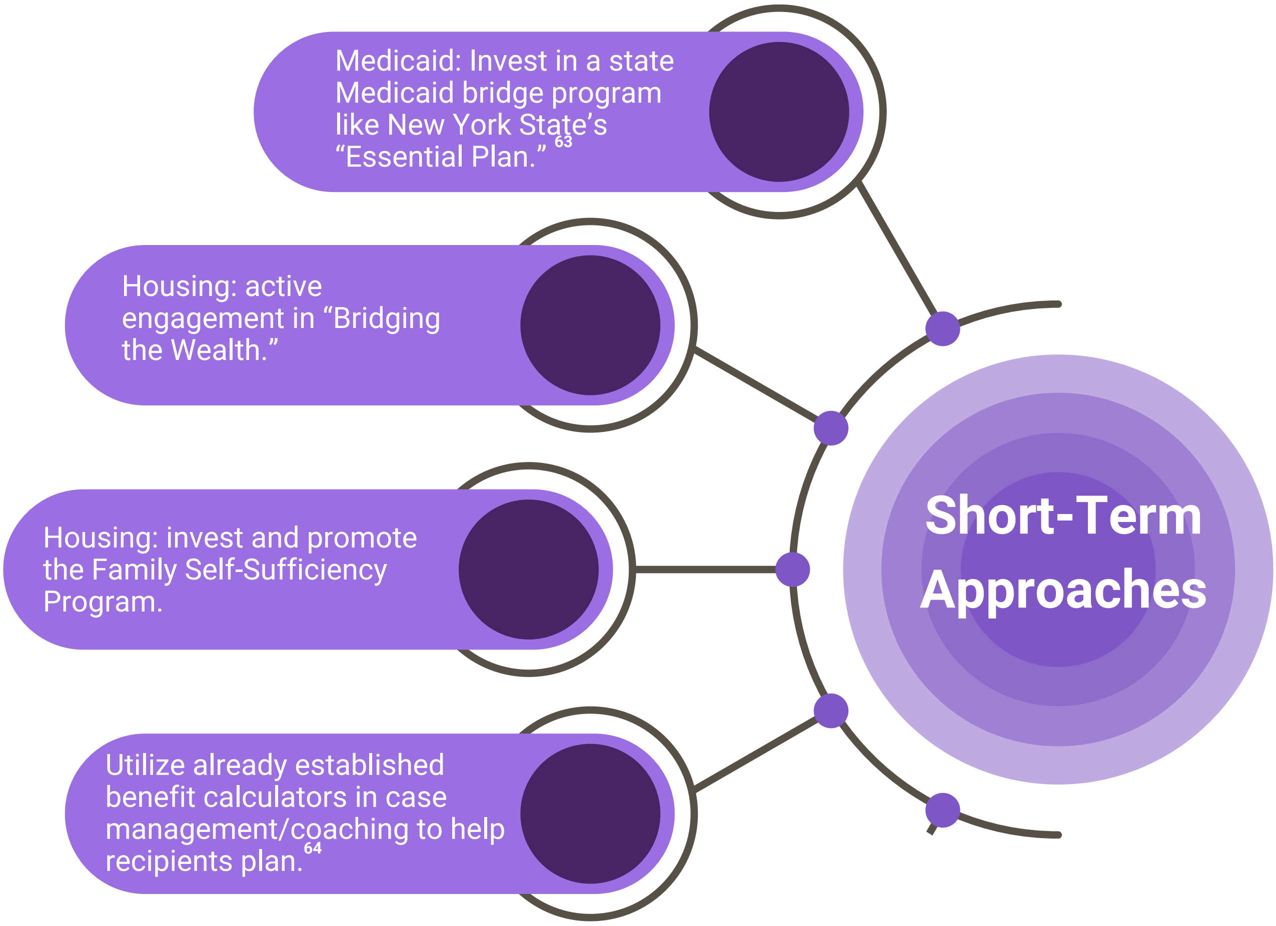
Implementing long-term state level changes that focus on workforce development solutions and education.

3

Educating and involving employers; promoting employer level solutions.


