

Navigating the Benefits Cliff: Resources for Employment Service Providers in Minnesota



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What is a “benefits cliff”?

When **career advancement** puts a family above the income eligibility threshold for public assistance and the family is **financially worse off** than before the wage increase.

Impacts of Benefits Cliff

Workers

Roughly 40% said they have declined or delayed taking a new job or promotion because they were afraid of losing government assistance

Impacts of Benefits Cliff

Government

In one example, taxpayers would save more than \$327,000 by moving a worker with two children from a near-minimum-wage job to a career as an LPN (over the worker's lifetime).

*Source:
Federal Reserve Bank of Atlanta, for Eagle County Colorado*

Impacts of Benefits Cliff

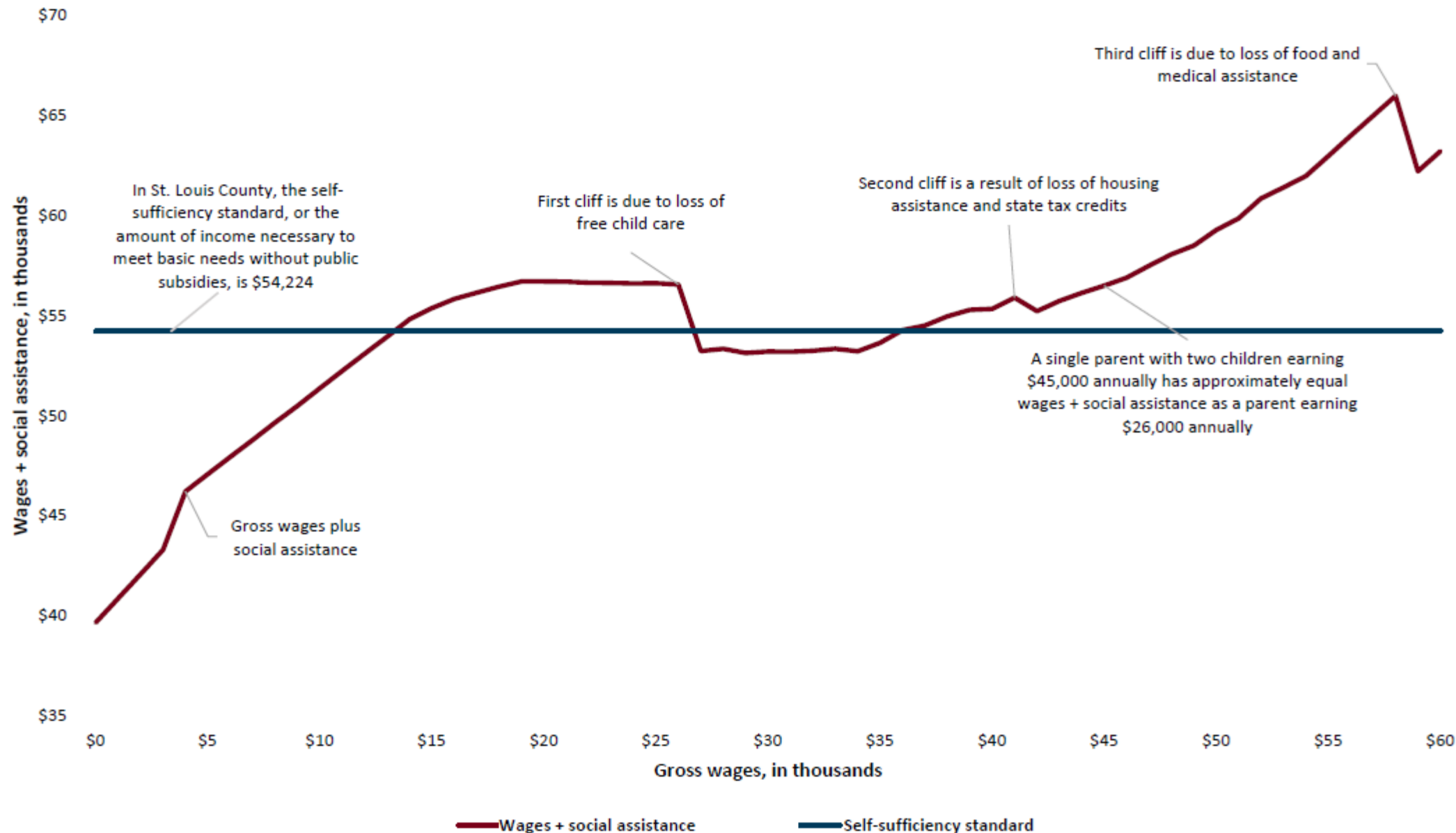
Employers

One-third of businesses said some employees were unwilling to accept jobs, increased hours, or other advancements for fear of losing government benefits

