In 2022, about 129 million individuals* (more than 39% of the population) lived in households receiving government assistance for vital living expenses such as housing, food, healthcare, child care, and transportation. The Cliff Effect is when there is a sudden drop in this assistance due to a small increase in household earnings, such as a small raise, even when the increase isn’t enough to cover the cost of the lost benefit.

*US Census Data

The Cliff Effect.

Why is it SO HARD for families living on low incomes to move out of poverty?

The Cliff Effect is a major obstacle for working individuals and families who are gaining momentum in the climb out of poverty. The good news is, unlike many challenges facing us today, there is a solution to the Cliff Effect problem!

Qualification standards for most public benefits are determined at the state level, allowing each state to tailor its policies to the specific needs of its residents. We believe changes to public policy can not only eliminate the Cliff Effect but can help millions to get out AND stay out of poverty.

HOW A $1/HOUR RAISE COST A FAMILY OVER $1,000 A MONTH

A single mom needed child care subsidies and SNAP food assistance to manage her monthly expenses. She worked hard to receive a promotion at work. Her success earned her a small raise. What caught her off guard was that it meant losing all of her SNAP and child care benefits.

Faced with this sudden financial hit, she had to make a tough decision and turn down the promotion and the raise. This unfortunate outcome is a common consequence of the Cliff Effect in our country, when earning more means having less.

STATE OFFICIALS CAN PROMOTE PROGRESS

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**What YOU Can Do**

**COMMUNITY MEMBERS**

**What you need to know…**
- More than 90%* of households receiving public assistance have at least one adult working full time.
- Eligibility is often based on the federal poverty guideline, which is well below the real-world cost of a family’s basic needs.
- Eligibility criteria often prohibits families from saving money for emergencies or even sometimes owning a vehicle.

**How you can help…**
- Check out the MIT Living Wage Calculator to see if assistance eligibility aligns with actual cost of living in your community.
- Volunteer as an Ally at a local Circles Chapter. The US Surgeon General has declared that “cross-class ties are among the most important predictors of upward economic mobility [for those in poverty].”
- **VOTE!** Your voice can make a difference.

*US Census Data

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**EMPLOYERS**

**What you need to know…**
- Dealing with social services agencies takes a lot of time and must be done during standard business hours.
- Many lower paid workers rely on public transportation, making it difficult to meet inflexible shift schedules.
- Traditional career growth may not be attainable for employees who rely on public assistance.
- Affordable, high-quality child care isn’t readily available to many lower paid employees.

**How you can help…**
- Provide schedule flexibility to lower paid employees who are likely to be using public assistance and transportation.
- Offer subsidized education and training programs to create a more stable workforce.
- Provide on-site child care, or child care subsidies.
- In lieu of small raises, consider providing employees with non-monetary wraparound services, such as shuttles to and from public transportation, paid time off, or free check-cashing services.

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**PUBLIC OFFICIALS**

**What you need to know…**
- Policies and procedures tend to be overly complicated and time consuming. They also are not typically aligned across various government service agencies, impeding the level of service and success possible when assisting families.
- Federal poverty guidelines are outdated and do not reflect the real-world costs of basic needs.
- Beyond public assistance, policy issues such as housing, child care, transportation, and predatory financial services play a huge role in limiting or facilitating upward economic mobility.

**How you can help…**
- Fund state efforts to build a universal intake process and standardized eligibility criteria to screen people for multiple needs and programs at once.
- Establish a measure of a realistic basic minimum income at a community level and raise benefit eligibility limits to align with this measure.
- Taper off benefits, instead of eliminating them, until wage increases are equal to or greater than the value of the public benefits.
- Resolve issues related to insufficient, unaffordable, high-quality child care, transportation, and housing.