Short-Term Approaches
Establish a statewide self-sufficiency standard that guides changes
Make better use of waivers and state level flexibilities
TANF: Increase income thresholds
TANF: Increase time limits
TANF: Increase earned income disregards, and then taper more slowly after work commences
TANF: Eliminate asset test
SNAP: Eliminate asset test
SNAP: Enroll in broad-based categorical eligibility [62]


Short-Term Approaches
SNAP: Increase income limits to 200% of FPL
Childcare: Gradually phase out childcare subsidy copayments to prevent the benefit cliff
Childcare: freeze decreases in allocation during temporary disruptions in work schedules
Medicaid: Expand definitions of non-countable income in Medicaid, including for training stipends
Medicaid: Lengthen Medicaid recertification periods and/or extend required reporting for changes to income and assets

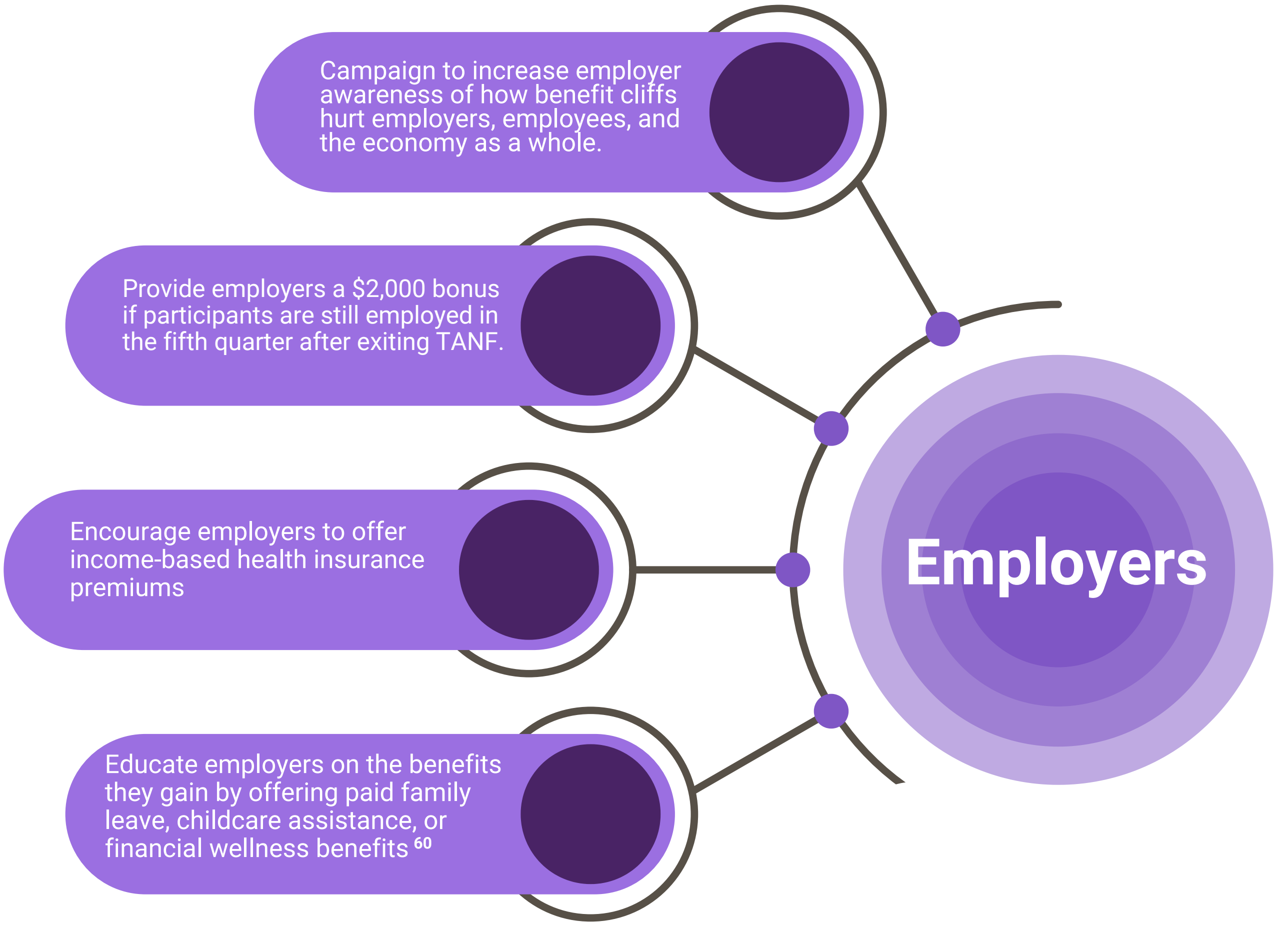

Short-Term Approaches
Medicaid: Invest in a state Medicaid bridge program like New York State's "Essential Plan."[63]
Housing: active engagement in "Bridging the Wealth."
Housing: invest and promote the Family Self-Sufficiency Program.
Utilize already established benefit calculators in case management/coaching to help recipients plan.[64]

Long-Term Approaches

- Better address the needs of the whole family, utilizing a two-generation approach through coaching.
- Continue to prioritize interagency collaboration and data transparency/sharing to help the whole person/family, not just address one pressing need.
- Measure progress toward self-sufficiency by facilitating data-transparency and creating shared outcomes and a self-sufficiency metric to be applied across "state workforce, human services, and other programs."[59]
- Workforce Development and Human Services entities explicitly and intentionally take benefit cliffs into account their planning, implementation, and evaluation.[61]
- Make better use of WOIA funds, available from the Department of Labor, to intentionally address long-term benefit cliff solutions to help people enter self-sustaining careers.