*Source:
Florida Chamber of Commerce Survey of 1,000 Businesses*

A Single Parent Earning \$26,000 Has Little Incentive to Increase Hours or Accept Raise

Gross wages plus social assistance for a single parent with two children, compared to the self-sufficiency standard for St. Louis County



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Many Assistance Programs, Many Eligibility Criteria

Supplemental Nutrition Assistance Program (SNAP), Minnesota Family Investment Program (MFIP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), School Breakfast Program (SBP), National School Lunch Program (NSLP), Summer Food Service Program, Housing Choice Voucher Program (Section 8), Childcare and Development Fund (CCDF) subsidies, Head Start and Early Head Start, State Funded Pre-Kindergarten, the Medicaid/Children's Health Insurance Program (CHIP), Health Insurance Marketplace Subsidies, Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Federal personal income tax, state personal income tax, Federal Insurance Contribution Act (FICA) tax, state sales tax, Federal Earned Income Tax Credit (EITC), State Earned Income Tax Credit (EITC), Federal Child Tax Credit (CTC), State Child Tax Credit (CTC), Federal Child and Dependent Care Tax Credit (CDCTC), and State CDCTC

SLC/BBER proposal

- Focus groups with job counselors
- Existing tools
- Accuracy and usefulness of tools
- Trainings with counselors

Focus group feedback

- Familiar with benefits cliff phenomenon
- Program requirements are difficult to understand, even for counselors
- Difficult to advise clients on how to make educated career choices
- Want simple calculator to calculate benefits for different scenarios
- Want handout depicting journey from public assistance to a career



Navigating the Benefits Bridge



UMD
Labovitz School
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MFIP

Minnesota Family
Investment Program

SNAP

Supplemental Nutrition
Assistance Program

CAREER

The start of your
professional journey

MFIP

Working with a job counselor, recipients develop an education and employment plan and are supported with both cash and food assistance.

SNAP

Provides food benefits to families to supplement their grocery budget. Eligibility depends on income and household size.

CAREER

An occupation—typically requiring special training—that provides a family-sustaining wage and financial independence.

FACTS + FIGURES

MFIP

Around 39% of MFIP recipients also receive child care assistance when completing school, looking for a job, or going to work

The average MFIP participant receives \$771 per month (between cash and food support)

MFIP recipients may receive benefits for up to 60 months

SNAP

In 2022, over two-thirds of state participants were families with children

More than 50% of all state participants are families with 1 or more working adult; 41% nationally

Average households received a monthly benefit of \$157 in 2023

Over 400,000 state residents (8% of the population) received benefits in 2022

CAREER

Nearly 70% of jobs paying family-sustaining wages require some education and training beyond high school.

In Minnesota, individuals with some college or an associate degree earn 50% more on average than those without a high school diploma.

Several high-demand jobs in the state require only a two-year certificate or less and pay more than \$47,000 annually.

AREAS WHERE FURTHER COMMUNITY SUPPORT IS AVAILABLE

Healthcare

Education

Housing

Transportation

























Childcare

Emergency Assistance

Access the
infographic
here:



Existing Tools

Tool name	Geography	Accuracy	Counselor Feedback
Benefits Cliff Simulator			
Benefit Kitchen			
Career Ladder Identifier and Financial Forecaster (CLIFF)			
Economic Stability Indicator			
LEAP Fund			
NCCP Family Resource Simulator			
SNAP Screener*			
Urban Institute Tools			

Atlanta Fed's CLIFF Tool

- Since 2017, Atlanta Fed has written three working papers, three discussion papers, and 11 articles on the topic of benefits cliffs
- CLIFF Tool – released in spring 2023
- Available for all 50 states, 16 public assistance programs
- Highly accurate, easy to use
- Collaboration to correct MFIP/TANF inaccuracies

<http://clifftool.org>



CLIFF Tools



SNAPSHOT

DASHBOARD

PLANNER



Identify an immediate path to financial stability



Explore the potential financial returns of different careers



Create a detailed budget in support of a career move

CLIFF Snapshot

Identify an immediate path to financial stability

Client is interested in understanding the potential short-term financial impact of a new job or income change.

"What happens if I earn more per hour or work more hours?"



