# Pushed to the Precipice

## How Benefits Cliffs and Financial Gaps Undermine the Safety Net for New Yorkers

FPWA

# About FPWA

FPWA is an anti-poverty policy and advocacy organization committed to economic opportunity and upward mobility.

FPWA strengthens low-income communities, eliminates barriers to upward mobility, and fights entrenched poverty by fostering economic equity in three critical ways: creating ground breaking change by advocating for policy changes that improve the lives of millions of New Yorkers; supporting nonprofits from the ground up by strengthening the capacity of the human services sector to better meet the needs of the communities they serve; and strengthening individuals and families at the ground level by ensuring targeted financial support to help thousands of New Yorkers meet basic needs.

Having a prominent New York presence for nearly 100 years, FPWA has long served New York City's human services sector, providing grants to help individuals and families meet their basic needs, and advocating for fair public policies on behalf of people in need and the agencies that serve them. FPWA's member network of more than 170 faith and community-based organizations reaches more than 1.5 million people in New York's communities each year.

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## Contents

**Acknowledgements** 4

**Executive Summary** 5

**1. Introduction** 10
How This Report Is Organized 13
Background and Methodology 14
Wage Adequacy: What It Is and Why It Matters 18

**2. Defining the Benefits Cliffs** 20
Key Takeaways 21
Covid-19 and Benefits Cliffs 25

**3. Evolving Benefits Cliffs** 27
Key Takeaways 28
The Benefits Landscape in New York 28
Medicaid 29
Supplemental Nutrition Assistance Program (SNAP) 30
Tax Credits for Working Families (EITC, CTC, and CDCTC) 31
Childcare Subsidies 32
Recommendations to Address the Childcare Subsidy Cliff 34

**4. Beyond Cliffs: How Gaps in Our Safety Net Destabilize Individuals & Families** 37
Key Takeaways 38
Understanding Financial Gaps 39
Eligibility Gap 40
Coverage Gap 41
Hardship Gap 45
Proposals to Address Gaps and Increase Wage Adequacy 46
Addressing Healthcare Gaps 47
Addressing Childcare Gaps 47
Addressing Wage Adequacy for Families 48

**Conclusion** 51

**Appendix: Self Sufficiency Wages for Select Family Types by New York County** 55

**Endnotes** 56

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Pushed to the Precipice
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# Executive Summary

Millions of Americans strive every day for financial stability but find that the benefits system created to help sustain their pursuit is actually stacked against them. Our system of public benefits has long had a defined purpose: to be a safety net for individuals and families who don't earn enough to meet their basic needs—and to be the bridge out of poverty. But there is a wide gulf between the intent and the adequacy of the programs that help people living in poverty secure necessities like food, housing, healthcare, and childcare.

Nearly 1.5 million working households in New York were unable to meet their most basic needs in 2019. That's about 20 percent of all households in the state—a dismal accounting of American income inequality made all too clear by the simplest math: To make ends meet, a single parent in the Bronx with a baby and a preschooler needs to earn about $95,000—three times the minimum wage in New York City. And while a similar family could get by on much less in Syracuse, the $58,000 a year they'd need is still double the minimum wage in Onondaga County.

For millions of low-income families across the state and throughout the country, stagnating wages, compounded by racial inequities and structural barriers to opportunity, create daunting obstacles to self-sufficiency. It makes the array of federal benefits programs a critical part of their struggle to get ahead. But that safety net is often flawed in ways that undermine its purpose—either by failing to provide recipients the level of assistance they need or by cutting them off before they are well-positioned for sustained financial security.

Last year, FPWA launched a research initiative to investigate how well the social safety net functions in New York and to what extent the most wide-reaching benefits programs provide a pathway out of poverty. The thrust of our inquiry, and the eventual focus of this report and a second one forthcoming, grew organically from ongoing conversations we had with anti-poverty advocates and our members. Our growing worry about the potential and unintended negative effect of a much-needed move toward a $15 minimum wage throughout the state demanded an investigation. There seemed to be a kind of Catch-22 that has come to be called a "benefit cliff"—the point at which an increase in wages triggers the loss of a

means-based benefit, not only negating the wage boost but causing a net loss of income.

