



Benefits Cliff Employer Pilot Program Evaluation **Overview and Strategies for Employers**



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Acknowledgments

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Prepared for Goodwill® Industries of the Southern Piedmont

Goodwill Industries® of the Southern Piedmont is a nonprofit organization that connects people to opportunities to find gainful employment and meaningful work. Through its 36 retail stores, the Goodwill Opportunity Campus, and partnerships with employers and other organizations, Goodwill builds pathways for members of the community to uncover their passions, enhance their skill sets, and achieve more for themselves and their families—creating a brighter future for all.



The Benefits Cliff Community Lab, an initiative of Goodwill Industries of the Southern Piedmont, aims to change the narrative and provide solutions for individuals and their families looking to move beyond the benefits cliff. Goodwill and its partners champion solutions to mitigate the impact of the benefits cliff on workers and their families in North Carolina. At the heart of this work is to promote economic dignity, family stability and upward mobility for those affected by the benefits cliff.



Prepared by the UNC Charlotte Urban Institute

The UNC Charlotte Urban Institute is our region’s applied research and community outreach center. We seek solutions to the complex social, economic and environmental challenges facing our communities. We engage expertise across a diverse set of disciplines and life experiences to curate data, conducting actionable research and policy analysis that helps us make better decisions that benefit all of us.





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Executive Summary

Overview

The “Great Resignation” of 2021 brought public awareness to the challenges that employees and employers face when it comes to workforce retention in the modern world. One cause of workforce turnover is when low-wage employees face a benefits cliff. A benefits cliff occurs when “an increase in someone’s pay triggers a greater loss in public assistance” (Goodwill Industries of the Southern Piedmont, n.d.). Often, pay raises are not sufficient to make up for this loss and families are left without the means necessary for their basic needs like housing, food, and childcare.

Fear of losing public benefits (such as subsidized childcare or income-based housing) can trigger a resignation or keep individuals from accepting more work hours, pay raises, or promotions (Roll, 2018; Ruder & Terry, 2024).

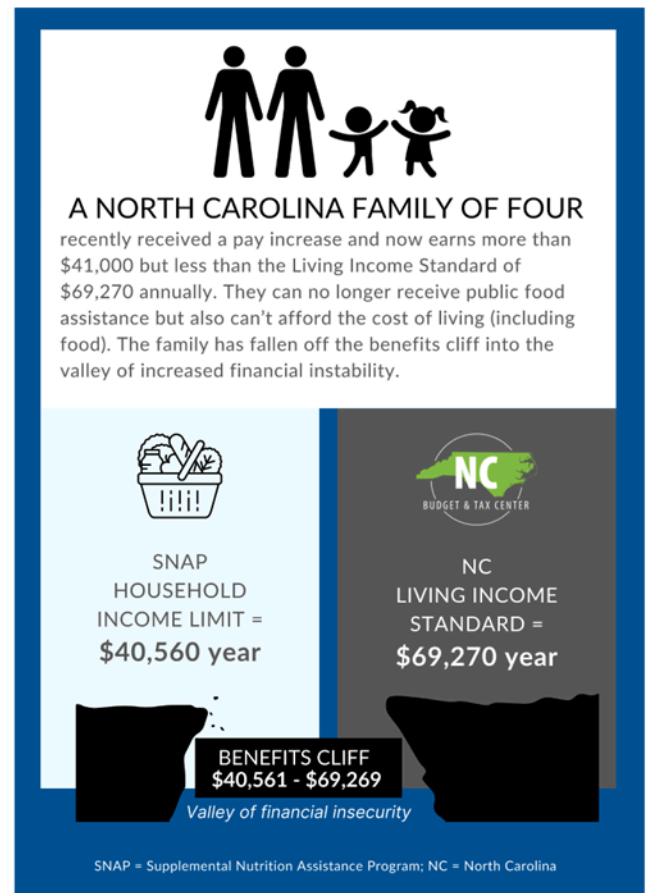


Figure 1: Benefits Cliff Example
Sources: NC Budget & Tax Center, n.d., USDA, 2024

In response to the benefits cliffs issue, the Federal Reserve Bank of Atlanta designed the CLIFF tools (Atlanta Fed, n.d.-b; Ruder & Terry, 2024). CLIFF stands for Career Ladder Identifier and Financial Forecaster. The tools provide useful information to low-wage earners and those facing benefits cliffs so that they can make informed financial and career decisions.

The Benefit Cliff Employer Pilot program (the Pilot program) was developed in response to the growing awareness among employers of the detrimental effects of the benefits cliff for low-wage earners, their families, and employers themselves. The Pilot program examines the financial

implications of wage increases and seeks innovative solutions to lessen the impact of the benefits cliff on economic growth and mobility for lower-wage earners. The Pilot took place between 2023 and 2024 across four employer sites: Goodwill Industries of the Southern Piedmont (GISP), Goodwill of North Georgia (GNG), Atrium Health (Atrium), and the Federal Reserve Bank of Atlanta (Atlanta Federal Reserve). Participating employers developed activities to implement the CLIFF tools among employees and job seekers. Three sites conducted one-on-one CLIFF coaching sessions with employers and job seekers. These sessions utilized the CLIFF tools most applicable to participants and provided information and resources to lessen the impacts of the benefits cliff. All Pilot sites used the CLIFF tools developed by the Federal Reserve Bank of Atlanta to guide counseling and education efforts.

The UNC Charlotte Urban Institute conducted a program evaluation to document the pilot activities and outcomes among the four employer sites. The evaluation also highlights the benefit-cliff experience and areas where employers can provide support. The key findings and recommendations from the evaluation are shared below.

Findings

A total of 172 employees and job seekers participated in at least one CLIFF coaching session as part of the Pilot. Most were female without dependents and employed full-time. Participants' incomes were below the Living Income Standard (NC Budget & Tax Center) (median income was \$33,397).

- **Around 40% of employees and job seekers had personally experienced the benefits cliff due to annual pay raises, promotions, or employment changes.** The benefits most commonly impacted were SNAP/WIC (i.e., food stamps), rental assistance (e.g., housing choice vouchers, income-based public housing), earned income tax credits (EITC), and healthcare assistance (e.g., Medicaid, subsidies).
- **Despite losing public assistance benefits and gaining higher expenses, most participants would still accept a promotion or raise.** Participants valued self-sufficiency and income over public assistance.

- **Certain lower-wage workers are falling through the cracks.** The evaluation found that most Pilot participants have incomes that are lower than what they need to meet basic needs yet are often just above the limits to qualify for public assistance programs. In the Pilot, those most often in this circumstance were full-time employees. This implies that benefits cliff interventions are most critical when low-wage employees are considering a pay raise, promotion, or increase in hours.

What support did participants receive from the Pilot?

- Employed and unemployed participants came to CLIFF coaching sessions with different needs. Most unemployed and low-wage earners were interested in learning about employment opportunities or career changes that would improve their income. In contrast, employees who had recently received a pay raise or knew they would receive a raise soon came to the sessions to better understand how increased income would impact their public assistance benefits and review a long-term financial trajectory.
- CLIFF coaching sessions provided a menu of resources to meet these needs. Ninety percent of participants had a plan or next step at the end of their CLIFF coaching session. Services provided at coaching sessions included financial budgeting, learning about eligible public assistance programs, improved financial literacy and planning, and exploring career opportunities.
- Housing and health insurance are areas where support is most needed for participants experiencing increased income.

Recommendations for Implementing the CLIFF Program in the Workplace

The pilot program evaluation highlights strategies that employers can use to implement the CLIFF tools in the workplace. Some key strategies include:

- **Invest in ample training.** Training facilitators (i.e. coaches) is important to guarantee efficient use of the CLIFF tools. Employers should ensure that facilitators who will be using the tools

with employees are well trained and informed, not only on the CLIFF tools and outputs but also on community resources and ethics (informed consent, confidentiality).

- **Establish trust with employees first.** To do so, consider implementing programs internally where relationships already exist. It is also important for coaches to share the benefits and to be transparent about how personal information is being used and protected before asking personal questions.
- **Provide a self-assessment alternative with optional assistance.** This option allows maximum flexibility and confidentiality for employees who are uncomfortable disclosing their personal information to a coach.
- **Understand employee needs and goals to know which tool is right.** Atlanta Fed provides a suite of CLIFF tools. Employers should use their established relationships with employees to first discuss employees' needs and goals and then use this information to decide which CLIFF tool(s) are most appropriate and useful for the employee, department, or organization as a whole.
- **Use the tools when they are most needed.** There are certain situations when employees may be more vulnerable to, or most impacted by, the benefits cliff. These include when a person changes jobs, when a child ages out of benefits, and when an employee gets a raise.

Additional Opportunities for Employers

Beyond the CLIFF Tool, employers can take other actions to eliminate the benefits cliff problem among their workforces. Examples include aligning wages with the Living Income Standard (NC Budget & Tax Center), allowing flexible working times and spaces, providing advance pay for emergencies, and advocating for policies that would mitigate the impact of benefits cliffs on workers. For a list of other alternatives for employer, visit benefitscliffcommunitylab.org.



