

Benefits Cliff Tools –

An Introduction & Overview of
Career Ladder Identifier and
Financial Forecaster (CLIFF) Tools

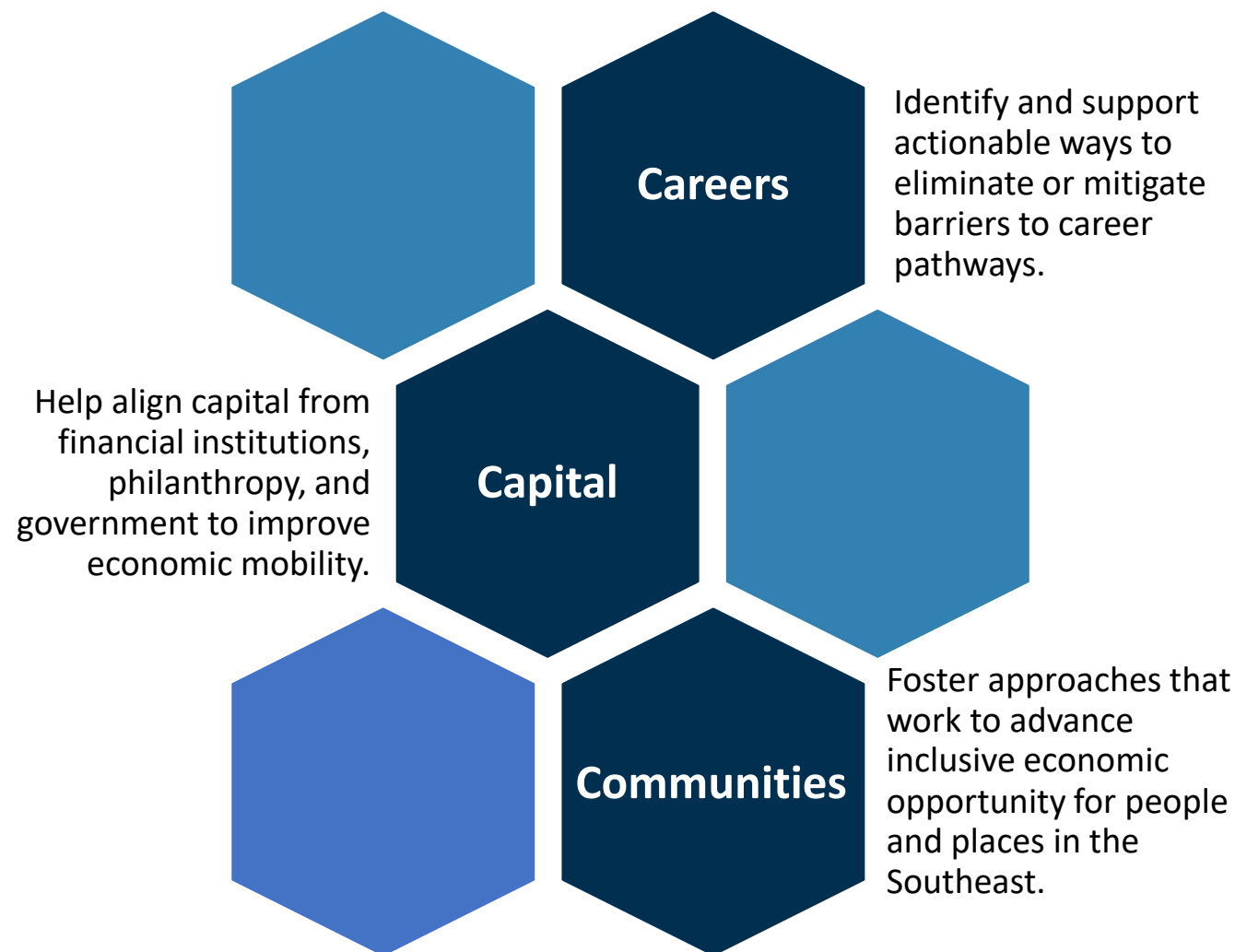


Community and Economic Development

The Atlanta Fed's Community and Economic Development (CED) function supports the Central Bank's mandate of stable prices and maximum employment by helping improve the economic opportunity of low- and moderate-income (LMI) individuals and underserved places for a stronger economy for all Americans.

Community development is one of the Federal Reserve's core functions and this responsibility is rooted in its mandates from Congress.

Across all areas, we will gather objective and varied perspectives for a better understanding of the experiences of low-income individuals and communities to shape our work.



Advancing Careers for Low-Income Families

The Atlanta Fed's Advancing Careers initiative works to improve economic mobility and resilience by:

- Identifying how benefits cliffs and other structural barriers create financial disincentives to career advancement
- Conducting research, developing tools, and analyzing solutions on mechanisms for reducing barriers to economic mobility and resilience
- Engaging in partnerships to support community and state efforts to improve economic security for families



A barrier low-income families may face when working to improve their economic mobility. Also known as the “cliff effect,” a benefits cliff occurs 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

