

United States House of Representatives Committee on Rules
Ending Hunger in America: A Conversation about Benefit Cliffs

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Chairman McGovern, Ranking Member Cole and members of the Committee, and fellow panelists thank you for the privilege and opportunity to speak with you on the ongoing crisis of food insecurity, homelessness, and the benefits cliff. I bring my lived experiences of poverty and hunger. My mom raised me by herself because she had to divorce my father. He was violent and self-medicating because of the racism and trauma he experienced as Afro-Taino Indian. Years later, he sobered up and became a loving grandfather to my children. I know my mother went hungry so my brother and I could eat. I remember having only white rice and ketchup at the end of each month during our formative years. My mother did not speak English but quickly took steps to learn the language and obtain her GED. She then pursued and received her LPN- Associate Degree, then bachelor's degree to become a registered nurse, and finally earning a master's degree becoming a nursing administrator for the local New York City hospital. Our journey was long and arduous.

I followed mother's example of work ethic and achievement, I followed my mother's example of work ethic and achievement; I earned a Master of Public Administration from Marist College. Sadly, my mother died from COVID last November. I rose to the rank of brigadier general in the New York State Police and served as interim superintendent during Governor Spitzer's and Paterson's administrations. During my tenure as NYS Trooper I volunteered for nonprofits whose mission and focus was helping poor and marginalized families and communities lift themselves out poverty. When I retired in 2010, I continued serving nonprofits, working as a leader the Capital District YMCA- Albany branch, City of Albany's My Brothers and Sisters Keeper Initiative, City of Albany Poverty Reduction Initiative, and now work for Charlotte Family Housing. In each of these organizations, I saw firsthand the impact of poverty, homelessness, hunger, and the effect of the "benefits cliff" on the families I served. I watched working mothers and fathers making the heart-breaking choices like my mother made, trying to stretch their income to keep themselves stably housed and feed their families. Some families needed the support of SNAP and TANF. I also watch mothers and fathers refuse salary increases or promotions not because they were not interested in advancing but because if they accepted the raise or promotion these would not make up for what they lost in benefits as a direct result of the benefits cliff.

Hunger and food insecurity in the United States is still tragically high. An estimated [17 million hungry children now in America](#) – 6 million more than before the pandemic – and hunger in households with children is up by almost two-thirds. Children of color are [twice as likely](#) as white kids to face hunger. My home state of [North Carolina is tied with Texas](#) as the ninth hungriest states in the Union.

Ever since President Lyndon Johnson launched a set of domestic programs to end poverty and racial injustice, as a nation, we have tried to reduce (if not eliminate) poverty, homelessness, and disenfranchisement. Together, these programs made up much of [Johnson's War on Poverty and his Great Society](#) vision for the U.S.'s future. All these laudatory efforts were and are essential to our democracy and overall prosperity as a nation.

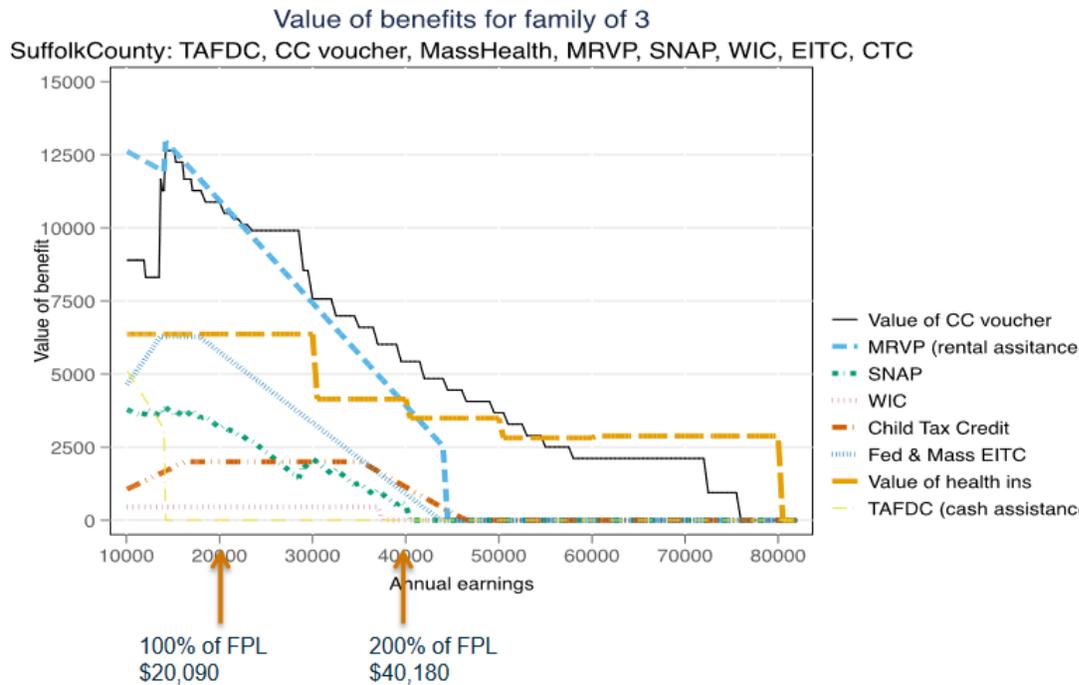
However, hidden within these programs were regulations creating consequences and barriers that prevent many people from finding a bridge out of poverty. Among these is the "benefits cliff effect."