What is the Benefits Cliff?

A benefits cliff occurs when “an increase in someone’s pay triggers a greater loss in public assistance” (Goodwill Industries of the Southern Piedmont, n.d.). The loss of this public assistance is like dropping off a cliff because the decline in benefits is steep rather than gradual once a household exceeds certain income levels. Although an individual and their household receive more income, it is often not enough to offset the amount lost in public assistance benefits. So, the benefits cliff can lead to an increase in economic instability and financial insecurity for earners.

In North Carolina, the median annual earnings for full-time wage and salary workers is around \$47,602 (U.S. Bureau of Labor Statistics, 2024). This is lower than the Living Income Standard (LIS) which refers to “what it takes to make ends meet with no financial cushion against emergencies like the loss of a job or illness” (NC Budget & Tax Center, n.d.) for multi-person households. The LIS for one adult with one child is \$50,530 annually in North Carolina. For a household with two working adults and two children, the annual LIS is \$69,270, or \$16.75 per hour for each working adult. The North Carolina LIS is 2.5 times the federal poverty level and more than two times the minimum wage. In Mecklenburg County, the LIS is higher; a single parent with one child must make \$59,620 a year and a family of four must make \$79,490 annually, or at least \$19 an hour for each working adult, to afford basic needs like food and housing.

Public assistance benefits are based on household size and total household income. For most programs, households are eligible for assistance if their total household income is no more than two times the poverty level. Once the household income surpasses the eligibility cut-off, they can no longer participate in the program (see Figure 1 for an example) and the supplemental assistance goes away. This is the benefits cliff.

The severity, or “steepness”, of the cliff varies by assistance program. Some programs have strict income cut-offs with little-to-no transitional support while others have more gradual reductions in benefits. In the United States (U.S.), those making around \$13-\$17 per hour, or up to \$60,000 per year, are most vulnerable to the benefits cliff (Chiarenza,

2022; National Conference of State Legislators, 2019). Families with children and higher living costs, especially those needing childcare services, are also at greater risk of falling into the benefits cliff with slight income increases. The loss of childcare assistance alone can push households below the *break-even line*—the threshold where income meets living costs without any buffer (Ballentine et al., 2022; National Conference of State Legislators, 2019; Roll & East, 2014).

When someone experiences the benefits cliff, their income may be too low to afford living expenses but is too high to receive supplemental assistance. So, individuals or households fall into a valley of economic insecurity. This means there is no financial cushion for savings or emergency-related expenses as they live paycheck to paycheck. Families may rely on credit and loans, especially when faced with unexpected costs such as a medical emergency, further pushing them into debt and financial instability.

These burdens, despite increased income, keep individuals and their families from moving up the economic ladder—a phenomenon known as economic mobility. Economic mobility refers to “people’s

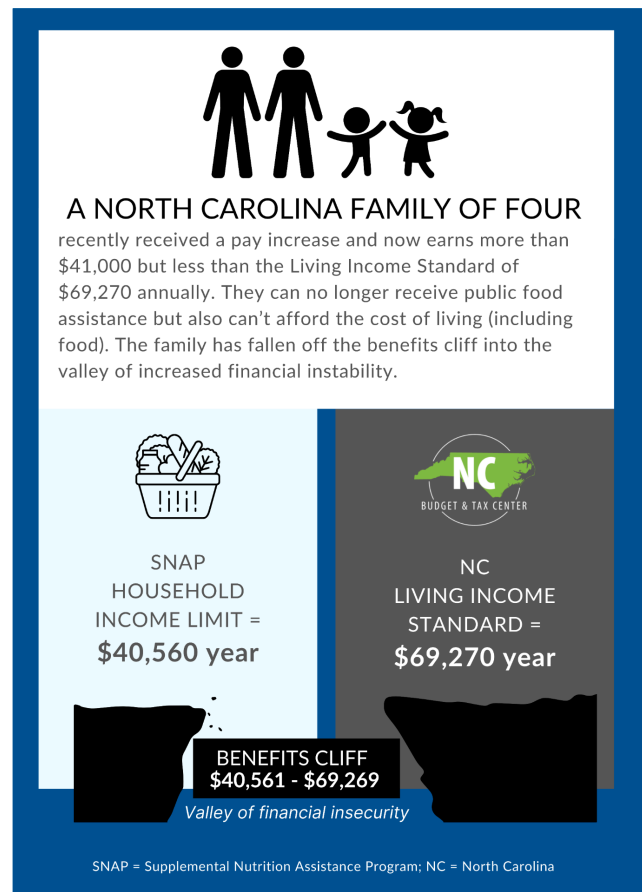


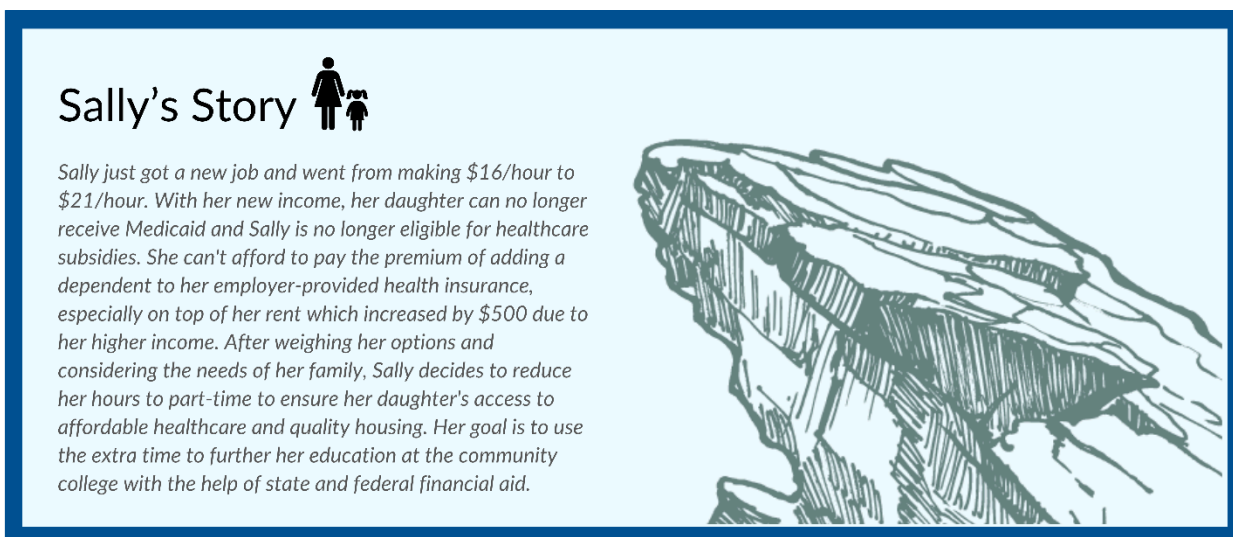
Figure 1: Benefits Cliff Example
Sources: NC Budget & Tax Center, n.d., USDA, 2024


ability to improve their economic status over the course of their lifetimes. Economic mobility requires access not only to income, assets, training, and employment but also more intangible resources like power – the ability to make choices for yourself and influence others – and social inclusion” (Acs et al., 2018). Economic mobility is important for ending the cycle of poverty and is associated with health benefits and furthering educational and professional opportunities (The Bell Policy Center, n.d.).

Economic mobility has benefits for employers, too. It is associated with greater revenues and inputs into the local economy. When employees earn a living income standard and have economic security, employers see reductions in turnover and absenteeism, improved health and productivity of their employees, and a decrease in overall labor costs associated with less overtime and turnover (Fairris et al., 2015; Zeng & Honig, 2017).

How does the benefits cliff impact employers?

Low-wage employees face difficult decisions regarding career advancement/professional development and qualifying for public assistance necessary to meet their basic needs. Fear of losing public benefits, because of the loss of basic support, can keep individuals from accepting more work hours, pay raises, or promotions (Joseph, 2018; Roll, 2018; Roll & East, 2014). Workers often must make trade-offs such as refusing a promotion or full-time employment to maintain access to subsidized health insurance and limit the costs of childcare, transportation, and income-based housing (see Figure 2: Sally’s Story for an example).



Sally's Story 

Sally just got a new job and went from making \$16/hour to \$21/hour. With her new income, her daughter can no longer receive Medicaid and Sally is no longer eligible for healthcare subsidies. She can't afford to pay the premium of adding a dependent to her employer-provided health insurance, especially on top of her rent which increased by \$500 due to her higher income. After weighing her options and considering the needs of her family, Sally decides to reduce her hours to part-time to ensure her daughter's access to affordable healthcare and quality housing. Her goal is to use the extra time to further her education at the community college with the help of state and federal financial aid.