Benefits cliffs can plunge a family through the safety net, abruptly destabilizing their lives and keeping them in a state of perpetual financial limbo. Our objective was to explore how prevalent they are for low-income New Yorkers and assess the potential impact of increases in the minimum wage. Our analysis focused on three benefit programs—Medicaid, Supplemental Nutrition Assistance Program (SNAP), and New York's childcare subsidy program—and three major federal income tax credits that are designed to help low- and moderate-income families. What we found first, broadly speaking, is that this particular issue is a fairly narrow problem with well-defined—if in some instances politically complicated—solutions.

...the FPL is widely acknowledged to be an antiquated and woefully unrealistic tool for assessing the means and needs of low-income families today.

In New York, many safety-net programs have phase-out levels that gradually reduce support as incomes rise. Medicaid and SNAP, especially, are programs with significant cliff effects in other states that have been greatly reduced or eliminated altogether by program redesigns in New York. On the other hand, we found that a significant benefit cliff exists for families enrolled in New York's childcare subsidy program. For a family of three, for instance, the program abruptly cuts off when their income reaches $43,440. Among our recommendations is that the state fund and institute a phase-out structure. Reducing administrative "churn," program bureaucracy that can cause enrollment to be inconsistent and unpredictable, would also help. But critical gaps remain that require further investigation.

During our exploration of benefits cliffs, it became apparent that benefits cliffs are in some ways a symptom of the fundamentally unsound method government uses to gauge need and to decide who gets what, the Federal Poverty Level (FPL). A benchmark borne out of the mid-1960s War on Poverty, the FPL is widely acknowledged to be an antiquated and woefully unrealistic tool for assessing the means and needs of low-income families today. Since 1963, the FPL has only been updated for inflation, resulting in a frozen measure that does not account for dramatic changes in living standards. For example, the poverty guideline for a family of 4 in 2021 is $26,500 annually across all 48 contiguous states,

which does not account for the widely varied cost of living across states and urban centers, and uses outdated assumptions about nutritional needs, work patterns, and family composition. While much research over the last several decades has been produced in support of a more accurate and higher threshold for poverty, previous federal administrations have declined or failed to implement them. The willful, intentional, and often politically-motivated undercounting of poverty is disastrous for households in desperate need of benefits programs, most of which are tethered to the FPL.

Even if a more realistic and updated measure of poverty were in place, we knew there was more to the story—that benefits cliffs are also symptomatic of gaps in the system around eligibility, coverage and hardship that sharply undermine the long-term financial stability of individuals and families earning low wages. The consequence is that workers living in poverty find it difficult, if not impossible, to advance.

Given the problematic and outdated methods that are used to calculate poverty thresholds and guidelines, we wanted our analysis to be based on an accurate accounting of the cost of meeting basic needs. We therefore worked with the Center for Women's Welfare at the University of Washington, to update the New York data for their Self-Sufficiency Standard, a tool they pioneered to assess the real-world financial stability of individuals and families. By working with better assessment methods and updated data, the shortfalls between a family's true needs and their benefits eligibility, coverage, or hardship protections were revealed. This approach offers a much more comprehensive understanding of the drivers of the financial instability that motivate many concerns around benefits cliffs.

New York State is large and diverse, with many rural and upstate counties having more in common with Midwestern states than they do with the population centers of New York City and its surrounding counties. This demographic and economic dichotomy presents opportunities for this research project to yield lessons and recommendations of value across the nation. As an organization working to achieve true and lasting economic equity for all, FPWA has long recognized that the benefits system, despite its intent, is neither designed nor funded to be just or adequate.

We have also understood that increasing self-sufficiency on a large scale cannot be achieved by tinkering with a program here, a program there. But what our exploration of benefits cliffs brings into high relief is that progress is possible when the entire, interlocking system that supports financial stability for working families is rooted in the true cost of basic needs.

We will move forward by building a broad coalition that will push government at all levels towards transformative change of the benefits system. In this way, we can ensure that economic equity and fairness are built into the system, and that the safety net is made for the lives that Americans with the lowest incomes are actually living.

# 1. Introduction

The American social safety net provides financial, nutritional, work, and other critical supports for millions of low-income families. Prior to the Covid-19 pandemic, the U.S. economy experienced steady growth and record low unemployment. Beneath this veneer of economic prosperity, however, remained the reality of entrenched economic inequality exacerbated by the stagnation of real wages and skyrocketing costs of food, housing, healthcare, and other basic living expenses. In this complex environment, the social safety net plays a critical role in helping millions of economically vulnerable families meet their basic needs and weather the hardships they face. This role and the need for safety-net assistance has swelled in the wake of Covid-19 across the nation but particularly in New York State, which has been hit hard by the devastating impacts of the pandemic. Decades of underinvestment, patchwork policymaking, and efforts to restrict access to the safety net have resulted in myriad issues that undermine the effectiveness and reach of social supports.