What is the benefits cliff effect?

A *benefits cliff* effect is what happens when public benefit programs phase out quickly when household earnings increase. The abrupt reduction or loss of benefits can be very disruptive for families because even though [household earnings have increased](#), they usually have not grown enough for self-sufficiency. The cliff effect happens to workers near the poverty line who are eligible for a variety of programs (e.g., food stamps, Medicaid, the Earned Income Tax Credit (EITC), Temporary Assistance to Needy Families (TANF), and subsidized public housing). The working poor reach a point where a dollar increase in their hourly wage can significantly reduce benefits. The outcome is that the added dollars will not make up for the loss of food stamps, childcare, or other benefits designed to help people in poverty or near poverty.

The steep reduction in benefits can discourage people from engaging in workforce development programs or from even seeking employment in the first place. Many people in poverty rely on a combination of earned income, public benefits, and community supports to survive. When these resources are unpredictable, people in poverty must choose which necessities or bills they will not buy or pay. Inconsistent access to nutritious food, medical care, safe housing, and childcare has detrimental effects on health and well-being. Here is an [example of the benefits cliff](#) from the Center for Social Policy, University of Massachusetts. This graph shows a situation where a higher income

means fewer resources overall:



For even [more on cliff effects](#), visit the Center for Social Policy's website.

The chart illustrates the dilemma of the benefits cliff. Raising the minimum wage to \$15 an hour (\$31,200 per year) would not solve the problem. It would depend on the "Area Median Income" (AMI) of the city or region. For instance, the AMI for Charlotte, NC, is about \$84,000. The regulations and the administration of public benefits are where the problem lies.

Yes, we must work to increase minimum wages and advocate for salaries that allow families to thrive, not just survive. And just as important as helping these families become self-sufficient is finding ways to mitigate, or better yet end, the negative impact of the benefits cliff. We must strive for this to happen if we are to reinforce and sustain the effectiveness of our poverty reduction initiatives.

What can States do about the benefits cliff?

Congress and state legislatures can consider the gradual reduction of benefits as salaries increase, turning the cliffs into gentle off-ramps, which would allow families to become and sustain self-sufficient over time.

There are states across the country that have taken steps to lessen the precipitousness of the cliff effect. For instance, according to this [article from The Aspen Institute](#):

- Colorado's Child Care Assistance Cliff Effect Pilot Program, most recently revised in 2016, is designed to "develop a revenue-neutral approach for each family as income rises. Evaluation efforts have sought to determine if the parents in the pilot program

changed their behaviors to be more likely to accept promotions, work additional hours, and take higher paying jobs, all of which would result in increased income.”

- In 2017, Maryland’s Governor’s Executive Order 01.01.2017.03 created the Two-Generation Family Economic Security Commission and Pilot Program. Maryland’s pilot program mandates the linkage of programs and services to create opportunities and address families’ and children’s needs with a specific focus on early-childhood education, elementary education, economic stability, and family engagement.

If we are to end generational poverty, we must encourage more states to adopt a [two-generation approach](#) that focuses on forging opportunities to address the needs of both children and adults. To understand the benefits cliff effect more fully, we must also investigate self-sufficiency.