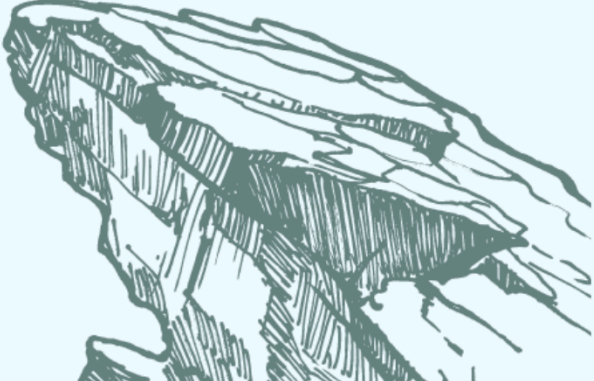


Figure 2: Sally's Story

Because employees fear they won't be able to care for their families if they lose public benefits, employers often lose experienced labor without any knowledge as to why. Essentially, the benefits cliff can prevent workforce development and keep employers from meeting their workforce needs. It may be difficult to fill important roles or prevent employee turnover (Cleveland Fed, 2023).

What are the CLIFF Tools?

In response to benefits cliffs, the Federal Reserve Bank of Atlanta designed the CLIFF suite of tools (Atlanta Fed, n.d.-a). CLIFF stands for Career Ladder Identifier and Financial Forecaster. The CLIFF initiative is part of their Advancing Careers for Low-Income Families program which aims to “develop tools that support community and state efforts aimed at advancing family economic mobility and resilience, meet the talent needs of businesses, and ultimately contribute to a healthy economy” (Atlanta Fed, n.d.-a).

The tools provide useful information for low-wage earners considering financial and career decisions. They may ultimately help individuals avoid or mitigate the benefits cliff when a shift in their employment leads to higher wages.

The tools show the interactions of public assistance benefits, taxes, and tax credits with career advancements and different income levels (Atlanta Fed, n.d.-b). The suite includes the:

- **CLIFF Snapshot:** compares an individual's current financial situation to alternative scenarios to show how an increase in monthly income and/or public assistance may increase financial stability.
- **CLIFF Dashboard:** projects income and public assistance benefits over 20 years based on a career or income change and provides the minimum monthly net income necessary to meet one's basic needs.
- **CLIFF Planner:** provides a more detailed map of a chosen career path including a plan for education and employment, long-term financial projections, and a customized budget.

Coaches can use the quick start guide (Atlanta Fed, n.d.-c) to see which tool best suits a participant's needs. The minimum budgets provided are based on the Household Survival Budget created by United for ALICE (Asset Limited, Income Constrained, Employed) and based on estimates for the cost of housing, childcare, food, transportation, health care, technology, taxes, and a 10% buffer for

miscellaneous expenses (United Way of Northern New Jersey, 2023). The tool can also be customized to individual employer career-tracks.

CLIFF
Career Ladder Identifier and Financial Forecaster
(Click on the icons to visit each tool)

	SNAPSHOT	DASHBOARD	PLANNER
	 Client is interested in understanding the potential short-term financial impact of a new job or income change	 Client is interested in long-term career planning AND wants a general idea about potential financial barriers to career advancement	 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
TIME TO COMPLETE	● ○ ○	● ● ○	● ● ●
CUSTOMIZED WORK HOURS + WAGES	✓	⊗	✓
CAREER SELECTION COMPONENT	⊗	✓	✓
CUSTOMIZED BUDGET	⊗	⊗	✓
INDIVIDUALIZED PUBLIC ASSISTANCE	✓	✓	✓
LEARN MORE	<p>The CLIFF Snapshot compares a client's current financial situation to possible alternative scenarios. Counselors can help their clients better understand how an increase in wages, additional hours worked, and/or participation in public assistance programs may better position them for financial stability.</p>	<p>The CLIFF Dashboard details the long-term financial implications of a new career. The Dashboard shows income and public assistance over a 20-year-plus horizon. The Dashboard also includes a self-sufficiency target which identifies the estimated level at which worker's after-tax income will position them to cover their basic expenses.</p>	<p>The CLIFF Planner helps clients when they're ready to map out the details of their career move. With the Planner's flexibility, counselors can work with their clients to build a customized education plan, career plan, and budget. The Planner produces a much more individualized financial portrait compared to the Dashboard.</p>

Figure 3: Overview of the CLIFF tools. Source: <https://emar-data-tools.shinyapps.io/clifftool/>

What is the Benefits Cliff Employer Pilot Program?

The Benefit Cliff Employer Pilot program examines the financial implications of wage increases and seeks innovative solutions to lessen the impact of the benefits cliff on economic growth and mobility for lower-wage earners. The pilot includes employers from different sectors using the CLIFF tools developed by the Federal Reserve Bank of Atlanta. Participating organizations include Goodwill Industries of the Southern Piedmont (GISP), Goodwill of North Georgia (GNG), Atrium Health (Atrium), and the Federal Reserve Bank of Atlanta (Atlanta Fed). Each employer identified a set of activities that incorporate the CLIFF tools and strategies for implementing the activities in the context of their working environments.

Employer Pilot Program Evaluation

Little research has been conducted on the impacts of employer-driven programs to mitigate the burden of the benefits cliff among employees. Goodwill Industries of the Southern Piedmont teamed up with the Charlotte Urban Institute (Institute) at the University of North Carolina Charlotte to evaluate how employers and service agencies can use the newly developed CLIFF tools to understand the impacts of the benefits cliff among employees and design interventions. To answer these questions, the Institute investigated the program strategies and outcomes of the four employer sites: Goodwill Industries of the Southern Piedmont, Goodwill of North Georgia, Atrium Health, and the Federal Reserve Bank of Atlanta. Three sites implemented CLIFF coaching sessions with employees or job seekers. Coaching sessions were facilitated by “coaches” who were trained on the CLIFF tools. The activities and outcomes of the coaching sessions varied among the employer sites, but all sessions implemented at least one of the CLIFF tools.

Specifically, the UNC Charlotte Urban Institute explored:

- who participated in the program activities
- the outcomes of the employer-pilot program activities for employees and employers

- how the benefits cliff has impacted employees
- how the tool was used at each employer site

For more detailed information about the evaluation questions, see the research design table in Appendix C.

Evaluation Methods

The Pilot Program evaluation included data collected from two rounds of interviews and focus groups with leaders and coaches from each employer site, an online survey administered to participants after their benefits cliff coaching session, and administrative documentation of participants' sociodemographics provided by three of the four employer sites. Two employer sites also provided notes on the session outcomes for each participant. The findings below come from a consolidation of all the data sources. The administrative data were aggregated to describe participant characteristics across the employer sites. For more details on the analysis, see Appendix C.

Outcomes

Who participated and why?

A total of 172 employees and job seekers participated in at least one coaching session as part of the Benefits Cliff Employer Pilot Program. Most were female, employed full-time, and did not have dependents¹ (Table 2, Appendix D.). Participants had worked at their jobs for different amounts of time, ranging from four months to over ten years. The median² individual gross income was \$33,397 but differed depending on employment status (see Figure 4).

In general, Pilot Program participants earned less than what people need to live comfortably and less than most full-time salaried workers in North Carolina and Georgia. Despite having lower salaries, about half of Pilot Participants had earnings that were too high to qualify for public assistance programs such as Supplemental Nutrition Program (SNAP, i.e. food stamps), Earned Income Tax Credit (EITC), and Medicaid for one adult with zero children (the majority of participants). The other half of the participants were receiving or eligible for public assistance benefits.

¹ Information for dependents and household size was limited to data from only two of the three employer-sites that provided administrative data for participants.

² The median refers to the middle value in a set of numbers. The median income is the income in the middle of all incomes reported.