CLIFF Dashboard

Explore the potential financial returns of different careers

Client is interested in long-term career planning AND wants a general idea about potential financial barriers to career advancement.

"What career will help me meet my longer-term financial goals?"



CLIFF Planner


Create a detailed budget in support of a career move

Client is interested in detailed career planning AND wants to create a customized budget that will help them navigate potential financial barriers to career advancement.

"What career and household budget will help me meet my financial goals?"



Example with CLIFF Snapshot



SNAPSHOT

State of Residency

Minnesota

County of Residency

St. Louis County

Number of Adults (19+)

1

Number of Children

2

Does anyone in the home have a disability?

No

Age of First Adult (19+)

25

Age of First Child (18 and under)

3

If child is less than 1 year old put 0.

Age of Second Child (18 and under)

6

If child is less than 1 year old put 0.

Public Assistance

Select a custom list

Select Public Assistance Programs

Medicaid for Children/CHIP

Supplemental Nutrition Assistance Program (SNAP)

Earned Income Tax Credit (EITC)

Child Tax Credit (CTC)

Section 8 Housing Voucher

☒ Use an estimate of childcare costs

☐ Enter your childcare costs

☒ Use an estimate of housing costs

☐ Enter your housing costs

Welcome & Results

FAQ

The CLIFF Snapshot compares a worker's current financial situation to alternatives. The CLIFF Snapshot can help workers better understand how an increase in wages, additional hours worked, and/or participation in public assistance programs may position them for financial stability.

Step 1: Complete ALL fields to the left

Step 2: Specify wage and hours of current versus new scenario and select options for savings, additonal income, and employer-sponsored health insurance

Step 3: Click the 'Calculate Results' button at the bottom of the page

	Current	New
Income Specification	<div><input checked="" type="radio"/> Hourly</div> <div><input type="radio"/> Annual</div>	
Hourly Wage	<div>\$</div> <div>14</div>	<div>\$</div> <div>17</div>
Weekly Working Hours	<div>40</div>	<div>40</div>
Do you have any money in your checking or savings accounts?	<div><input type="radio"/> Yes</div> <div><input checked="" type="radio"/> No</div>	
Do you have any other sources of income?	<div><input type="radio"/> Yes</div> <div><input checked="" type="radio"/> No</div>	
Does Employer Provide Health Insurance?	<div><input checked="" type="radio"/> No</div> <div><input type="radio"/> Yes</div>	<div><input checked="" type="radio"/> No</div> <div><input type="radio"/> Yes</div>

Recalculate

CLIFF Snapshot Results

The family total budget will **decrease by \$57 per month (\$681 per year)**

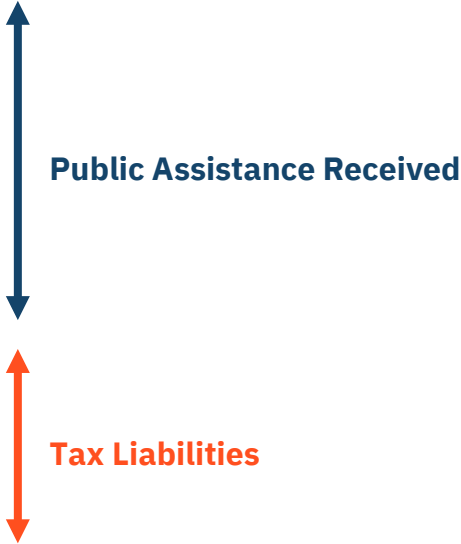
The first table below shows estimates of the overall effect of the change in compensation on the family monthly budget.

	Before the Change	After the Change	Difference
+ Take-Home Pay*	2088	2485	398
+ Public Assistance	2835	2381	-454
- Living Expenses	5368	5368	0
= Monthly Budget	-445	-502	-57

*Take-home pay is after-tax wage income for the entire household, including all sources of income.

CLIFF Snapshot Public Assistance & Tax Liability Results

	Before the Change	After the Change	Difference
Medicaid for Children/CHIP	595	595	0
Section 8 Housing Voucher	725	569	-156
Supplemental Nutrition Assistance Program (SNAP)	705	553	-152
Child Tax Credit (CTC)	333	333	0
Earned Income Tax Credit (EITC)	477	330	-147
Federal Income Tax	81	136	55
State Income Tax	72	100	28
FICA Tax	186	225	40



Learning Resources

We recommend starting with Course 1: Core Concepts.