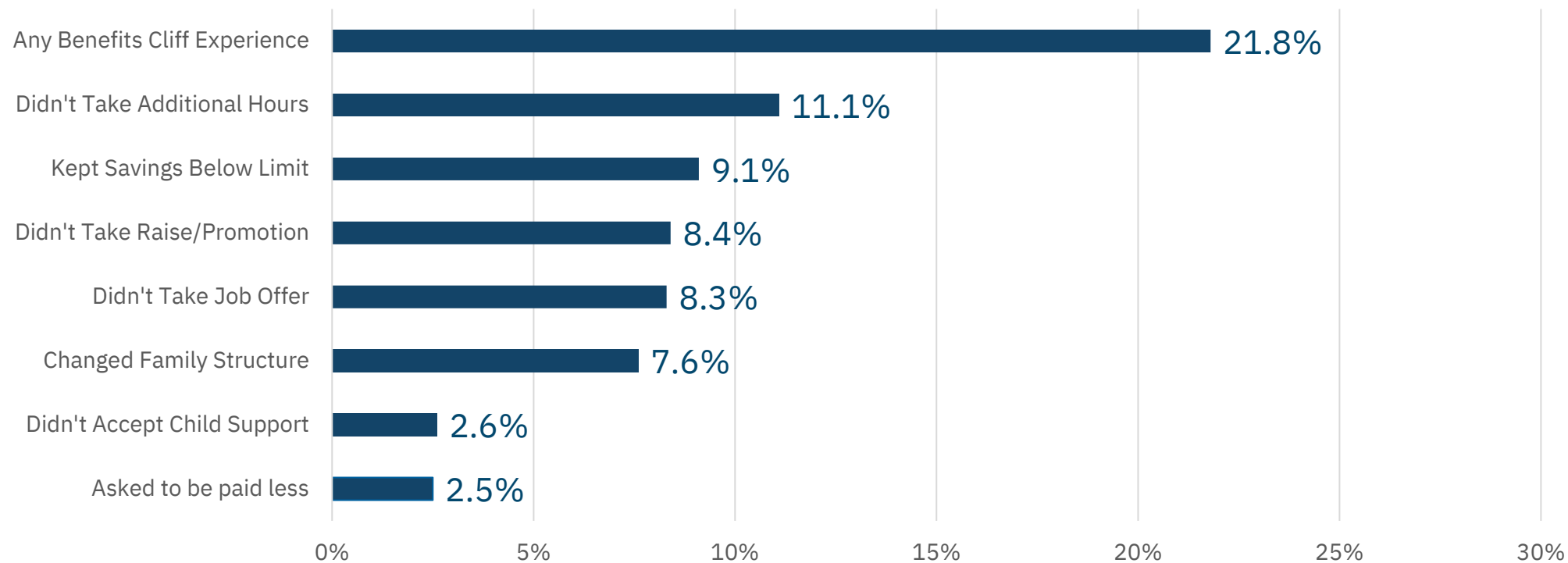


Impact on Workers, *continued*

Percentage of worker responding in the affirmative to the following question: “Have you engaged in any of the following behaviors to maintain program eligibility?”

Impact on Workers, *continued*

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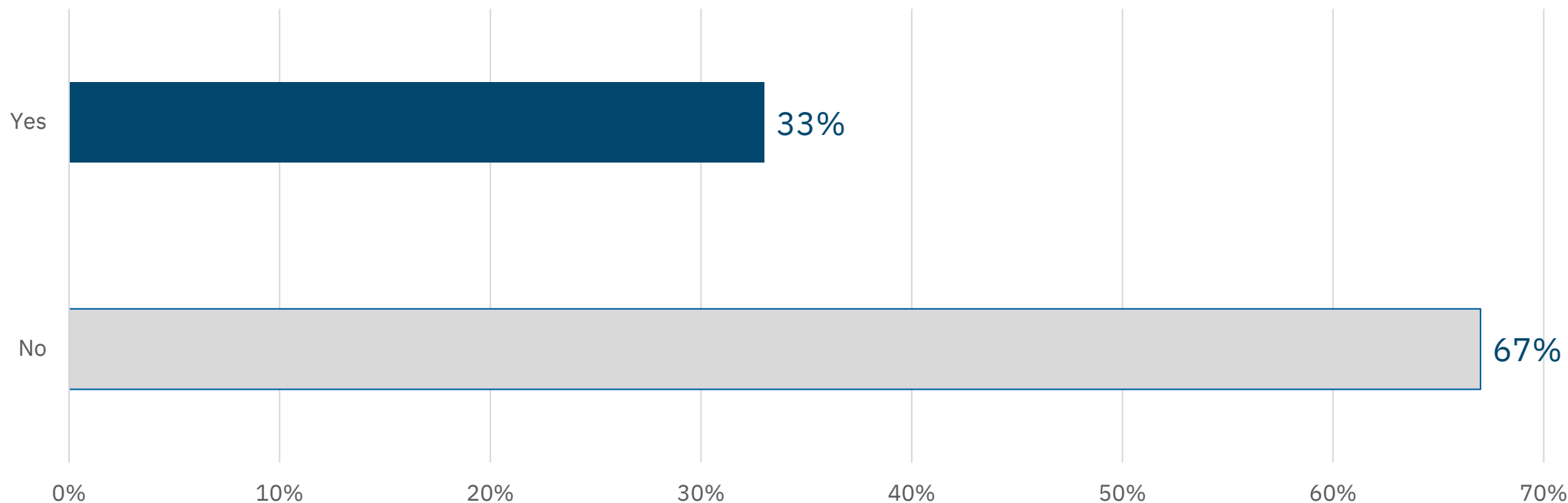
Source:
The Impact of Benefits Cliffs and Asset Limits on Low-Wage Workers from a Nationally Representative Survey

Impact on Employers

Have you found that some employees or candidates at your company are unwilling to accept jobs, increased hours, or other advancements fearing they would lose certain government benefits?

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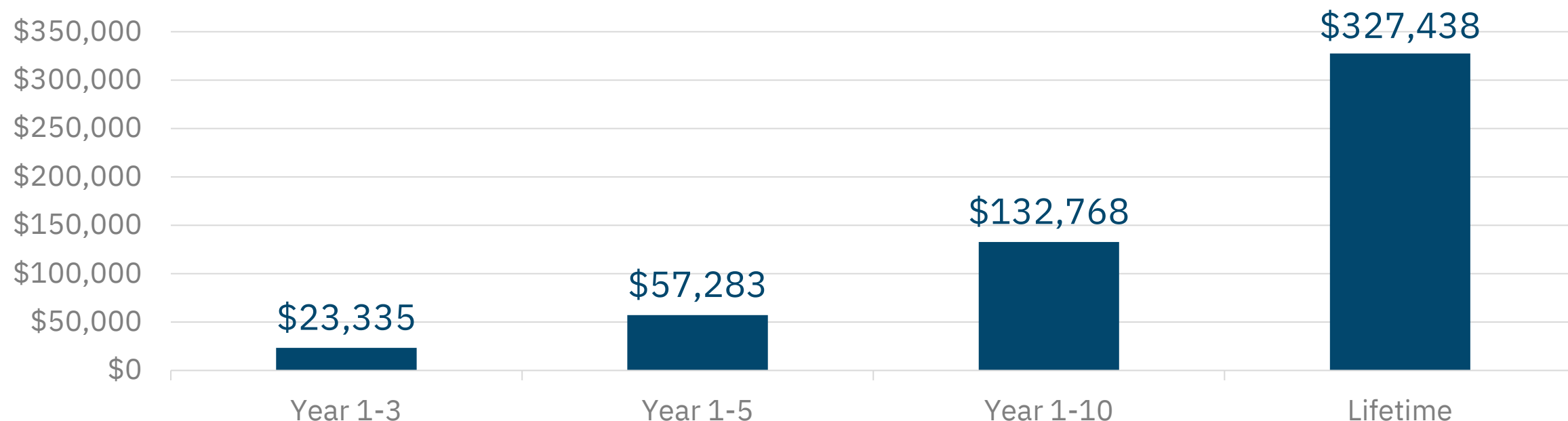