The focus of this report is the "benefits cliffs" or "cliff effect," the point at which an increase in wages causes the loss of a benefit, resulting in a net loss of income. This circumstance, and related financial gaps that are inherent in the public benefits system, offer a timely example of the impact that an ill-functioning safety net has on struggling New Yorkers. The report offers a summation of a six-month project analyzing the state of benefits cliffs in New York State. Our analysis focused on three federally funded benefit programs—Medicaid, Supplemental Nutrition Assistance Program (SNAP), and the New York State Childcare Block Grant Subsidy Program—and three federal income tax credits that are designed to help low- and moderate-income families. We chose these benefits programs and tax credits because each has a wide reach and features structural designs that we determined are most likely to present benefits cliffs.

Beneath this veneer of economic prosperity, however, remained the reality of entrenched economic inequality exacerbated by the stagnation of real wages and skyrocketing costs of food, housing, healthcare, and other basic living expenses.

As a part of our analysis we:

- **Examined the overall ability of each of these programs to promote "wage adequacy," an innovative measure developed by the Center for Women's Welfare (CWW) at the University of Washington to assess the extent to which an individual's needs are met by the combined wages they earn and safety-net benefits they receive.**

- Partnered with CWW in updating the New York State data for the Center's Self-Sufficiency Standard, a tool it pioneered to provide state-by-state benchmarks for real-world financial stability that is widely regarded as far more relevant and useful than the federal poverty standard.
- Spoke with policy experts and nonprofit human services providers statewide who offered insights into the manifestation of benefits cliffs in their sectors.
- Convened an "Ending the Benefits Cliffs in New York" symposium to further enrich our understanding of how providers, policy professionals, and a small number of directly impacted individuals confront cliff effects.

Among the benefits programs and tax credits in our study, we found a cliff effect only within the childcare subsidy program, though it is significant. At the same time, even the relative absence of cliffs throughout the New York State safety net is belied by the real-world experiences of service providers and their clients, who described experiences of "falling off cliffs" across nearly all programs. These conversations, combined with data from the Self-Sufficiency Standard and FPWA's own research, illuminated the need to separate our study on cliff effects into two parts. This first part establishes a baseline understanding of the current state of benefits cliffs in New York State. A second report will provide a comprehensive analysis of gaps in coverage, eligibility, and hardship gaps[1] which appear to affect a much larger share of New Yorkers but are experienced as benefits cliffs by those receiving assistance.

This first part responds to anxieties that the human services sector had been grappling with regarding the potential dangers of cliff effects for clients, including uncertainty about how to spot cliffs and what might be done to eliminate them. Advocates and providers worried that increases in the minimum wage might reduce the benefits that many working people receive to supplement their incomes, potentially negating those wage increases. The extent of the impact was largely unknown, apart from childcare subsidies which have notoriously large cliff effects. However, after conducting this research, FPWA joins with other prominent organizations in the belief that raising the minimum wage leads to a net increase in income for workers who are paid low wages and has limited impact

on benefits cliffs in New York. Raising wages is the clearest path to elevating struggling New Yorkers to economic security. Indeed, the advocacy for equitable income must continue well beyond the $15 per hour minimum, given that it still falls woefully short of self-sufficiency wages for many single adults. In every New York county, in fact, full-time, minimum wage incomes are insufficient for families and those with dependents.[2]

The forthcoming work, part two, will present a more holistic view of the ills plaguing our safety net system, an approach that acknowledges benefits cliffs as only one way that recipients experience financial gaps that undermine their efforts to become self-sufficient. In that analysis, we hope to offer a diverse set of findings and recommendations rich with voices of those directly affected. In this two-part format, FPWA seeks to first lend clarity to how cliff effects play out in New York and offer recommendations to address them. Then we will underscore the steps required to create meaningful, sustainable improvements to the function and administration of our safety net system. Taken together, we hope that both reports will help catalyze the broad coalition needed to advocate for system-wide changes grounded in both the much-needed quantitative data on cliff effects and the more encompassing vision of what is necessary to remedy the widespread financial gaps that produce the same outcome as cliff effects: vulnerable New York families unable to access the supports they need to reach economic self-sufficiency.