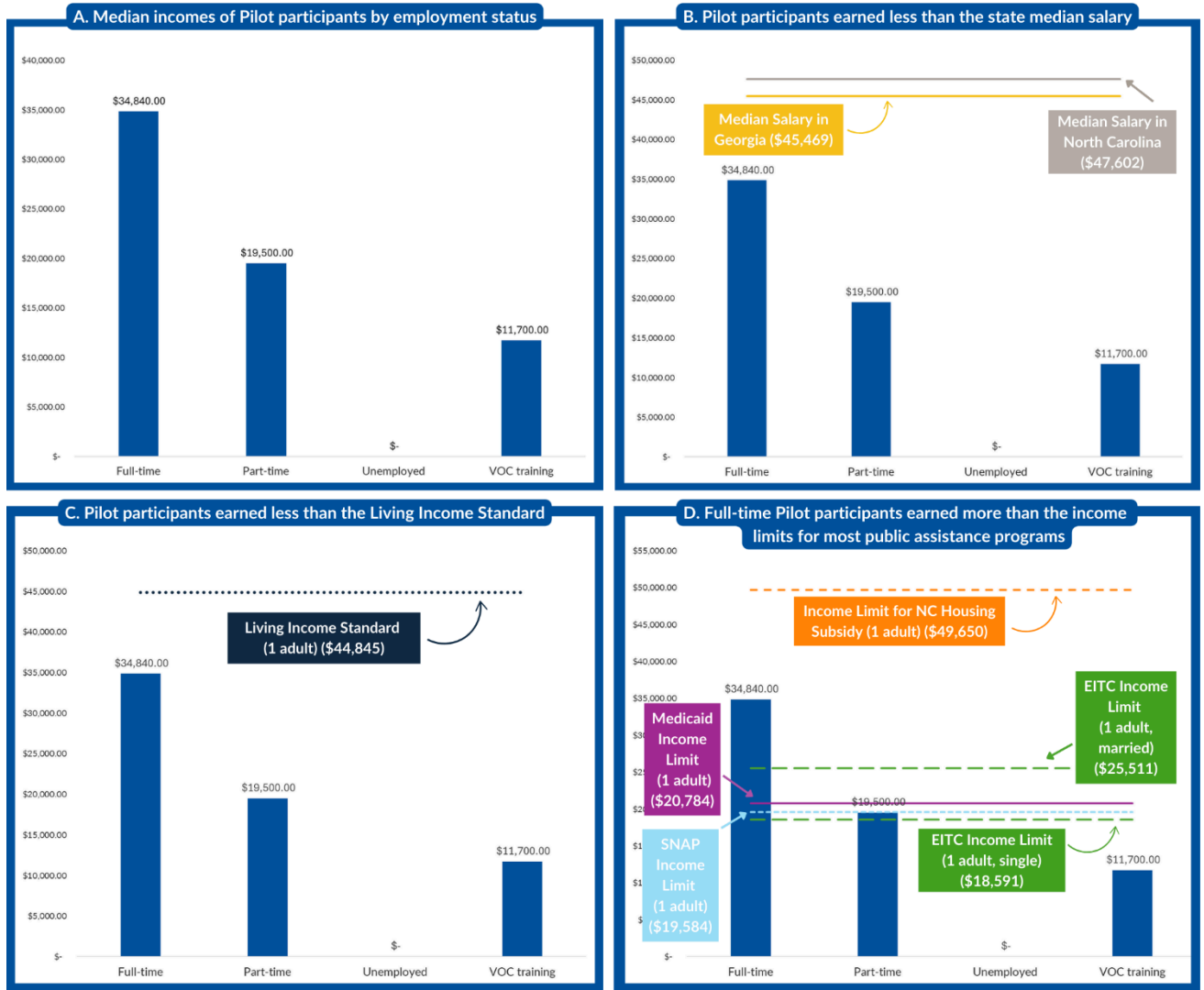


Figure 4: A. Median incomes of Pilot participants; B. Median individual salaries for NC and Georgia; C. Living Income Standard for NC for one adult; D. Income limits for one adult for various public assistance programs.

Sources: HUD, 2024, U.S. Bureau of Labor Statistics, 2024a; 2024b, NC Budget & Tax Center, n.d., IRS, 2024, NCDHHS, n.d.

The needs and goals of unemployed participants differed from those who were employed. Most unemployed and low-wage earners were interested in learning about employment opportunities or career changes that would improve their income. Some were seeking additional resources such as financial assistance, including public benefits programs, and help with budgeting because their current pay was not meeting their needs.

In contrast, employees who had recently received a pay raise or knew they would receive a raise soon came to the sessions to better understand how increased income would impact their public

assistance benefits and review a long-term financial trajectory. Employees not receiving public assistance were primarily interested in financial planning such as improving their credit and budgeting strategies.

A common thread among all participants was the desire for economic stability. Most employees and job seekers³ who participated in the CLIFF coaching sessions prioritized higher income and career development over public assistance benefits. They preferred to think long-term and valued the opportunity to be self-sufficient, despite the increased burden that the loss of public benefits would bring. However, it is important to consider the role of household composition and responsibilities within this finding, as the majority of participants (for whom we have data) did not have dependents.

Despite the challenges of losing public benefits, Pilot participants prefer to seek higher income and career development - upward mobility - to get over the benefits cliff rather than reduce their pay (e.g., work fewer hours) to regain public assistance. They prioritize self-sufficiency.

What was gained from the CLIFF coaching sessions?

According to the survey, 90% of participants had a plan or next step at the end of their CLIFF coaching session. Specific session outcomes for employees and job seekers included financial

³ 61% of survey participants said they would accept a promotion or raise despite the potential loss of assistance benefits; 58% of employees in the GISP Goodwill Pathways Program accepted a pay raise even though their benefits were impacted; 81% of participants from the Goodwill of North Georgia Career Center were looking for employment opportunities or a career change that would improve their financial situation (e.g., income).

budgeting, learning about eligible public assistance programs, improved financial literacy and planning, and exploring career opportunities.



Figure 5: CLIFF Coaching Session Outcomes for Participants

Did the pilot program foster changes in awareness and knowledge?

Among Employees

Most individuals who were participating in public assistance programs understood that increases in their income would reduce their benefits or make them ineligible for specific programs.⁴ However, the CLIFF tools and coaching sessions were still useful for participants receiving benefits– they showed current income thresholds (which change regularly) for assistance programs and specifically how much their benefits would change, in dollars, based on income adjustments. The tools provided an overview of household income after accounting for the loss of public benefits and increased taxes that participants compared to their household survival budget.

Most participants who were *unaware* of the benefits cliff before participating in the coaching session or survey were not receiving benefits. Some participants learned they were eligible for some public assistance programs during the CLIFF session.

Among Coaches and Employers

The employer pilot program raised awareness of the benefits cliff among employers, staff leaders, and coaches. The one-on-one approach provided a better understanding of the personal experiences of employees and job seekers and where support is most needed.

The pilot program also provided coaches and employers with useful information regarding income thresholds for various public assistance programs and household size. The coaches, specifically, became more familiar with the eligibility requirements while also learning of available programs that may support their employees or job seekers.

Lived Experiences: Impacts of the Benefits Cliff

Around 40%⁵ of employees and job seekers had personally experienced the benefits cliff due to annual pay raises, promotions, or employment changes. The benefits most impacted were SNAP/WIC (i.e., food stamps), rental assistance (e.g., housing-choice vouchers, income-based public housing), earned income tax credits (EITC), and healthcare assistance (e.g., Medicaid, subsidies).

⁴ These findings stem from a combination of data including the survey data and qualitative data from interviews/focus groups and notes provided by GISP. Among participants who took the survey, 60% of those who were *unaware* of the benefits cliff were *not* receiving public assistance benefits, while nearly 60% of those who were *aware* of the benefits cliff prior to the pilot were receiving public benefits at the time of the survey.

⁵ 42% of employees in the GISP Goodwill Pathways Program; 38.5% of survey participants receiving benefits.

Not only did income increases result in benefits cliffs, but they were also associated with higher living expenses including increased income taxes. Many experienced increased rental costs related to income-based housing or the loss of housing assistance altogether. The loss of Medicaid or healthcare subsidies meant participants had to pay more for health insurance.

In general, the increased income was not enough to make up for the large deductions or complete loss of public assistance paired with increased living expenses. Some participants became *less* financially secure and economically mobile after their incomes increased. **Across the sites, the income increases did not provide financial stability if they did not meet the Living Income Standard for the area and household. Additionally, those most impacted by the benefits cliff and related challenges were not the lowest-income earners but those whose pay had increased to \$15/hour or more.**

Those most impacted by the benefits cliff are not the lowest-income earners.

The degree of impact related to household income changes (i.e. steepness of the benefits cliff) varied by public assistance programs and households' needs. Some programs like Medicaid, SNAP, and housing assistance programs were associated with steep declines in monthly benefits or an abrupt and complete loss of assistance. Childcare subsidies and EITC, on the other hand, had more gradual reductions due to higher income eligibility limits.

Housing affordability was the biggest challenge that participants discussed with coaches. Many participants struggled to pay rent due to regional increases in housing prices. For those whose income increased, some were forced to change their living situation (e.g., find roommates, live with

family, change properties) due to the structure of income-based housing or the loss of housing vouchers which led to higher rent.

Concerning health insurance, many who lost access to Medicaid or federal health insurance subsidies could not afford their employer's insurance options or income-based public healthcare benefits. This was particularly relevant for participants with dependents.

Childcare cost was not a primary concern for participants, and childcare assistance was the least impacted among the benefits reviewed. This may be related to the small percentage of participants who had children (around 34% for those whom we have this information). Additionally, North Carolina's public childcare assistance program allows families to continue participation until their income is more than 85% of the state median household income (NCDHHS, 2024).

Employer-Specific Pilot Program Activities and Outcomes

Each employer site implemented its own programming and activities. The graphic below describes employer-specific program activities, outcomes, success strategies, next steps, and recommendations for improving the program.

The Federal Reserve Bank of Atlanta used typical wage ranges for certain jobs to test hypothetical situations and understand the impacts that income/career changes might have on access to public assistance benefits eligibility and allotment. The major takeaway was that the benefits cliff also impacts employees beyond entry level, specifically when jobs have similar starting salaries. As a result of these findings, the Atlanta Fed hopes to better understand how changes in compensation could impact employees' public benefits and whether potential enhancements could make a difference. Ultimately, this information raises awareness and not necessarily for compensation decisions, which are largely based on market standards.