Source:
Florida Chamber of Commerce Survey of 1,000 Businesses

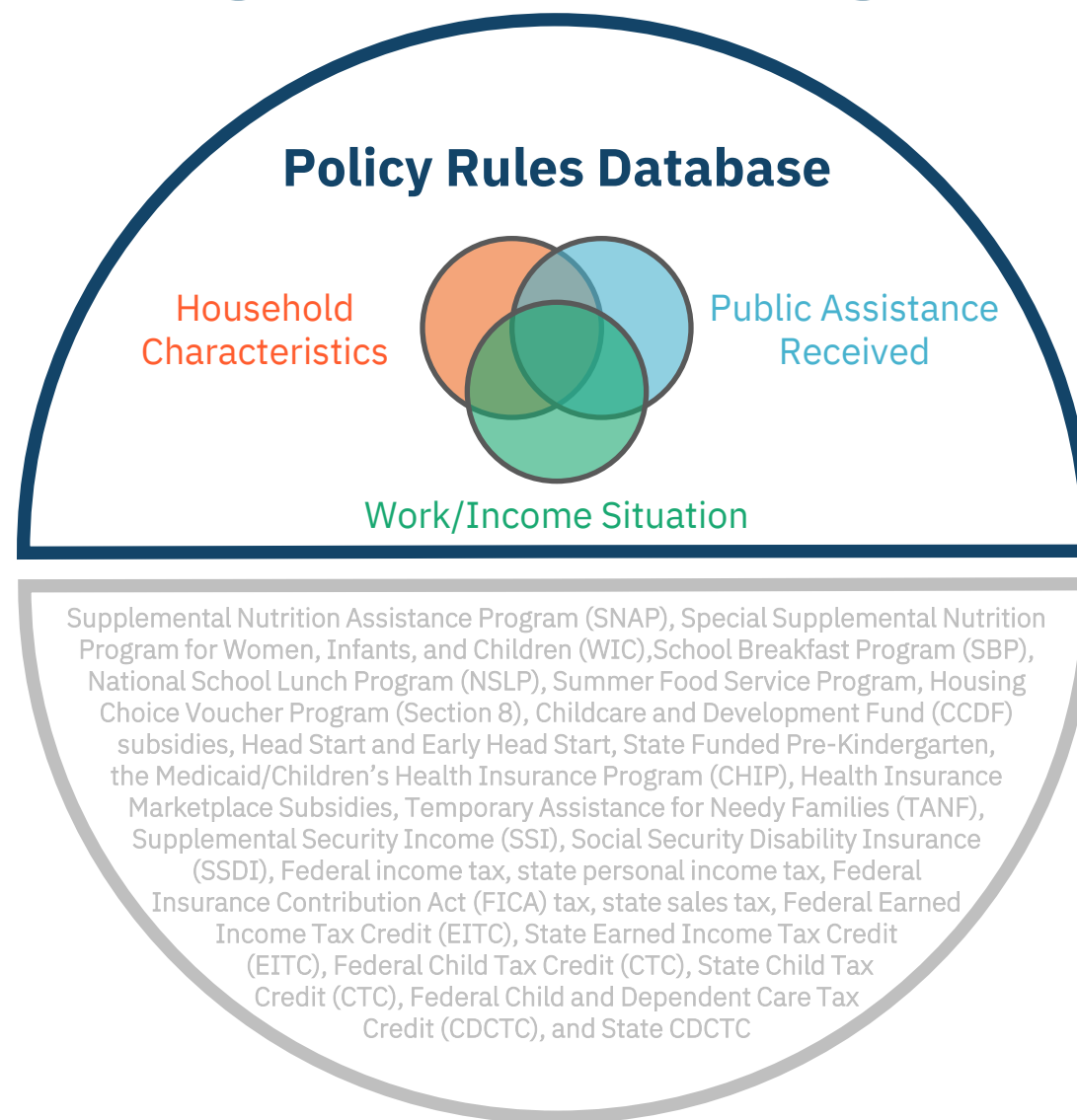
Impact on Government

The net returns to the government generated by a worker moving to a higher paying occupation can be significant

Taxpayer Savings to Career Advancement – Eagle County Worker with Two Children (LPN Versus Near-Minimum Wage Job)



Many Assistance Programs, Many Eligibility Criteria



Policy Rules Database



Federal Reserve Bank *of* Atlanta

Benefits Cliffs Across the U.S.

Powered by

Policy Rules Database

Select State

Arkansas

Select County or Town

Craighead County, AR

Does Anyone In The Home Have A Disability?

No

Number of Adults (19+)

1

Number of Children

2

Age of First Adult (19+)

25

Age of First Child (18 and under)

2

If child is less than 1 year old put 0.

Age of Second Child (18 and under)

5

If child is less than 1 year old put 0.

Select Public Assistance Programs

Child Tax Credit (CTC)

Medicaid for Children/CHIP

Supplemental Nutrition Assistance Program (SNAP)

Earned Income Tax Credit (EITC)

☐ Customize the Results Further by Adding More Information

Update Charts

Household
Characteristics

Public Assistance
Received



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Net
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← Employment Income →

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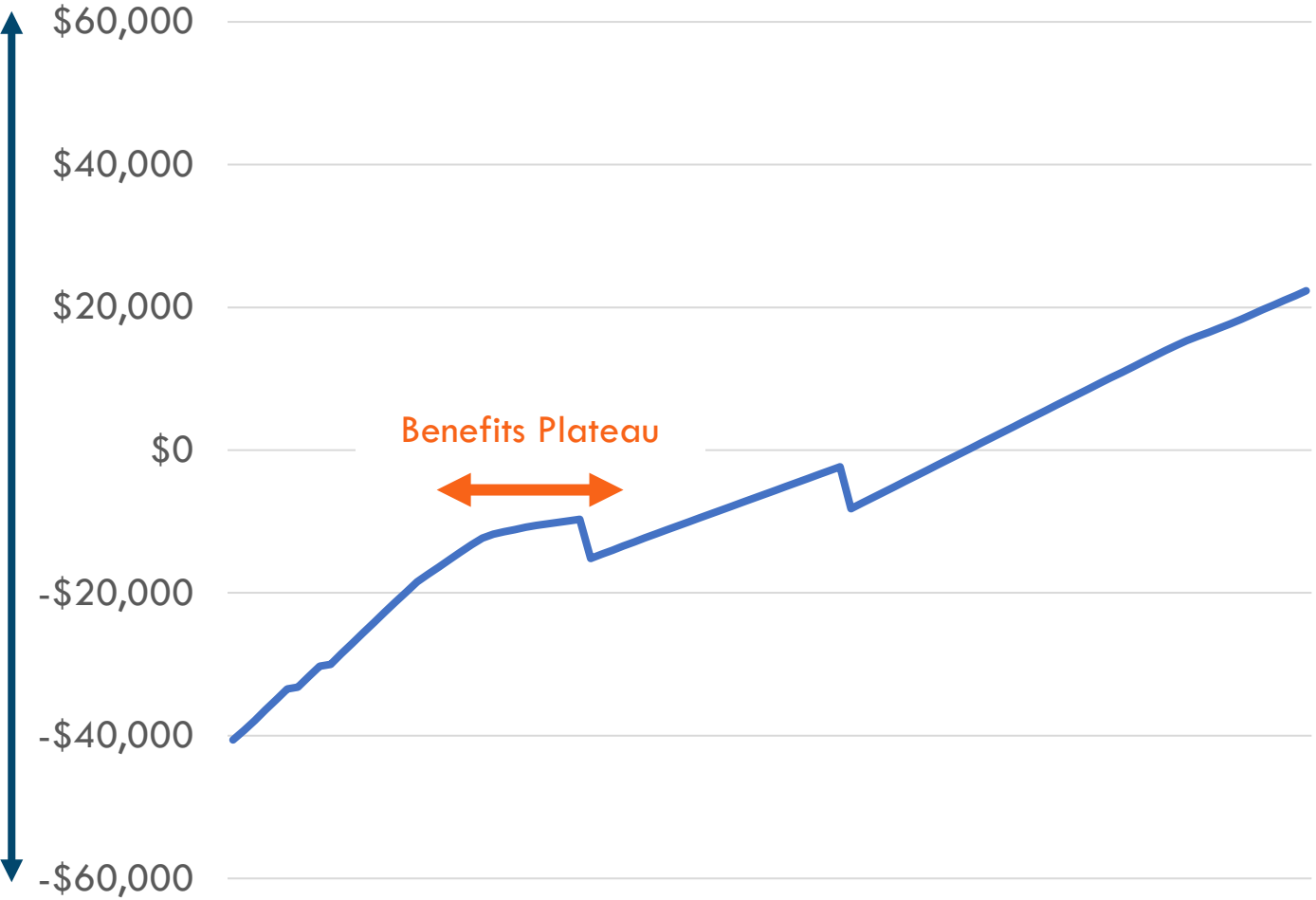
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CLIFF Tools