Raising wages is the clearest path to elevating struggling New Yorkers to economic security.

## How This Report Is Organized

This report offers policymakers, government agencies, and nonprofit human service providers an overview of benefits cliffs in a broad historical context and shows why the crushing impact of the Covid-19 pandemic requires a shift in the "cliff effects" conversation. In our discussion of the methods used for this study, we situate the role of the Self-Sufficiency Standard in a benefits analysis. We define "wage adequacy"—the extent to which an individual's wages combined with the safety-net benefits they receive meets their needs—and demonstrate the unique value of this measure in a cliff analysis. Then, in the

“Evolving Benefits Cliffs” section, we provide an overview of the landscape of each of our programs of interest: Medicaid, SNAP, federal tax credits, and childcare subsidies. In this section, we discuss the significant benefit cliff we found in the childcare-subsidy program and offer recommendations to address it. Additionally, this report begins laying the foundation for our forth-coming examination of how each of the financial gaps present themselves in our programs of interest throughout New York State. In the section entitled “Beyond Cliffs: How Gaps in Our Safety Net Destabilize Individuals and Families,” we discuss examples of gaps in eligibility, coverage, and hardship encountered by recipients of each program. Though our second report will be dedicated to fully investigating these financial gaps, we discuss and offer proposals for remedying some of the gaps we discovered across programs, such as a healthcare gap that would impact single, adult workers in 18 New York counties.

As an anti-poverty organization fully committed to increasing the economic self-sufficiency of all New Yorkers, it is fitting that we close this report with a set of broader proposals aimed at increasing overall wage adequacy. It is our hope that this report adds to the ongoing conversation around mitigating cliff effects while also expanding that conversation to consider financial gaps and self-sufficiency as more fruitful inroads to reshaping our safety net to be truly supportive of low-income New Yorkers.

## Background and Methodology

The Pushed to the Precipice project began with a review of the literature on previous studies conducted on the cliff effect nationally. During our review, we paid close attention to how cliffs were measured and defined, and what steps were taken and/or proposed to address cliffs. Simultaneously, FPWA convened an advisory committee to help us define the scope of the problem, identify priority areas of focus, share knowledge, plan our virtual “Ending the Benefits Cliffs” symposium, and develop policy and programmatic recommendations. FPWA hosted the symposium in August 2020, convening policy experts, human services providers, philanthropists, tech industry professionals, organizers, and

individuals with lived experience, all with a commitment to ending the benefits cliffs. Participants self-selected into two of four working groups: Eligibility for Benefits and Tax Credits, Asset Limits and Asset Building, Role of Employers, and Public Education. We selected these working groups because they collapsed the topic areas we found to be most explored in the existing literature on benefits cliffs. Lastly, FPWA partnered with researchers at the Center for Women's Welfare (CWW) at the University of Washington to update the Self-Sufficiency Standard for New York State and develop a model for analyzing cliff effects that was grounded in its measure of "wage adequacy."

FPWA's mission is to "promote the social and economic well-being of greater New York's most vulnerable by advocating for just public policies and strengthening human services organizations." To do this effectively, we must be able to speak to differences in economic well-being rather than treating low-income communities, especially low-income communities of color, as a monolith. Yet, our benefits system does just that in its continued reliance on the outdated federal poverty measure that is currently used to determine the need for benefits.[3] **Indeed, the very foundation of our social safety net and benefits system rests on the Federal Poverty Level (FPL), which is based on a wholly inadequate understanding of the income necessary to meet basic needs.**[4] The FPL, or Official Poverty Measure (OPM), was borne out of the 1960s War on Poverty and was officially adopted by the Nixon Administration in 1969 as the official statistical benchmark for measuring poverty; it has only been updated for inflation over the last few decades. Most benefits programs are tethered to the Federal Poverty Guidelines (FPG), which are derived from the OPM. Despite an abundant body of research advocating for a more accurate and higher threshold—and therefore, guideline—for poverty, previous federal administrations have declined or failed to implement them.[5]

The deliberate undercounting of poverty underscores that even the most intentionally designed policy interventions will continue to confront unintended consequences if they are not based on the true, current costs of living and attentive to regional differences in these costs. The inability to account for regional cost of living differences is one of the primary reasons that simply replacing the FPL with multiples of the measure (150% FPL, 200% FPL) when considering program eligibility is also an imperfect solution.[6]

As such, this analysis uses the Self-Sufficiency Standard and a Wage Adequacy analysis, because we are fundamentally interested in understanding what it takes for people across New York to meet their needs. It was thus imperative that our inquiry into the cliff effect be situated within that broader context.