Atrium Health teamed up with Common Wealth Charlotte for their pilot program. They promoted the program to employees in their environmental team and Help Now program, and interested employees were referred to Common Wealth. Common Wealth financial coaches used the tools for

one-on-one financial advising sessions and provided employees with individualized financial reports and planning. All employees were looking for ways to improve their financial security.

Goodwill Industries of the Southern Piedmont implemented the tools during personal coaching sessions with employees in the Goodwill Pathways Program. During the sessions, coaches and employees explored income trajectories, potential losses in public assistance benefits, and available assistance programs for those who were eligible. The pilot program highlighted that more than 40% of employees had experienced, or would soon experience, the benefits cliff. Despite annual pay increases, most employees in the program struggled to pay for necessities like food and housing.

Goodwill of North Georgia used the tools during career counseling sessions with job seekers who came to the Goodwill Career Center. They showed job seekers various career opportunities and how associated salaries may impact their public assistance benefits. They also used the tool to show the steps to reach career goals including training programs and educational pursuits. It was clear from these interactions that job seekers prioritized better incomes and long-term financial stability over public assistance benefits.

Application

Employer sites are using the findings from the pilot program evaluation to create and/or advocate for solutions to the benefits cliff issue among employees. Goodwill Industries of the Southern Piedmont and Goodwill of North Georgia plan to continue using the CLIFF tools with employees and jobseekers and expand the program to include more sites and employment specialists (e.g., Navigators and job trainers). Atrium Health is considering how the tool can be used by Atrium staff to more directly support employees.

EMPLOYER	ACTIVITIES	OUTCOMES	STRATEGIES FOR SUCCESS	NEXT STEPS & RECOMMENDATIONS
 <p>Federal Reserve Bank of Atlanta</p>	<ul style="list-style-type: none"> • CLIFF tools design • Analysis of job wage data and hypothetical situations 	<ul style="list-style-type: none"> • Improved employer awareness and understanding • Specifically, jobs beyond entry level are impacted by the benefits cliff 	<ul style="list-style-type: none"> • Teamwork: having a team informed about the benefits cliff, with a unified goal, motivated program implementation and application of the findings 	<ul style="list-style-type: none"> • Continue to explore how compensation policies and career progressions intersect with public benefits programs*; evaluate compensation policies to continue to attract best talent*
 <p>Atrium Health COMMON WEALTH CHARLOTTE</p>	<ul style="list-style-type: none"> • Promoted program to environmental team leaders and "Help Now" employees • Referred interested employees to Common Wealth Charlotte • Common Wealth financial advisors used the tool during one-on-one financial coaching sessions with 16 Atrium employees 	<ul style="list-style-type: none"> • Employees: received an individualized spending analysis, credit report, and budget, and learned about loan opportunities and public assistance programs when eligible • Employer: improved awareness including a better understanding of the experiences and needs of employees 	<ul style="list-style-type: none"> • Collaborating with Common Wealth Charlotte ensured employees received expert advice • Follow-up meetings and a multi-step plan implemented by Common Wealth provided ongoing guidance and helped establish a trusting relationship between coaches and employees 	<ul style="list-style-type: none"> • Design policy recommendations and advocate for employee support • Consider ways to implement the tool in-house <p>Recommendation:</p> <ul style="list-style-type: none"> • Increased marketing to reach more employees and regular communication between partner sites would improve the program
 <p>Goodwill Industries of the Southern Piedmont</p>	<ul style="list-style-type: none"> • Coaches used the tool during one-on-one coaching sessions with 124 employees who were participants in the Goodwill Pathways Program 	<ul style="list-style-type: none"> • Employees: learned about income thresholds, potential future losses in public assistance benefits, and public assistance programs when eligible • Employer: improved awareness of the impacts of annual pay increases on employees' benefits and financial security and a better understanding of employees' needs 	<ul style="list-style-type: none"> • Using Goodwill's pre-established Pathways program ensured participation in the pilot by those most likely to be impacted • Establishing a relationship and regular communication built trust among employees and coaches • Knowledge of external assistance programs helped connect employees to valuable resources 	<ul style="list-style-type: none"> • Share findings with executive leadership and advocate for internal initiatives to support employees • Implement the CLIFF tools at more Goodwill locations <p>Recommendation:</p> <ul style="list-style-type: none"> • Having established relationships with public assistance agencies and local organizations may help streamline employee access to assistance and improve the program outcomes
 <p>Goodwill of North Georgia</p>	<ul style="list-style-type: none"> • Career coaches used the tool during one-on-one meetings with 32 job seekers who came to the Goodwill Career Center 	<ul style="list-style-type: none"> • Job seekers: learned about career opportunities, training programs, public assistance programs when eligible, and the potential loss of benefits with different career choices. • Employer: became aware that despite potential losses in public benefits, job seekers desired new positions or careers that would provide a higher income 	<ul style="list-style-type: none"> • Training for the tools and pilot program helped coaches feel confident and ensure they used the tool that best suited the job seeker's goals • Establishing trust and being transparent helped job seekers feel comfortable providing personal information 	<ul style="list-style-type: none"> • Implement the CLIFF tools among more employment specialists and career centers • Consider how the tools can be used in the community <p>Recommendation:</p> <ul style="list-style-type: none"> • Streamlining the tool and simplifying the information produced would make it easier to use and understand for clients (job seekers and employees)

Figure 6: Employer Pilot Activities and Outcomes

*language provided by the Federal Reserve Bank of Atlanta



Lessons Learned from the Benefits Cliff Employer Pilot Program Evaluation

The Benefits Cliff Experiences and Impacts

- Most Pilot participants likely struggle financially because their incomes are below what they need to meet basic needs, but often just above the income limits for most public assistance programs.
- The effects of increased income (e.g. receiving a raise) differ among public assistance programs. Some have strict income limits that cause significant or total loss of support, while others allow for a smoother transition because some support remains.
- Higher income is often associated with increased living expenses including higher taxes, increased rent, unsubsidized health insurance, and a larger portion of income needed for food.
- Despite losing public assistance benefits and higher expenses, most participants would accept a promotion or raise. Participants valued self-sufficiency and income over public assistance.
- Housing and health insurance are areas where support is most needed for participants experiencing an increased income.

For more discussion of these findings in relation to context and literature, see Appendix G.



Best Practices for Employer Utilization of the CLIFF Tools

There are direct and indirect action opportunities for employers to help mitigate the benefits cliff among their employees. One immediate option is to use the CLIFF tools to help employees understand the impacts of income and career changes as well as provide employers with insight into where support is most needed. The tools can show which specific benefits are impacted, how much, and what income employees need to get over the benefits cliff and become economically secure.

The pilot program evaluation highlights strategies that employers can use to implement the CLIFF tools in the workplace.

Ample Training

Training facilitators (i.e. coaches) is important to ensure efficient use of the CLIFF tools. Because of the nature of economics and public assistance programs, the tools ask for a lot of information and have multiple steps. They produce an array of information that may be difficult to understand without training. Employers should ensure that CLIFF tools facilitators receive thorough training not just in the tools and their outputs, but also in ethical practices. This training should cover the importance of obtaining consent, maintaining confidentiality (including proper data management), and fostering respect through cultural awareness. These trainings will ensure employees and their personal information are protected and treated appropriately.

The Federal Reserve Bank of Atlanta provides training resources including demos of the CLIFF tools (see sources by Atlanta Fed below in the works cited list). After training, facilitators should practice using the tools in various scenarios to become proficient with the programs and informational products.

Establish Knowledge and Connections with Public Assistance Programs and Agencies

Before implementing the CLIFF tools among employees, employers and facilitators should have training on state and local public assistance programs and resource-support organizations. This knowledge will ensure that employers can guide employees to resources when needed. Employers should also establish connections with public assistance agencies and local organizations in which employers explain the CLIFF tools program and learn the best contact strategies (e.g., who to contact and how) when employees need assistance.

Establish Trust with Employees First

The tools ask for a lot of personal information including some items that employees may feel ashamed to share (e.g., public assistance, financial burdens such as debts). Facilitators must establish a trusting relationship with the employee before implementing the tools to ensure the information provided is accurate and the tools are used in ways that best serve the employee and their needs. Some ways to establish trust and rapport include:

- Implement programs internally where relationships already exist. Staff leaders and representatives likely already have a relationship with employees. Utilizing these established relationships can reduce the time needed to build the trust and confidence necessary for creating a new connection. If possible, employers should use the tool in-house rather than referring employees to another business or organization where there is no existing relationship.
- Increase awareness and normalization of the benefits cliff and services by building it into existing programs such as new hire onboarding or annual training workshops.
- Share the motivation and be transparent before asking personal questions. Explaining what the tools do, why they are used, and how information is used within the tool(s) will help

employees understand the reasons behind the questions and the benefits of the tools and programming. Employers should be transparent about how they use the tools and why and explain how they will protect employees' information and address their concerns. Facilitators can share their screens so employees may see the questions, what information is being added, and the outcomes of the tools.