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 Tools

Survive



Thrive

Client is focused on immediate financial stability

Client is actively planning for career advancement

SNAPSHOT



Identify an immediate
path to financial stability

Snapshot Scenario

Maria

Household Characteristics

Lives in Pulaski County, AR.

Age 27 years old.

Two children, ages 7 and 5



Snapshot Scenario

Maria



Household Characteristics

Lives in Pulaski County, AR.

Age 27 years old.

Two children, ages 7 and 5

Public Assistance Received

Food assistance (SNAP)

Children's health insurance (CHIP)

Free & Reduced School Meals

Medicaid

Tax credits (EITC and CTC)

Snapshot Scenario

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Current Work Situation

Makes \$16 an hour

Works 24 hour a week

Snapshot Scenario

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Current Work Situation

Makes \$16 an hour

Works 24 hour a week

New Work Situation

Makes \$17 an hour

Works 32 hour a week



Snapshot Scenario

Maria



**+\$482
per
month**

	Before the Change	After the Change	Difference
Pre-tax Income	1664	2357	693
+ Take-Home Pay*	1517	2085	568
+ Public Assistance	2678	2592	-86
- Living Expenses	5075	5075	0
= Monthly Budget	-880	-398	482

	Before the Change	After the Change	Difference
Medicaid for Adults	172	172	0
Medicaid for Children/CHIP	699	699	0
Supplemental Nutrition Assistance Program (SNAP)	768	654	-114
Free or Reduced Price School Meals	226	226	0
Child Tax Credit (CTC)	218	332	114
Earned Income Tax Credit (EITC)	596	509	-87
Federal Income Tax	0	48	48
State Income Tax	20	44	24
FICA Tax	127	180	53

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Works 32 hour a week

New Work Situation

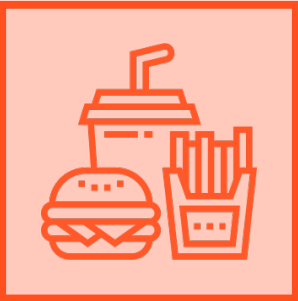
Makes \$17 an hour

Works 40 hour a week



Snapshot Scenario

Maria



**-\$292
per
month**

	Before the Change	After the Change	Difference
Pre-tax Income	2219	2947	728
+ Take-Home Pay*	1976	2547	571
+ Public Assistance	2657	1794	-863
- Living Expenses	5075	5075	0
= Monthly Budget	-442	-734	-292

	Before the Change	After the Change	Difference
Medicaid for Adults	172	172	0
Medicaid for Children/CHIP	699	699	0
Supplemental Nutrition Assistance Program (SNAP)	704	0	-704
Free or Reduced Price School Meals	226	205	-21
Child Tax Credit (CTC)	318	333	15
Earned Income Tax Credit (EITC)	538	385	-153
Federal Income Tax	34	107	73
State Income Tax	39	67	28
FICA Tax	170	225	55

CLIFF Tools

Survive



Client is focused on immediate financial stability

Thrive

Client is actively planning for career advancement

DASHBOARD



Explore the potential financial
returns of different careers



State of Residency

Arkansas

County of Residency

Pulaski County

Number of Adults

1

Number of Children

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Does anyone in the home have a disability?

No

Age of First Adult (19-64)

30

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Public Assistance

Select a custom list

Select Public Assistance Programs

Supplemental Nutrition Assistance Program (SNAP)

Free or Reduced Price School Meals

Temporary Assistance for Needy Families (TANF)

Medicaid for Adults

Medicaid for Children/CHIP

Child Tax Credit (CTC)

Earned Income Tax Credit (EITC)

Target Occupation

Broad Occupation Group

Healthcare Practitioners and Technical Occupations

Select occupation

Licensed Practical and Licensed Vocational Nurses

Tip: Try searching by keyword on [mynextmove.org](#) to get the official BLS occupation name.

Duration of Education or Training Program

Use typical duration required for occupation

Occupation for Comparison

☒ Near-minimum wage job

☐ Other

Recalculate

The CLIFF Dashboard details the long-term financial outlook for different career paths. The Dashboard shows income and public assistance horizon. The Dashboard also includes a household budget target that identifies the estimated level at which a worker's after-tax income household budget items necessary to live and work in the modern economy.



Send this [intake form](#) to your client.

Step 1: Complete ALL fields to the left.

Step 2: Click the 'Calculate Results' button. A progress indicator will display as the tool calculates the results.

Step 3: CLIFF will then automatically direct to the 'Results' tab and display how much a typical individual in the selected career path may expect those earnings compare to the household budget target, how those earnings may impact public assistance, and other results. You can also use with a screen reader.

Step 4: To make changes to the selections, adjust the dropdown menus to the left to and click 'Recalculate' to update the results.