**THE SELF SUFFICIENCY STANDARD'S DEFINITION OF BASIC NEEDS**

The Self Sufficiency Standard calculates the income necessary to meet basic needs without public or private assistance based on family composition and location. The standard considers housing, childcare, food, transportation, health care, and emergency savings as basic needs, and factors in the cost of miscellaneous goods and taxes into monthly expenses.

The chart below highlights select demographic characteristics of households in New York living below the Self-Sufficiency Standard in comparison to working-age households *in this dataset*.[7] Households living below the standard are overrepresented by race, women-headed households, households with children, single-adult headed families, and renters, amongst other demographic characteristics. Yet, these data also show that the traditional means of achieving financial security—being a 2-parent household, having a college degree, working a full-time job—are no longer supporting even the basic needs of too many New Yorkers.

## DEMOGRAPHIC ANALYSIS OF NEW YORK STATE HOUSEHOLDS LIVING BELOW THE SELF SUFFICIENCY STANDARD

| | | TOTAL WORKING-AGE HOUSEHOLDS (N=5,064,660) | WORKING-AGE HOUSEHOLDS BELOW THE STANDARD (N=1,449,430) |
|---|---|---|---|
| RACE/ ETHNICITY | Asian/Pacific Islander | 9% | 11% |
| | Black | 14% | 21% |
| | Latino | 17% | 28% |
| | White | 58% | 37% |
| | All Other Races | 2% | 3% |
| GENDER OF HOUSEHOLDER | Men | 49% | 42% |
| | Women | 51% | 58% |
| FAMILY TYPE | No Children | 62% | 48% |
| | Married with Children | 25% | 25% |
| | Single Father | 3% | 5% |
| | Single Mother | 10% | 22% |
| WORKING ADULTS | No Working Adults | 6% | 16% |
| | One Working Adult | 41% | 54% |
| | Two or More Working Adults | 53% | 30% |
| NUMBER OF CHILDREN | 0 | 62% | 48% |
| | 1 | 17% | 20% |
| | 2 | 14% | 17% |
| | 3 or more | 7% | 15% |
| CITIZENSHIP STATUS | U.S. Born | 72% | 61% |
| | Naturalized | 17% | 20% |
| | Not a Citizen | 11% | 19% |
| EDUCATIONAL ATTAINMENT | Less Than High School | 8% | 17% |
| | High School Graduate | 21% | 32% |
| | Some College | 26% | 29% |
| | College Graduate or Above | 46% | 23% |
| HOUSING STATUS | No cash rent | 2% | 3% |
| | Owner | 50% | 26% |
| | Renter | 48% | 71% |
| FOOD ASSISTANCE | No | 89% | 71% |
| | Yes | 11% | 29% |
| TYPE OF HEALTH INSURANCE COVERAGE | Direct Purchase | 9% | 10% |
| | Employment-based | 65% | 31% |
| | Medicaid | 18% | 45% |
| | Other | 1% | 2% |
| | Uninsured | 7% | 12% |

Source: 2019 American Community Survey, 1-year Public Use Microdata Sample. Please see Endnote 8 for a full description of this dataset used for our demographic analysis.

## Wage Adequacy:
## What It Is and Why It Matters

Wage adequacy refers to the distance between an individual or family's income—including both the wages they earn and any public benefits they receive—and their ability to meet their basic needs, taking into account the family's size and composition, where they live, and other factors. An individual or family is at 100% wage adequacy when their total earnings and benefits are sufficient to meet all their basic needs; 60% wage adequacy would cover only 60% of their basic needs. FPWA is using wage adequacy to contextualize benefits and cliffs within a realistic understanding of basic needs. It is of particular importance in instances where a cliff occurs for a family that is below 100% wage adequacy, plunging it further still from self-sufficiency.

**WAGE ADEQUACY**

Wage adequacy offers a realistic understanding of the extent to which wages are able to cover the cost of basic needs. It is the clearest in cases when a family hits the cliff even before its combination of resources and benefits are sufficient to meet its basic needs.