Understand Needs and Goals to Know Which Tool is Right

Employees have different needs that reflect various goals depending on their personal and household situation. Those receiving public assistance benefits are likely interested in learning how they will be impacted by income changes. Those not receiving benefits may be more interested in alternative support and career development. Employers should use their established relationships with employees to first discuss employees' needs and goals. Then, use this information to decide which CLIFF tools are most appropriate and useful for the employee.

Provide a Self-Assessment Option with Assistance when Desired

No matter the relationship between the employee and facilitator, some individuals may not be comfortable providing personal information and discussing income-related challenges. For these employees, a self-assessment alternative with optional assistance should be provided. Employees interested in self-assessment can participate in the training (as facilitators do) and request assistance if needed. Employers should also provide the optional opportunity for employees to discuss the tools' outputs with employers, including areas where they may need support.

Use the Tools When They are Needed Most

There are situations when employees may be more vulnerable to, or most impacted by, the benefits cliff. Employers should use the CLIFF tools at the following times to best support employees when interventions are most needed:

- When an individual changes jobs: a new job may bring higher income and impact assistance benefits. In addition, a new position could bring on increased expenses related to transportation and childcare. Plus, most employees will experience a delay in receiving their first paycheck. For individuals living paycheck to paycheck, this delay can become a significant financial burden. Employees can use the CLIFF tools to help create a financial plan and budget

and to find short-term assistance. They can work with employees to understand the longer-term advantages of the new position and career growth. Employers provide support by eliminating the pay delay or providing a pay advance.

- When a child ages out of benefits: WIC and Medicaid have age limits. When a child ages out of these benefits, families incur increased expenses such as having to pay for health insurance and increased food costs. In addition, childcare subsidies often stop at age six, when a child tends to begin school. After-school care may be costly, especially if a family does not qualify for low-income programs. This is an opportunity for employers to use the tool to help employees create a financial plan, budget, and access resources. Employers can also support parents by providing affordable health insurance for dependents, allowing flexible work hours or work-from-home days to reduce costs associated with after-school care and transportation.
- When an employee gets a raise: promotions, annual raises, or increased work hours can push employees over the income limits for public assistance programs and into the benefits cliff. This is a vital time to use the CLIFF tools to explore the immediate and long-term impacts of a salary increase to help employees weigh the pros and cons and think longer-term. The tools will show financial trajectories and changes in household expenses, and employees can work with workers to find solutions to the immediate burdens of losing benefits to promote career development and economic mobility.

Additional Opportunities for Employers

Employers can implement internal policies and programs that work to eliminate the benefits cliff or provide direct support to employees experiencing the benefits cliff. They can also advocate for relevant state and federal policies. Here are additional opportunities for employers to make an impact.

Pay the Living Income Standard (LIS)

An income that meets the LIS (NC Budget & Tax Center, n.d.) would eliminate the reliance on supplemental income assistance and public benefits and prevent the benefits cliff. Better yet, providing an income that meets the ALICE household survival budget (United Way of Northern New

Jersey, 2023) would allow employees a financial cushion (e.g., savings and assets). This cushion supports economic security and mobility, as employees are better prepared for unexpected costs and higher expenses associated with increased income. Additionally, an income that meets employees' needs reduces the dependence on credit cards and loans that increase debt and ultimately helps employees reach economic stability and security.

Paying an LIS also has benefits for employers. Investigations show that living-wage initiatives result in less employee turnover and absenteeism, higher productivity, and overall reduced costs for employers associated with less overtime (Fairris et al., 2015; Zeng & Honig, 2017). Furthermore, a living wage allows employees the ability to pay for health coverage, resulting in incentives for employers who offer health benefits (Bindman, 2015; Fairris et al., 2015). Access to health insurance paired with reduced stress associated with financial security and improved work-life balance (e.g., not needing to work overtime) can also lead to healthier and happier employees (Pickett, 2014).

Allow Flexible Working Times and Spaces

Allowing low-wage employees flexibility in their work schedule can reduce trade-offs between work, including career development and advancement, and life (Roll, 2018; Ruppanner et al., 2018). It can also cut expenses and reliance on public assistance programs, especially when allowing employees to work from home. Recent investigations show that working from home is the most valued employee-friendly alternative, particularly among women with young children (Mas et al., 2017). Remote work can reduce costs associated with commuting and childcare (Mas et al., 2017). It also provides more flexibility when choosing where to live, possibly reducing housing costs.

The ability to work non-traditional hours, too, can help parents minimize childcare costs such as those associated with after-school programs or daycare. Plus, flexible hours eliminate the need to use limited sick- or vacation time for tasks that must be completed during traditional working hours like doctor appointments and auto maintenance.

Studies show that flexible work arrangements have benefits for employers, too. Flexibility is a large incentive to attract and retain well-qualified employees (De Menezes & Kelliher, 2017; Mas et al., 2017; Rudolph & Baltes, 2017). Flexible work schedules have been connected to increased productivity, improved performance, customer satisfaction, and employee gratification and commitment (De Menezes & Kelliher, 2017; Rudolph & Baltes, 2017). Allowing remote work can

even reduce costs for employers – U.S. employees are willing to earn 8% less to work from home because they understand the personal cost savings that this arrangement brings (Mas & Pallais, 2017).

Sponsor Income-Based Health Insurance

One-size-fits-all health benefits are not always accessible to lower-wage earners or those experiencing the benefits cliff. Offering income-based and individualized health insurance provides employees with access to health coverage they can afford. This is a large incentive for employees, especially those with dependents (Fairris et al., 2015), and could be the deciding factor between accepting a promotion or working more hours and losing public health coverage. Employers can implement the Employer Shared Responsibility Provision (part of the Affordable Care Act)(IRS, n.d.). They may also opt to cover a large percentage of private-provider premium costs so that employees pay less for coverage.

Research shows that employee-sponsored affordable health coverage attracts job seekers (U.S. Chamber of Commerce, 2022). It is associated with less absenteeism and improved employee well-being, which can increase productivity (U.S. Chamber of Commerce, 2022).

Provide Advanced-Pay or Earned Wage Access for Emergencies

Individuals living paycheck-to-paycheck and those in the benefits cliff do not have the means to save for life's unexpected costs (e.g., car repairs, injury). Employers can provide earned but unpaid wages to employees before payday or offer an advanced-pay option that employees will make up over time. This will assist employees with stability by reducing their reliance on high-interest loans, credit cards, or private check advances (Binney, 2024; Miller et al., 2012)⁶. Earned wage access also attracts and retains employees (Binney, 2024).

It is important to note that although providing access to earned wages or pay advances may protect employees from increased debt, the benefits are solely temporary. It does not eliminate the underlying causes of financial insecurity associated with low wages and the benefits cliff (Dennis, 2023).

⁶ See various guides for employers on how to offer payroll advances: [employer's guide to payroll advances by Indeed](#) (Indeed, n.d.); the [ultimate guide for employers by Homebase](#) (Homebase)

Offer a Savings Account

Some public assistance programs are based on net income rather than gross. A way employers can help create a bridge between public benefits and financial stability is to delay the distribution of increased income associated with a pay raise. Instead, the additional income is saved until the employee feels they can survive without public benefits. For example, if an employee receives a pay raise from \$15 to \$19 an hour, the employer could provide the option to save the additional \$4/hour in an individualized account for a determined amount of time. This would give employees the chance to save in preparation for the benefits loss and potentially increased expenses.

This strategy is similar to emergency savings accounts linked to employer-sponsored retirement accounts like Roth (ADP, n.d.) and traditional employer-sponsored emergency savings accounts. The differences include the timing when the account is initiated, who manages the funds (employer vs bank), and the objective. With the proposed model, the goal is to provide a bridge (i.e. cushion) to help employees over the benefits cliff. Traditional emergency savings accounts are for emergencies and often have a maximum savings limit. The proposed account also keeps employees from having to withdraw from retirement funds.

Advocate for Policy Change

Some Employer support, employee knowledge, and planning won't eliminate the benefits cliff for everyone. Employees can advocate for policy changes necessary to solve the benefits cliff issue completely. Some areas for policy interventions include:

- Increasing the minimum wage or implementing living wage policies.
- Altering the structure of public assistance benefits so that each program reduces benefits gradually rather than abruptly (i.e. provide a transitional support period).

For more ideas for employer strategies and policy, see Goodwill's Benefits Cliff Community Lab resources (Goodwill Industries of the Southern Piedmont, n.d.).

Future Research Recommendations

Ensure Representative Participation and Data, Including Individuals with Dependents

A limitation of this analysis was the lack of data regarding household size and composition which led to the overrepresentation of individuals without dependents. Future research should ensure the standardization of data across all employer sites/programs and the collection of data related to household characteristics. Employees and job seekers with dependents may have different experiences and needs that ultimately lead to different preferences and choices. Ensuring quality and representative data collection will improve the validity of the analysis and results, particularly the takeaways and recommendations.