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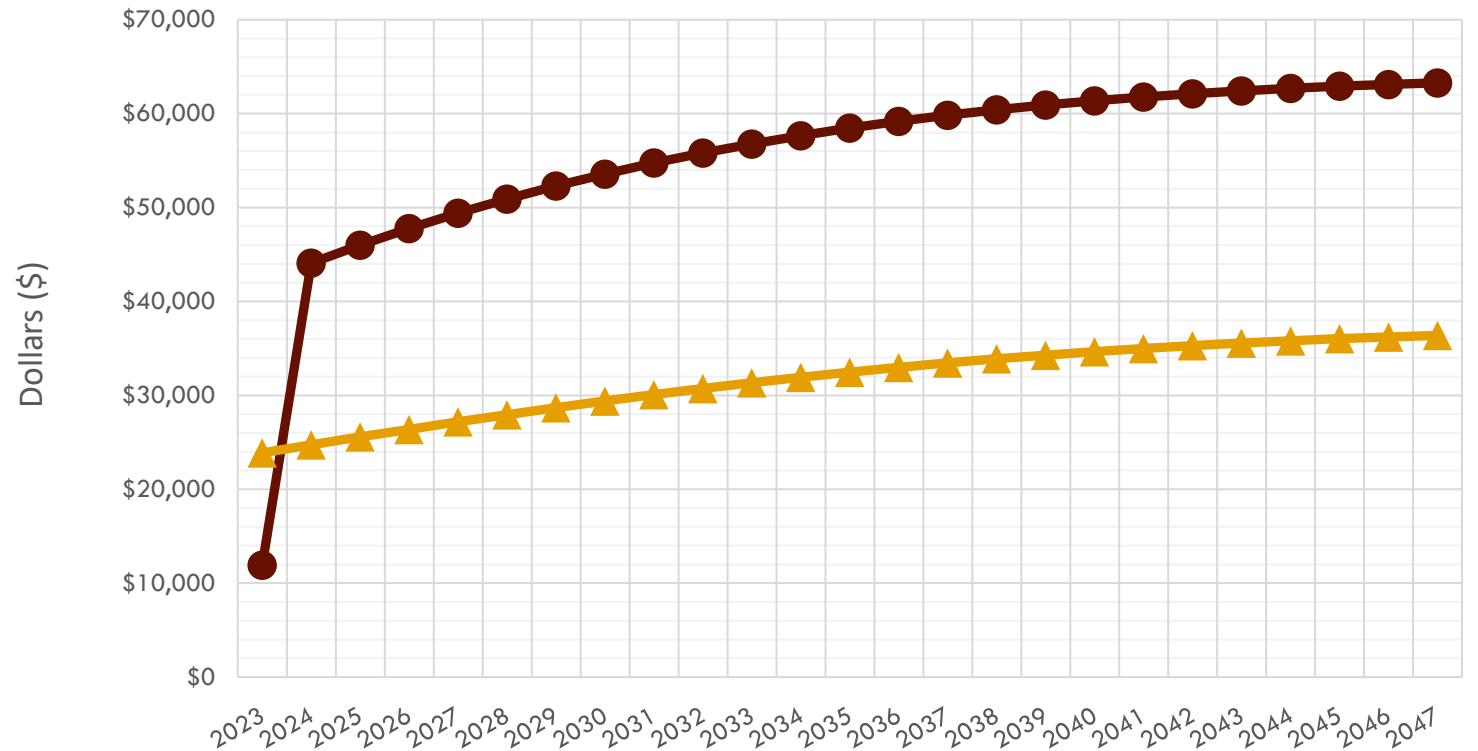
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Occupation for Comparison