Long-Term Approaches

- Publicize and promote savings plans like the IDA and HUD'S Family Self-Sufficiency Program
- Create a state fund that matches savings for rainy day funds, to buy a house, purchase a car, etc.
- Ensure these funds do not count against asset tests if such tests still exist


Campaign to increase employer awareness of how benefit cliffs hurt employers, employees, and the economy as a whole.
Provide employers a $2,000 bonus if participants are still employed in the fifth quarter after exiting TANF.
Encourage employers to offer income-based health insurance premiums
Educate employers on the benefits they gain by offering paid family leave, childcare assistance, or financial wellness benefits [60]
Employers

Conclusion

As Utah seeks to better support families and individuals to self-sufficiency, a wide variety of short- and long-term options are available. In order to adequately address benefit cliffs, Utah needs to bring together recipients/parents, employers, state agencies, business leaders, and human service providers. Stakeholders interested in promoting the well-being of families and the economy need to debate which options make sense for the political, economic, and social realities of Utah. These approaches should focus on the whole family using human-centered design to comprehensively understand each family's individual, complex situation: families must be kept at the center of policy making. As a starting point, Utah needs to agree on a self-sufficiency index and use it to guide public benefit changes. The state could continue to improve data transparency and alignment, including aligning metrics and indicators to shared goals and outcomes focused on reaching self-sufficiency. And finally, policy reforms should be relatively easy to implement and easy for participants and case workers to understand.

Glossary/List of Terms

Asset Limit – Asset limits restrict the sum total a family or individual may hold to receive benefits. These assets can include bank accounts, automobiles, real estate other than a family's home, stocks, bonds, etc. The purpose of asset limits is to restrict the number of people who have access to public benefits.

Benefit Cliffs Calculator – Calculators help caseworkers and families figure out when different cliffs are approaching, how how cliffs interact with each other, and how income/asset increases could impact benefits. Benefit cliff calculators can also be used as planning tools for career advancement.

Broad-based Categorical Eligibility – "Broad-based categorical eligibility (BBCE) is a policy in which households may become categorically eligible for SNAP because they qualify for a non-cash Temporary Assistance for Needy Families (TANF) or state maintenance of effort (MOE) funded benefit." [66]

Earned Income Disregard – When a percentage of income is not counted toward the income limit of any particular benefit, this is know as an earned income disregard. Earned income disregards can be used to help transition recipients off benefits: as the person earns more money, a higher percentage of their income is discounted, which allows benefits to continue for a longer period, allows the recipient to get closer to self-sufficiency and/or save a small nest egg, which ultimately reduces recidivism.

FPL (Federal Poverty Level) – "A measure of income issued every year by the Department of Health and Human Services (HHS). Federal poverty levels are used to determine...eligibility for certain programs and benefits, including savings on Marketplace health insurance, and Medicaid and CHIP coverage." [67]

Individual Development Accounts (IDA) - Matched savings accounts that help low-income individuals build assets, build a habit of saving, and achieve financial stability.

Living Wage Calculator – The local wage that a full-time worker needs to cover the costs of their family's basic needs where they live. The MIT living wage calculator factors in expenses for food, child care (if applicable), medical care, housing, transportation, internet/mobile, "civic," and other.

SNAP (Supplemental Nutrition Assistance Program, formerly food stamps) – For qualifying families, this program provides food benefits to low-income families to supplement their grocery budget so they can afford nutritious food.

Self-Sufficiency Standard – The income working families need to meet their basic necessities without public or private assistance (such as food banks).

SMI (State Median Income) – The most recent annual median income for any given state. Median income is an annual income figure representing the point at which there are as many families earning more than that amount as there are earning less than that amount.