Ask Those Experiencing the Benefits Cliff for Solution Recommendations

Individuals experiencing the benefits cliff are experts on the issue. They know what solutions would be most impactful based on their needs and experiences. Future research should focus on underscoring the voices of those with lived experiences and capturing their recommendations including opinions about where support should come from, when, and who should provide it. This research would also capture variation in needs across different sociodemographic groups (e.g., household sizes and makeup) and spaces (e.g., rural versus urban). Altogether, the information would better inform recommendations for programs and policy.



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Appendices

Appendix A. Definitions

- **Benefits cliff:** when “an increase in someone’s pay triggers a greater loss in public assistance”. The loss of this public assistance is like dropping off a cliff because the decline in benefits is steep rather than gradual once a household exceeds certain income levels.
- **Cost burdened:** a renter household that spends more than 30% of their income on housing and utilities.
- **Economic mobility:** defined by the Bell Policy Center as “how economic status changes over time. Most often, the ways in which economic status is judged considers income and how it changes over a lifetime”.
- **Extremely low-income household:** a household with a total income less than 30% of the area median income.
- **Household survival budget:** determined by United for ALICE as “the minimum cost of household necessities (housing, childcare, food, transportation, health care, and technology) plus taxes, and a contingency fund (miscellaneous) equal to 10% of the budget”.
- **Living income standard:** defined by the North Carolina Budget & Tax Center as “what it takes to make ends meet with no financial cushion against emergencies like the loss of a job or illness”.
- **Living wage:** defined by the Massachusetts Institute of Technology as “what one full-time worker must earn on an hourly basis to help cover the cost of their family’s minimum basic needs where they live while still being self-sufficient”.
- **Low-income household:** a household with a total income between 51% and 80% of the area median income.
- **Median:** the middle value in a set of numbers. It is the same as the 50th percentile meaning the median is the number that splits the lower half and upper half of the numbers. For example, in a set of numbers from 1 to 5, the median is 3 because it is exactly in the middle (1, 2, 3, 4, 5).
- **Median income:** the median income is the income in the middle of a set of incomes. It is often used to compare individual and household incomes to the incomes of a city or county.
- **Net income:** for individuals, net income is the “take-home pay” or how much money someone receives after all deductions (e.g., taxes, health insurance, retirement).

- **Severely cost-burdened:** renter households that spend more than 50% of their income on housing and utilities.
- **Very low-income household:** a household with a total income between 31% and 50% of the area’s median income.

Appendix B. Abbreviations and Acronyms

- **Atlanta Fed:** Federal Reserve Bank of Atlanta
- **CLIFF:** Career Ladder Identifier and Financial Forecaster
- **EITC:** Earned Income Tax Credit
- **GISP:** Goodwill Industries of the Southern Piedmont
- **GNG:** Goodwill of North Georgia
- **LIS:** Living Income Standard
- **NC:** North Carolina
- **SNAP:** Supplemental Nutrition Assistance Program
- **WIC:** Supplemental Nutrition Assistance Program for Women, Infants, and Children

Appendix C. Research Design

TABLE 1. RESEARCH DESIGN

Method	Objectives	Analysis
Interviews and focus groups with employer site leaders and counselors/coaches	<p>Understand pilot program strategies, activities, and outcomes:</p> <ul style="list-style-type: none"> ● What did each site do and how? ● If and how the site adapted over time ● What factors motivated success in their program? ● What were the challenges/limitations? ● Were expectations met? ● What lessons were learned (whether expected or unexpected) <ul style="list-style-type: none"> ○ What were the changes in awareness and knowledge among 	<p>Qualitative analysis of the pre-and post-interviews/focus groups:</p> <ul style="list-style-type: none"> ● Transcriptions of audio recordings ● Coding of transcriptions using MaxQDA ● Quantification of codes to answer research questions and assess themes

	<p>employees and employers (leadership, supervisors, managers) as a result of their participation in the Employer Pilot?</p> <ul style="list-style-type: none"> • How did employees' intentions/behaviors change since the employer pilot program was implemented? • What changes in economic stability have resulted because of participation in the pilot program? 	
<p>Employer administrative data</p>	<p>Evaluate who participated in the pilot program (i.e., benefits cliff coaching sessions) at each employer site.</p>	<p>Quantitative analysis: summary statistics of primary demographic data of participants provided by three of the four employer sites.</p> <p>Qualitative analysis of detailed notes provided by Goodwill Industries of the Southern Piedmont to assess themes in participants' demographics and lived experiences including benefits loss and eligibility for public assistance.</p>
<p>Employer/job seeker online survey</p>	<p>Assess outcomes of the pilot program benefits cliff coaching sessions for employees and job seekers:</p> <ul style="list-style-type: none"> • Why did they participate and what were their goals? • What did participants take away from the session? • What choices would/do participants make relative to benefits cliff and income raises and/or career shifts? • Were the sessions useful and if yes, how so? 	<p>Quantitative analysis: summary statistics of participation, perspectives/choices, and outcomes of sessions.</p>

Appendix D. Participant Characteristics

TABLE 2. PARTICIPANT CHARACTERISTICS

	#	%
EMPLOYER SITE		
Goodwill of the Southern Piedmont	124	72%
Goodwill of North Georgia	32	19%
Atrium Health	16	9%
EMPLOYMENT STATUS		
Full-time	126	75%
Part-time	26	15%
Unemployed	14	8%
GENDER		
Female	132	77%
Male	40	23%
RACE/ETHNICITY		
Black	90	52%
White	52	30%
Hispanic	26	15%
Other	4	2%
ELIGIBLE FOR PUBLIC ASSISTANCE	70	53%

Appendix E. Public Assistance Programs and Income Requirements (North Carolina)

Table 3. Public Assistance Programs and Income Requirements

Resource Category	Program	Income Requirements
Food	Supplemental Nutrition Assistance Program (SNAP) [federal]	< 200% federal poverty level
	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) [federal]	< 200% federal poverty level
	National School Lunch Program [federal]	Free meals: < 130% federal poverty level Reduced-price meals: 130% > 185% federal poverty level
Housing	HUD Housing Choice Voucher Program (income-based) [federal]	< 80% of median family income
	HUD Public Housing Program [federal]	< 80% of median family income
	Low Income Energy Assistance (LIEAP) [federal]	< 130% federal poverty level & < \$2,250 reserves
Health Care	Medicaid for Adults [federal and state]	Varies
	Medicaid for Children [federal and state]	Varies (higher than adults)
	Affordable Care Act (Marketplace Health Insurance) [federal]	=< 150% federal poverty level
	Tax subsidies [federal]	100% - 400% federal poverty level
Tax Credits	Earned Income Tax Credit (EITC) [federal]	Varies by household size and marital status & <\$11,600 investment income

	Child Tax Credit [federal]	< \$200,000 (single) or \$400,000 (joint)
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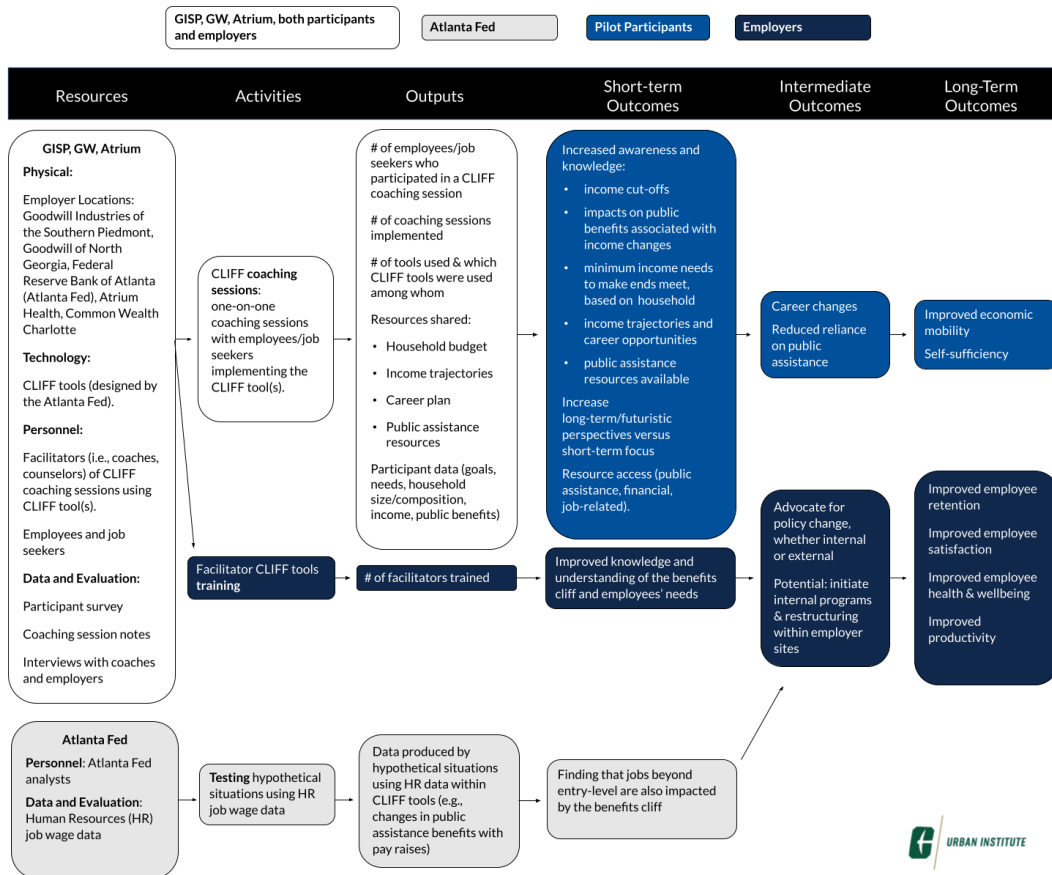
Note: this table only highlights the most common public assistance programs and is not comprehensive.