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Recalculate

Individual Income Before Taxes



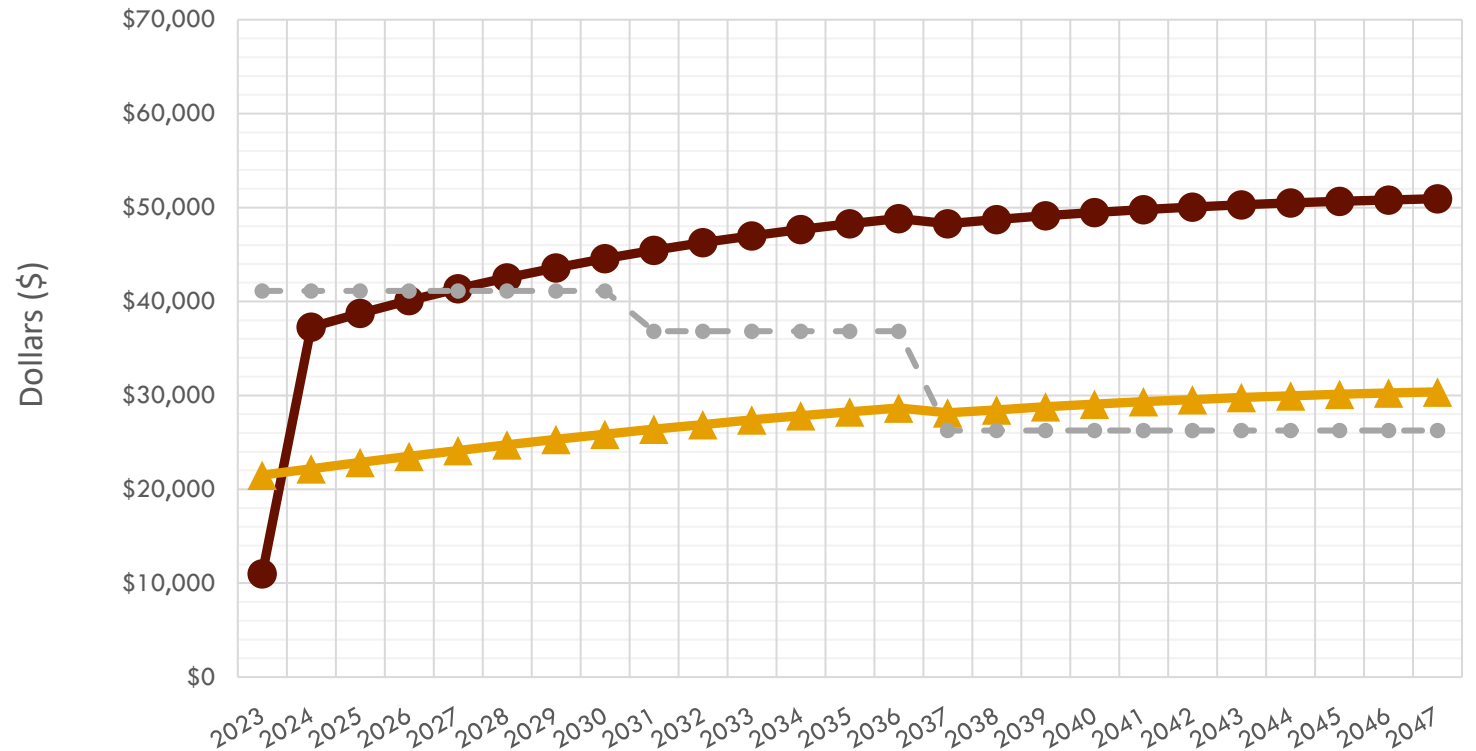
Licensed Practical Nurse



Near-Minimum Wage Job



Annual Take-Home Pay & Minimum Household Budget



Licensed Practical Nurse



Near-Minimum Wage Job

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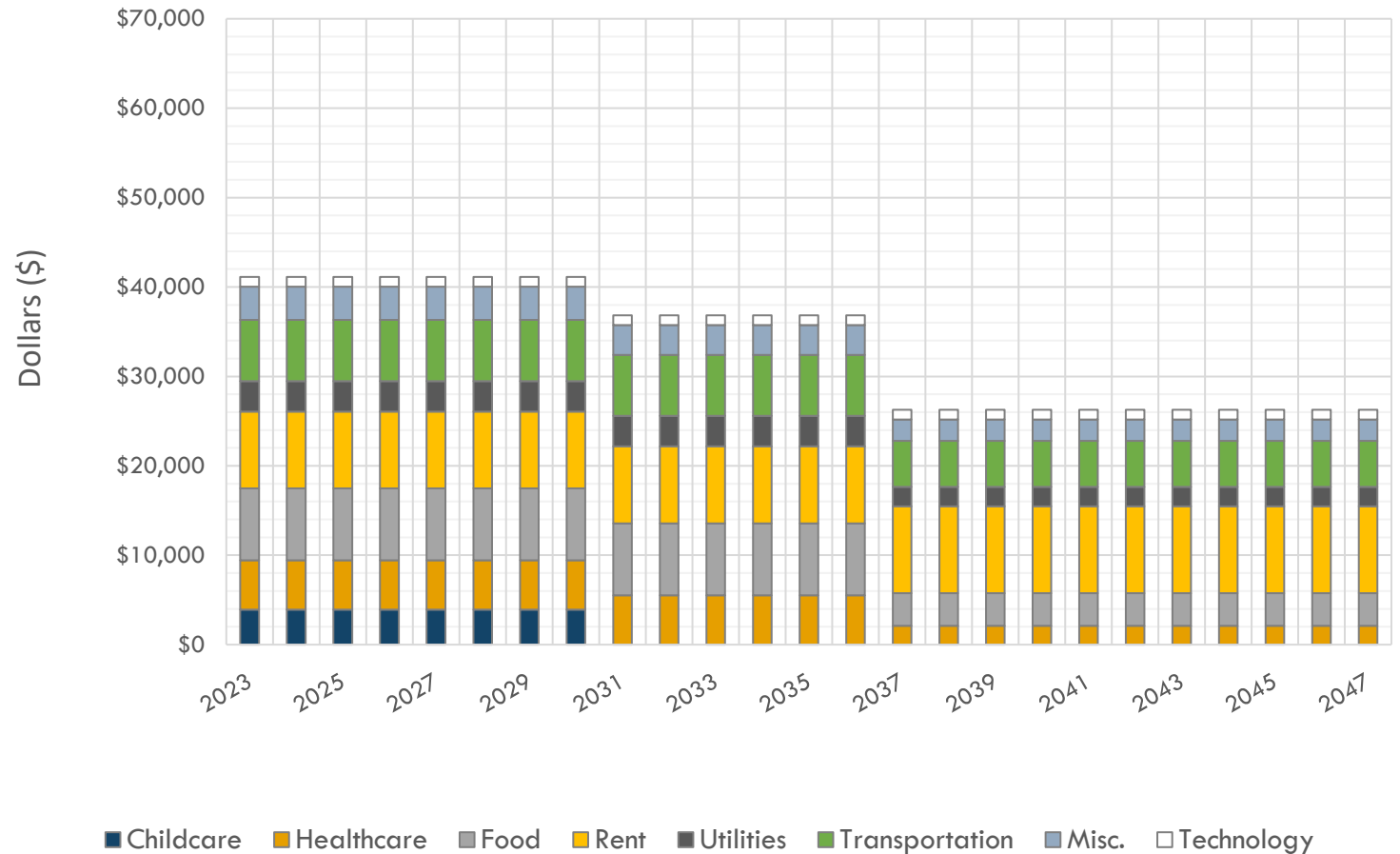
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Annual Take-Home Pay & Minimum Household Budget



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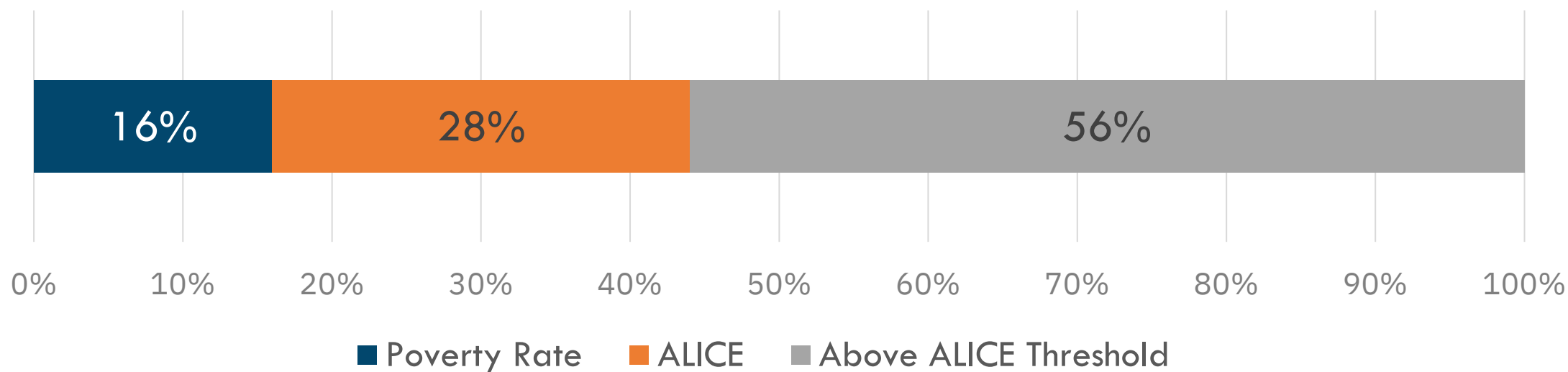
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[Recalculate](#)