The most precise definition of self-sufficiency is the income level a family that meets their basic needs without public aid. Many states are seeking ways to enhance and accelerate self-sufficiency by addressing the impact of the benefits cliff. These states have created self-sufficiency calculators that alert social services staff and their customers when income thresholds could cause an abrupt reduction in services. These states have also set the income thresholds where self-sufficiency begins.

Other states have set up or changed programs and regulations to reduce the negative impact of the cliff effect related to TANF:

- Increasing the threshold on assets tests or completely ending the assets test so families can open savings accounts. Alabama, Maryland, Ohio, and Virginia are four states that have completely done away with assets tests.
- Some states do not count vehicles as assets when calculating who is eligible for benefits.
- Arizona and six other states do not count child support benefits when [determining which families are entitled to TANF](#).
- New York allows one automobile up to \$12,000 fair market value. Furthermore, in the case of automobiles equipped for [individuals with a disability](#), the equipment is not considered to increase the value of the vehicle.

These essential incremental steps are not enough; we need to do more to create a bridge out of poverty. The following remedies are steps in the right direction:

- Align eligibility determination procedures, documentation requirements, and timelines across programs so that people do not lose all their benefits at once.
- Gradually decrease benefits for at least one year.
- Establish reasonable time frames for reporting changes in income and adjust regulations that will treat income from distinct types of employment differently in the benefit-determination calculations—for example, assessing overtime and temporary jobs individually not to penalize people unfairly.
- Provide warnings and conduct benefit-adjustment hearings before sanctioning a recipient for potential noncompliance with program requirements.
- Fund “benefits transition navigators” who will help individuals find and access all the public benefits and community-based supports available to them. In addition to case management, information, and referral services, the navigators can help people

understand options and consequences when balancing benefits, income, and community or social network supports.

- Conduct research on the effectiveness of coordination, as well as other “cliff effect interventions” to provide quantitative evidence about cost efficiencies for programs and improved services and outcomes for individuals.
- Support the creation of a cross-agency “benefit coordination blueprint.” This blueprint would help train program staff at the local level. It could also guide investments in technology and infrastructure to connect, as appropriate, data and information systems.

What can employers do about the benefits cliff?

Employers can help reduce the benefits cliff by educating themselves on the trade-off between employment and benefits, then create solutions for barriers to getting and keeping jobs. Concerned employers might consider the following:

- Dealing with social services agencies takes up a lot of time. Employers can accommodate time off or adjust schedules for employees to attend benefits hearings and otherwise troubleshoot coordination of government benefits.
- Network with other employers to help workers access childcare and other social supports.
- Bring Success Coaches from the [Employer Resource Network](#) on-site to aid employees with wraparound services on an ongoing basis.

What can community and faith-based organizations do about the benefits cliff?

Community-based and faith-based organizations are often the first line of defense and are increasingly the informal safety net for persons suffering economic hardships. While regularly overburdened with providing services, these entities can help address the cliff effect in the following ways:

- Supplement “benefit transition navigators” with a mobile “211” service that goes into neighborhoods to improve the availability of exact information about services and supports.
- Educate workforce development programs and employers about the barriers low-wage workers confront when taking part in education and training and about the trade-offs between meeting immediate needs and seeking socioeconomic advancement through employment.
- Facilitate collaboration across programs that serve low-wage workers.
- Support the continuation of task forces made up of members from public and private sectors and state and local government agencies. The task forces should examine the range of issues affecting working persons in poverty, develop strategies to help them, and monitor the outcomes.

Poverty is intersectional, has many causes, and needs coordinated and sophisticated solutions, like reducing the cliff effect.

Why should we do anything at all about the benefits cliff?

The reason is straightforward: Families can find a bridge to economic self-sufficiency. Employees experience economic security for their children even when accepting raises, working overtime, and earning promotions, making them more likely to stay employed. This strategy will also help employers reduce the cost of employee turnover.

A coordinated and collaborative effort by government, businesses, community- and faith-based organizations, and the people themselves can create pathways to a sustainable and actual reduction in poverty rates. Such efforts will increase economic stability, reduce dependency on the government, improve child and family outcomes, and support economic development for the entire community.ⁱ

ⁱ Examining, understanding, and mitigating the benefits <https://www.ahaprocess.com/examining-understanding-and-mitigating-the-benefits-cliff-effect/>