Sources for Public Assistance

- Supplemental Nutrition Assistance Program:
<https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program>
- Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC):
<https://www.fns.usda.gov/wic>
- National School Lunch Program: <https://www.fns.usda.gov/nslp>
- HUD Housing Choice Voucher Program: <https://www.hud.gov/hcv/tenants>
- HUD Public Housing Program: https://www.hud.gov/topics/rental_assistance/phprog
- Low-Income Energy Assistance:
<https://www.ncdhhs.gov/divisions/social-services/energy-assistance/low-income-energy-assistance-lieap>
- Medicaid: <https://medicaid.ncdhhs.gov/eligibility>
- Affordable Care Act (Marketplace health insurance):
<https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>
- Health insurance tax subsidies: <https://www.bluecrossnc.com/shop-plans/health/subsidies>
; <https://www.wnchealthinsurance.com/insurance-premium-subsidies/#:~:text=Insurance%20premium%20subsidies%20are%20available,purchased%20through%20the%20federal%20Marketplace>.
- Earned Income Tax Credit:
<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/who-qualifies-for-the-earned-income-tax-credit-eitc>
- Child Tax Credit:
<https://www.irs.gov/credits-deductions/individuals/child-tax-credit#:~:text=You%20qualify%20for%20the%20full.to%20claim%20a%20partial%20credit>.

Appendix F. Logic Model and Description

Benefits Cliff Employer Pilot Program Evaluation Logic Model



Description of Logic Model

This logic model provides an overview of the activities and outcomes of the Benefits Cliff Employer Pilot Program. The arrows demonstrate the direction of the relationship among the resources, activities, outputs, and outcomes.

The Pilot program incorporated CLIFF coaching sessions at three employer sites including Goodwill Industries of the Southern Piedmont, Goodwill of North Georgia, and Common Wealth Charlotte which worked in collaboration with Atrium Health. Facilitators (known as coaches) were trained in using the CLIFF tools, designed by the Federal Reserve Bank of Atlanta (Atlanta Fed). The CLIFF

coaching sessions used at least one of the CLIFF tools with employees or job seekers. Atlanta Fed used employee data provided by human resources to test hypothetical scenarios in place of the coaching sessions.

Outputs are the units of service resulting from the activities listed in the logic model. General outputs include the number of employees/job seekers who participated in a CLIFF coaching session, the number of coaching sessions implemented, the number of tools used & which CLIFF tools were used among whom, resources shared with Pilot participants including a household budget, income trajectories, career plan, public assistance resources, and participant data (goals, needs, household size/composition, income, public benefits).

Outputs specific to employer activities include the number of facilitators trained. For Atlanta Fed, the main output was the data generated from their internal analyses.

As a result of participating in the CLIFF coaching sessions, Pilot participants increased their awareness and knowledge of income limits for assistance benefits programs, the impacts on public benefits associated with income changes, the minimum income needs to make ends meet, based on the household, income trajectories associated with different career paths, and public assistance resources available to them if eligible. Overall, the pilot allowed participants to think longer-term and increased their ability to make plans that would lead to later (future) advantages. Plus, the Pilot participants were able to access valuable resources such as financial advice, job opportunities, and public assistance when eligible.

Intermediate and long-term outcomes are predicted based on the evaluation data and secondary research of academic literature and organizational reports. The pilot and CLIFF coaching could motivate employees and job seekers to make career changes or take advantage of career development. Increases in income, employer-sponsored benefits, and financial planning could help employees/job seekers reduce their reliance on public assistance. Ultimately, they may experience upward economic mobility and financial self-sufficiency.

For employers, the immediate outcome was improved knowledge and understanding of the benefits cliff and employees' needs from the pilot program and evaluation. The next steps (intermediate outcomes) include advocating for policy changes that would mitigate or rid of the benefits cliff. Employers can use the findings to implement or restructure internal programs and strategies. In the

long run, reducing the benefits cliff for employees leads to benefits for employers including improved employee- retention, satisfaction, health, well-being, and productivity.

Appendix G. Brief Discussion of Findings

Despite losing public assistance, most Pilot participants would accept a promotion or raise

Our investigation showed that most Pilot participants would accept a promotion or raise despite the potential loss of public assistance benefits. Participants desired increased income and self-sufficiency. They prioritized salary-wage increases and career development over the reliance on public assistance to be financially secure.

This finding is in opposition to research that shows U.S. low-wage workers avoid pay increases (e.g., raises, promotions, working more hours) to maintain their public assistance benefits (Ballentine et al., 2022; Chiarenza, n.d.; Roll & East, 2014). This is particularly relevant among samples with children who are concerned with losing childcare support (Ballentine et al., 2022; Roll & East, 2014). Parents weigh their options and make decisions that best allow them to care for their family (Ballentine et al., 2022).

However, recent investigations complement our findings, highlighting the desire for U.S. workers to work and advance in the workplace. A recent study by the Urban Institute (DC) among parents found that caretakers prefer to earn money from working than use public assistance benefits (Anderson et al., 2022). A collaborative evaluation funded by the United Way of Greater Cincinnati noted that not a single participant made a career or job decision based on the risk of losing public benefits (Design Impact, 2016). Similarly, Chien and colleagues find that most employees would accept a pay raise despite the loss of public assistance (Chien et al., 2021).

The contrasting literature may point to either a shift in values or the role of variation in context, household factors, and careers within earners' decisions. It is necessary to consider the sample population and their needs. Most of our sample did not have dependents, and this is likely an important factor underpinning their values and decisions. Furthermore, the mean sample age of Pilot participants was 38.8 years. Thus, the sample may not face health and mobility burdens common to older adults. Age and health are probable additional factors that are associated with Pilot participants' desire to work and earn more income rather than rely on public assistance.

Housing is among the biggest cost-burdens for benefits cliff experiencers

Qualitative data from CLIFF coaching sessions and interviews with facilitators showed that Pilot participants experiencing the benefits cliff struggled with paying rent and finding affordable housing. Many experienced increased rental prices due to pay raises, and some were forced to change their living situation to cope.

A household that spends 30% or more of its income on housing and utilities is cost-burdened. Those who use 50% or more of their income for housing are severely cost-burdened (National Low Income Housing Coalition, 2024). The portion of cost-burdened homes increases as household income decreases. In North Carolina, nearly half of low-income households, and 85% of extremely low-income households, are cost burdened. A factor underpinning this issue is the lack of affordable and available housing. In North Carolina, only 66% of available housing is priced at or below 50% of the median household income (National Low Income Housing Coalition, 2024).

Public assistance for rent is available to anyone with incomes below 85% of the median income. However, the median income varies greatly depending on the county in which one lives. In addition, there is a large deficit in the number of available affordable rental homes compared to the number of those in need. According to the National Low Income Housing Coalition, “there are 326,751 extremely low-income households in North Carolina, but only 130,930 affordable rental homes” (National Low Income Housing Coalition, 2024).

The burden of housing costs for benefits cliff experiencers is not unique to North Carolina. Across the U.S., evaluations show that the loss of housing vouchers paired with rental costs is one of the biggest challenges for earners who are at the edge of the benefits cliff or who have fallen off the cliff (Anderson et al., 2022; Despard, 2022).

Health Insurance: area of concern and opportunity for support

A common loss and challenge among the Pilot participants was public health insurance, particularly Medicaid for adults (child Medicaid has higher income limits and was not a common issue). This burden, including dental coverage cliffs, is well established as one of the most common and impactful for low-wage earners experiencing the benefits cliff (Anderson et al., 2022; Ballentine et al., 2022; Roberts et al., 2023). This is because Medicaid is an all-or-none program. Individuals completely lose public health coverage once their household surpasses the income limit. Yet, many

employer-sponsored health insurance premiums are not affordable for low to mid-wage employees, especially those with dependents. A recent investigation found that with every \$1 wage increase, the likelihood of participating in employee-sponsored health coverage decreases by 1% (Dworsky et al., 2022). Public income-based health insurance programs like the Affordable Care Act also have income eligibility limits and can be out of reach for dependents.

Our findings complement previous investigations and policy recommendations surrounding the loss of public health insurance benefits with income increases. Healthcare coverage not only impacts employees but is associated with many employer-based outcomes. Policies that soften the transition from public assistance to financial self-sufficiency are necessary, and employers must support employees by offering affordable healthcare coverage.

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