



Response to Peer Connections Recently Asked Questions from Hawaii

Minimizing the “Cliff Effect”

Question: A representative from Hawaii would like to know what efforts have states who have raised their minimum wage taken to address and/or minimize the “cliff effect”, especially as they transition off. What types of support services are they offering and do they offer any monetary assistance/ support/ vouchers, etc.?

Based on research conducted by the PeerTA team, many states are examining how to minimize the “cliff effect” for individuals receiving benefits. Although little research exists that cites using support services such as monetary assistance and vouchers, many agencies are reviewing coordination of services and internal definitions of financial self-sufficiency to combat the effect.

Tips for Minimizing the “Cliff Effect”:

- Review benchmarks and measures that define financial self-sufficiency. Identify the “cliffs.” Refer to **Appendix A** for TANF agency strategies.
- Review eligibility levels and include phase-outs by establishing sliding scales. Create asset building programs and reduce asset tests. Refer to **Appendix B** for TANF agency strategies.
- Align eligibility limit with the amount needed to meet self-sufficiency guidelines.
- Promote increased coordination of services by developing a taskforce across multiple agencies and departments to review existing policies and make recommendations to the legislature.
- Establish higher income eligibility thresholds and include more gradual phase-outs as income is increased.

“Cliff Effect” Resources:

Resource	Description
Policy	
State Policies to Counteract the Cliff Effect in Public Programs	This document outlines the various approaches taken by states to minimize the “Cliff Effect”
Punishing Hard Work: The Unintended Consequences of Cutting SNAP Benefits	This documents explains the cause of the “Cliff Effect,” focusing on SNAP benefits
Pennsylvania	
Understanding the Cliff Effect	Explanation of Pennsylvania’s efforts to study the “Cliff Effect”
Poverty, Minimum Wage, and the Cliff Effect Op-Ed	Op-ed outlining the myths surrounding poverty and explanation of minimum wage increase implications
Addressing the Cliff Effect In Pennsylvania	Publication detailing solutions to the “Cliff Effect”
Indiana	
The Cliff Effect: One Step Forward, Two Steps Back	Study of “Cliff Effect” in specific counties and state implications

Colorado	
Child Care and Low Income Families: Coping with the Cliff Effect	A report that contain research findings on how families make decisions and strategize about child care subsidy and government support
Video: Losing Ground – The Cliff Effect	The Cliff Effect report is an extension of “Losing Ground,” the I-News at Rocky Mountain PBS report released in January 2013 and published and broadcast statewide by more than two dozen media sources. The analysis also shows that Colorado’s local control system of determining child care eligibility limits can be wildly inequitable, depending on where one lives.
Ohio	
Benefits Policies and the Cliff Effect in Ohio	This document is a presentation given at the 2014 National Association of Welfare Research and Statistics (NAWRS) Annual Workshop. It outlines how the state of Ohio was able to determine if there was a cliff effect.
Massachusetts	
Combining Earnings with Public Supports: Cliff Effects in Massachusetts	To demonstrate the cliff-effects phenomenon, this document simulates the relationship between total resources and earnings for a single parent residing in Massachusetts with two young children (ages four and nine) under three different scenarios.
Oregon	
Temporary Assistance for Needy Families (TANF) Reinvestment Overview	This document presents the effort of the Oregon Department of Human Services in implementing a variety of strategies to achieve five goals for improving results for children and families, including reducing the impact of the benefits cliff on participants when they become employed
The Impacts of Increased Income on Receipt of Benefits and Tax Credits	This document provides detailed information on the impact of increased income on families’ eligibility for government-provided benefits and tax credits in Oregon and the assumptions used to develop these conclusions.
Vermont	
The Benefits Cliff	This document aims to compile research on the benefits cliff by outlining benefits programs in Vermont, as well as legislation passed and policy changes made in other states intended to mitigate the phenomenon.



Appendix A:

Examples from other TANF agencies	
<i>Location</i>	<i>Strategy</i>
Chicago	Created a benchmark for self-sufficiency in workforce programs
Sonoma County, CA	Created a formal measure of self-sufficiency and benchmark for success in welfare programs
D.C. and Colorado	Evaluated eligibility criteria for job training services
Oklahoma and Pennsylvania	Created a tool to analyze eligibility levels and program co-payments

Appendix B:

Examples of eligibility choices within (TANF) program	
<i>Location</i>	<i>Strategy</i>
Alabama, Maryland, Ohio and Virginia	Eliminated the asset test allowing families to have some savings and still be eligible for assistance.
Alabama, Alaska, Arizona, Delaware, DC, Hawaii, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, New Jersey, New Mexico, North Carolina, Ohio, Utah, Virginia	Exempted all vehicles
Arizona, Georgia, Indiana, Iowa, Montana, Tennessee, Wisconsin,	Disregarded child support collected by the state in determining eligibility
Oklahoma and Pennsylvania	Created a tool to analyze eligibility levels and program co-payments