United for Alice

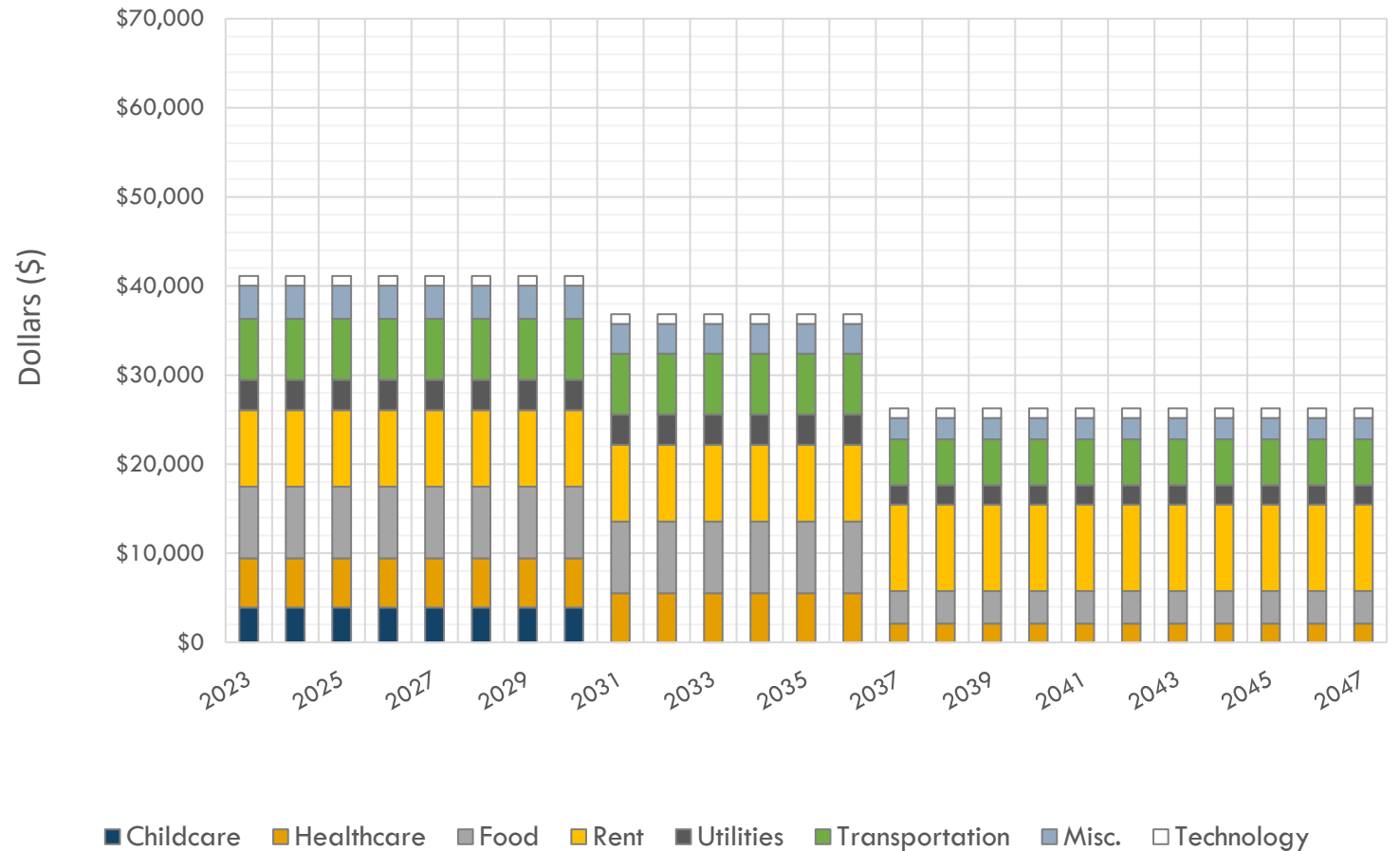
In 2023, an estimated 44% of households in Arkansas were below the ALICE Threshold in 2023.

Poverty Rate versus ALICE Population versus Population Above ALICE Threshold, 2023



Source: United For Alice

Annual Take-Home Pay & Minimum Household Budget



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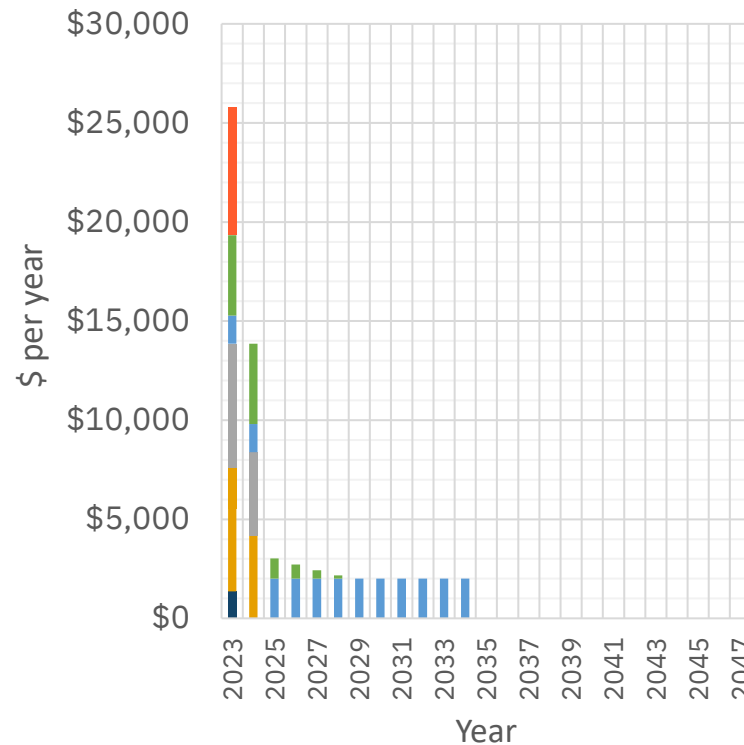
Occupation for Comparison