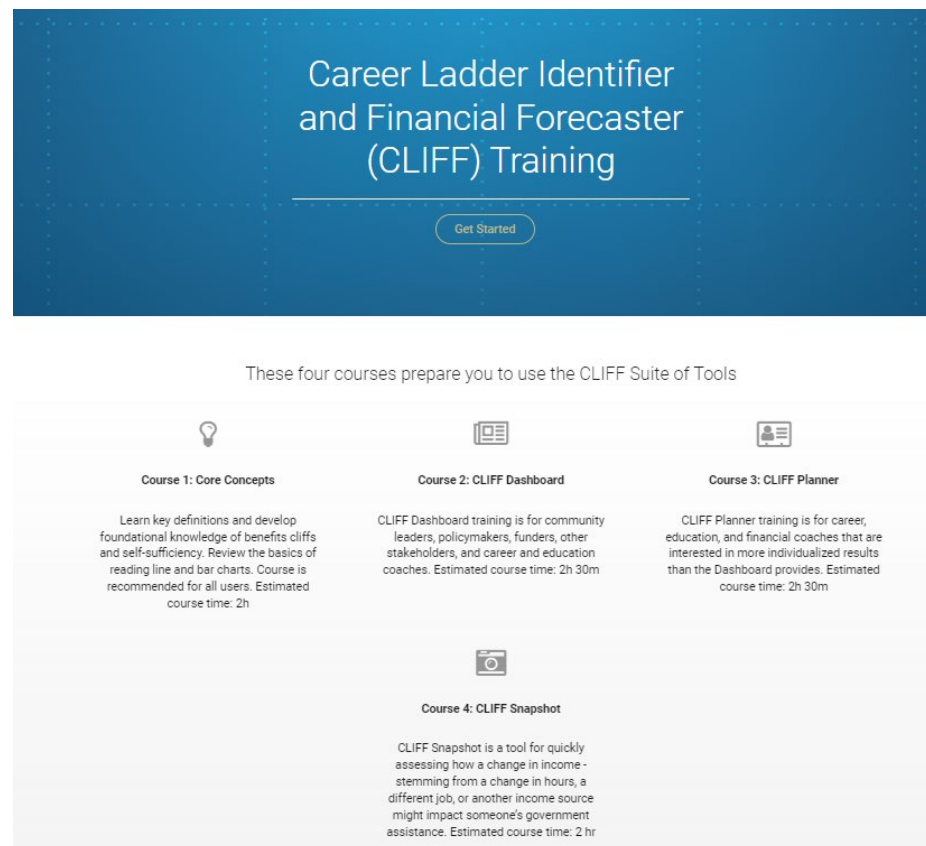
Depending on your organization's needs, you can then complete one or more of the following courses:

Course 2: CLIFF Dashboard

Course 3: CLIFF Planner

Course 4: CLIFF Snapshot




<https://academy-clifftool.thinkific.com/>




Career Ladder Identifier
and Financial Forecaster
(CLIFF) Training

Get Started

These four courses prepare you to use the CLIFF Suite of Tools

Course 1: Core Concepts	Course 2: CLIFF Dashboard	Course 3: CLIFF Planner
 Learn key definitions and develop foundational knowledge of benefits cliffs and self-sufficiency. Review the basics of reading line and bar charts. Course is recommended for all users. Estimated course time: 2h	 CLIFF Dashboard training is for community leaders, policymakers, funders, other stakeholders, and career and education coaches. Estimated course time: 2h 30m	 CLIFF Planner training is for career, education, and financial coaches that are interested in more individualized results than the Dashboard provides. Estimated course time: 2h 30m

Course 4: CLIFF Snapshot
 CLIFF Snapshot is a tool for quickly assessing how a change in income - stemming from a change in hours, a different job, or another income source might impact someone's government assistance. Estimated course time: 2 hr

Other CLIFF Resources

When?

Available every Tuesday at 3:30pm EST for interested individuals and organizations

Why?

Get comfortable with CLIFF by:

- Running through a case with a CLIFF expert
- Asking questions
- Listening to others' questions

Where?

On Zoom

Join Zoom Meeting:

<https://us02web.zoom.us/j/81449810317?pwd=NUpyaXFvdkhMK2RiVG9VaUNaZFJOZz09>

Meeting ID: 814 4981 0317

Passcode: 1234

One tap mobile:

+16469313860

81449810317#

***1234**

For More Information:

For additional background on research and tools, please visit:

<https://www.atlantafed.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families>

Next Steps

- Share research findings
- Atlanta Fed research on MFIP/SNAP
- Atlanta Fed interested in state partnership

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To learn more about the project, follow us on LinkedIn:



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