TANF (Temporary Assistance for Needy Families, formerly welfare) – "TANF is a time-limited program that helps families when parents or other relatives cannot provide for the family's basic needs. The federal government provides grants to states to run the TANF program. States carry out their own programs and decide on things like: (1) Design of the program, (2) Type and amount of assistance payments, (3) Range of services to be provided, (4) Rules for determining who qualifies for benefits." [68]

Two-generation Approach/Framework – An approach that helps both children and parents thrive . It keeps families at the center of policymaking and "creates a legacy of educational success and economic prosperity that passes from one generation to the next." [69]

Whole Family Approach – Almost identical to the two-generation approach: "a family-led strategy which provides adults and children with the tools to set, plan for, and achieve their goals together." [70]

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Appendix A

	Income Limits	Whose Income to Count	Asset Limit	Review/Time limit	Other
TANF	A family of three could have a gross income of $1050/month and would receive up to $662/ month, for a total of $1712/ month. The federal poverty level (FPL) is $2,152/month. Therefore even with cash assistance, this family is at 80% FPL in 2024.	All household members including grandparents, etc.	Resource limit is $2000 per household. Vehicles are excluded	Family Employment Program is up to 36 months.Financial programs will have a review period of 12 months.	Those qualifying for TANF also get SNAP. Income disregard: “For a cash assistance payment, the first $100 plus 50% of the remainder of earned income is not counted when determining the payment.”
Childcare	The income limit during the review period is 85% of the State Median Income, which is about 275% of FPL in 2023.Co-pays for childcare depend on income. The lowest co-pay is $0/month for a single parent family with two children. The highest is $387This chart lists the co-pay for childcare.	Parents, certain relatives, unearned income from children, etc. Do not count SSI	No asset limit.	“Child Care programs will have a review period of a minimum of 365 days.”	You must work at least 15 hours/week if single. if a couple the first person must work 15 hours/ week, second person must work 30 hours/ week. Permanent or temporary loss of employment such as maternity leave, other medical leave or seasonal breaks of employment (such as a teacher), you may be eligible for continued Child Care. You can receive assistance for training, getting you HS diploma, or GED, which must be completed within 24 months. Associate degrees, Post-graduate work, and obtaining a second degree is NOT supported.

Appendix A

	Income Limits	Whose Income to Count	Asset Limit	Review/Time limit	Other
SNAP	"Everyone who lives together and purchases and prepares meals together is grouped together as one SNAP household. Some people who live together, such as spouses and most children under age 22, are included in the same SNAP household, even if they purchase and prepare meals separately."	"Everyone who lives together and purchases and prepares meals together is grouped together as one SNAP household. Some people who live together, such as spouses and most children under age 22, are included in the same SNAP household, even if they purchase and prepare meals separately."	Any household may have up to $2,750 worth of countable resources besides monthly income and still qualify for SNAP. Households may have up to $4,250 worth of countable resources besides monthly income and still qualify for SNAP if at least one member is age 60 or older or disabled. Vehicles exempted	An interview is required every 12 months. Review every 6 months unless disabled or elderly.	Utah uses "categorically eligible SNAP", which means if a family qualifies for TANF or SSI they automatically qualify for SNAP. Utah does NOT used broad based categorical eligibility. You have to be working or looking for work to get SNAP.
Medicaid	Adult Medicaid Expansion – 133% of FPL.	It goes by individual, not household. Count income of the eligible individual to determine eligibility for Medicaid, sometimes spouse. Different Medicaid programs count income differently.	The Medically Needy Family program has an asset test. The asset test limit is $3,000 for two people. $25 for every additional person. Adult Expansion Medicaid has no asset test. Each program is slightly different, see description.	It varies, but normally every 12 months.	Adult expansion Medicaid might require you to get employer insurance, for which the gov't will reimburse a portion of your premium. Many categories of Medicaid with different criteria and services.

Appendix B

Change Reporting - Income

	SNAP	Financial	Childcare	Medical
Income	Your gross income exceeds 130% of the federal poverty level See Table	Your gross income exceeds 185% of adjusted standard needs budget See Table	Your gross income exceeds 85% state median income See Table	Change of more than $25 in gross monthly income (Nursing home and waiver clients must report all income changes)

Source: Utah Department of Workforce Services: Customer Education (utah.gov)

Endnotes

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10. Federal solutions are beyond the scope of this project, but the following issues need to be tackled: (1) Streamline verification of eligibility and improve coordination of eligibility standards across programs, including HUD and Medicaid, (2) standardize definitions to be used across programs (for instance, “household” and “family”), (3) create a universal intake process or master client database to screen people for multiple needs and programs at once, including HUD and Medicaid, (4) fund state efforts to build a data system that can connect across agencies, (5) create shared outcomes and metrics towards a self-sufficiency standard.

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