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Recalculate

Public Assistance on Chosen Career Path

Licensed Practical and Licensed Vocational Nurses



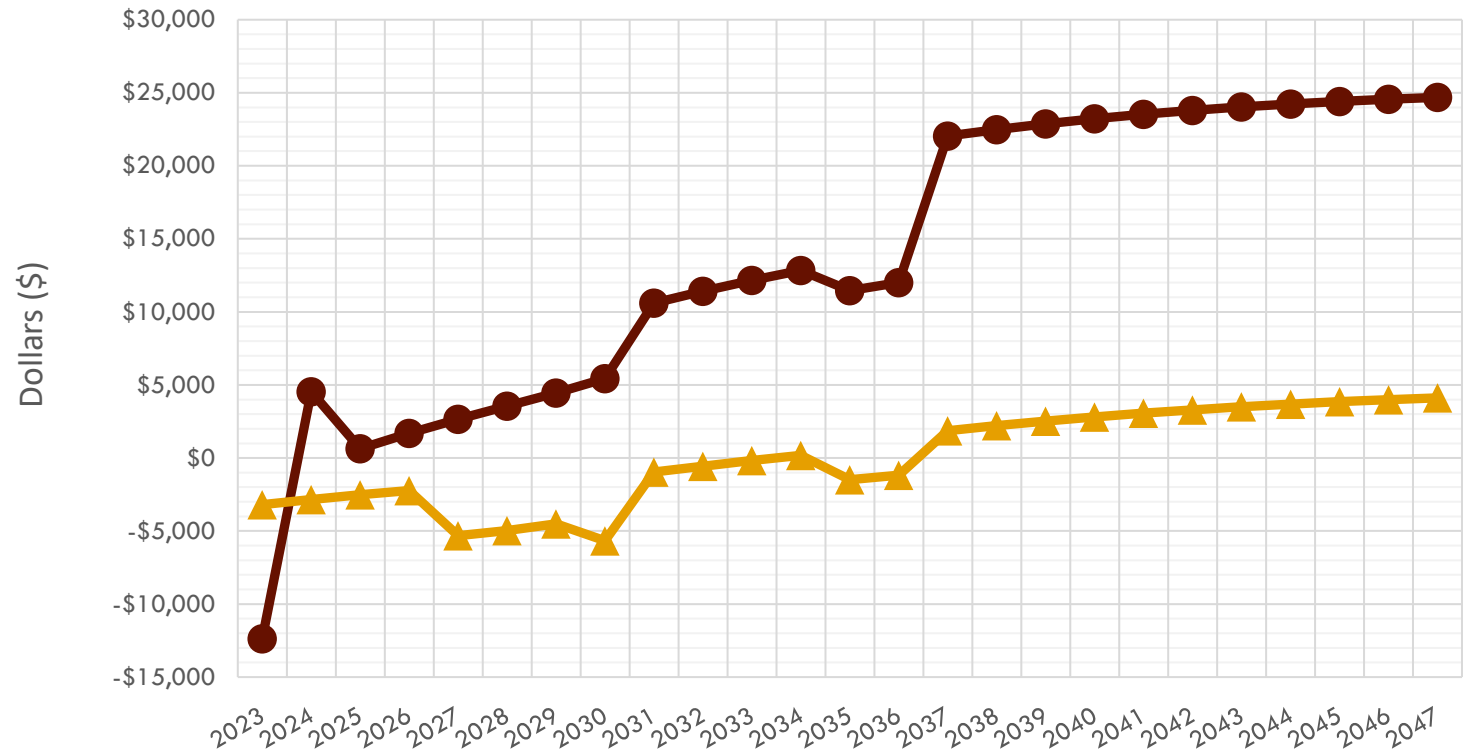
Near-Minimum Wage Job



Free & Reduced-Price School Meals
Child Tax Credit

CHIP
EITC
Medicaid for Adults
SNAP

Annual Net Financial Resources on Chosen Career Path



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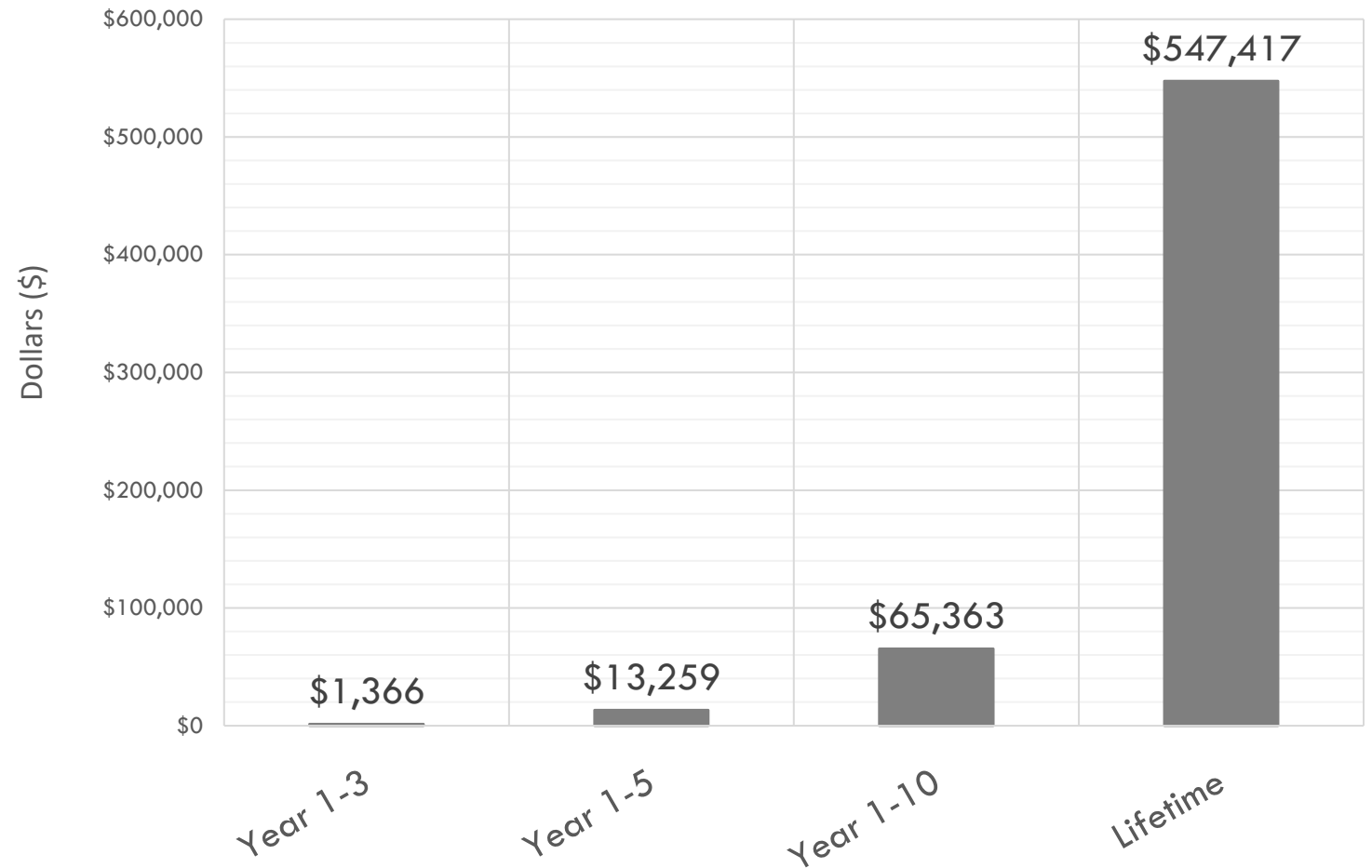
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Financial Gains from Career Advancement



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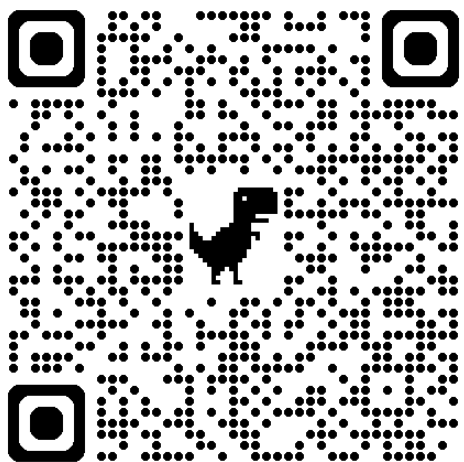
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[Recalculate](#)

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>



John Rees

John.Rees@atl.frb.org



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