The CWW's Self-Sufficiency Standard calculates how much income families of various sizes and compositions need to make ends meet *without* public or private assistance. It is a measure of income adequacy based on the costs of basic needs for working families in particular states: housing, childcare, food, health care, transportation, and miscellaneous living expenses, as well as taxes and the impact of tax credits. Where the data are available, the Self-Sufficiency Standard breaks down the costs to the regional and county level. In partnership with CWW, we made this more granular look a focus of our update to the New York standard, and found that the income needed to be economically self-sufficient in the state varies considerably by geographic location. For instance, self-sufficiency for one adult and one preschooler ranges from $36,837 per year or $17.71 per hour in the western New York county of Cattaraugus to $106,205 per year or $51.06 per hour in South

Manhattan. More information on self-sufficiency wages in New York State is available in the Appendix.

Wage adequacy offers a clean method for visualizing cliff effects as one aspect of the broader economic reality for a given family type. The value of this measure is the clearest in cases when a family hits the cliff even before its combination of resources and benefits are sufficient to meet its basic needs. Importantly, it helps shed some light on scenarios that are sometimes considered cliffs by recipients and providers, specifically cases where a recipient loses eligibility for a benefit but that change in circumstances does not result in a net loss of income.

Using a wage adequacy model also allowed us to sidestep a common pitfall of benefits cliffs modeling, the assumption that a given "family type" receives every benefit for which they are eligible. Including all benefits is useful in illustrating the extent of the cliff effect across programs; however, these models may also distort reality since, in practice, it is rare to receive all benefits for which one is qualified. Subsidies that are tied directly to availability—childcare and housing subsidies, for instance—require the most caution because they are typically voucher programs that often have gargantuan waitlists or have limited availability. Public benefit programs also have challenging application processes and can have strict eligibility requirements that can make it extremely difficult for otherwise eligible families to receive their benefits. The inability to receive and/or effectively utilize a benefit for which a family is eligible is referred to as a "coverage gap," one of the three financial gaps we will discuss in greater detail in Part III of this report.

# 2. Defining the Benefits Cliffs

## Key Takeaways

- A benefit cliff occurs when an increase in wages results in the loss of a benefit or benefits and the increase in income is not sufficient to offset the lost benefits—resulting in a net loss of income.
- The impact of Covid-19 on low-income New Yorkers of color has been especially devastating and has compounded all pre-existing social and economic issues. While the pandemic has created an economic downturn, shifting the context in which we began this work, it has also laid bare the weaknesses in our current benefits system.

Simply put, benefits cliffs are the paradox of a net loss of income triggered by an increase in wages. Cliffs have the potential to occur in any benefit program that does not include a gradual benefit phase-out in its design. However, we chose to focus primarily on Medicaid, SNAP, childcare subsidies, and federal income tax benefits such as the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), and the Child and Dependent Tax Credit (CDCTC) given that these benefits often have the widest reach. But because eligibility for these programs is specifically calculated for families based on factors such as their composition and income the challenge of our examination was in precisely locating benefits cliffs and generalizing their impact.

Absent from our analysis is a sustained consideration of the Temporary Assistance for Needy Families (TANF) program, a federal program that funds New York's cash assistance program called "Family Assistance" (FA).[8] We chose to exclude cash assistance because it is a program for those with extremely low incomes and few assets who meet a set of complex eligibility criteria that reaches far fewer low-income people[9] than are actually eligible, and relatively fewer people than other programs of interest.[10] Thus, compared to the other programs studied in this report, a cash assistance cliff analysis is even more complex.[11] More importantly, achieving wage adequacy drives our interest in benefits cliffs, something that cash assistance is not designed to support.[12] Finally, in early conversations with the Urban Institute, we learned that they were conducting an in-depth study of benefits cliffs in TANF-funded programs and we agreed not to duplicate efforts and focus our analysis on these other work supports.

The highly variable nature of cliffs presented one of the largest challenges to analyzing their effect in New York State. Since benefit eligibility must be calculated based on family composition, income, geography, and other factors depending on locality, the point at which an individual or family is expected to hit a cliff is specific to their situation. To identify and model a cliff, analysts must rely on "family type" scenarios and make several assumptions about the family's expenses and benefits they receive.

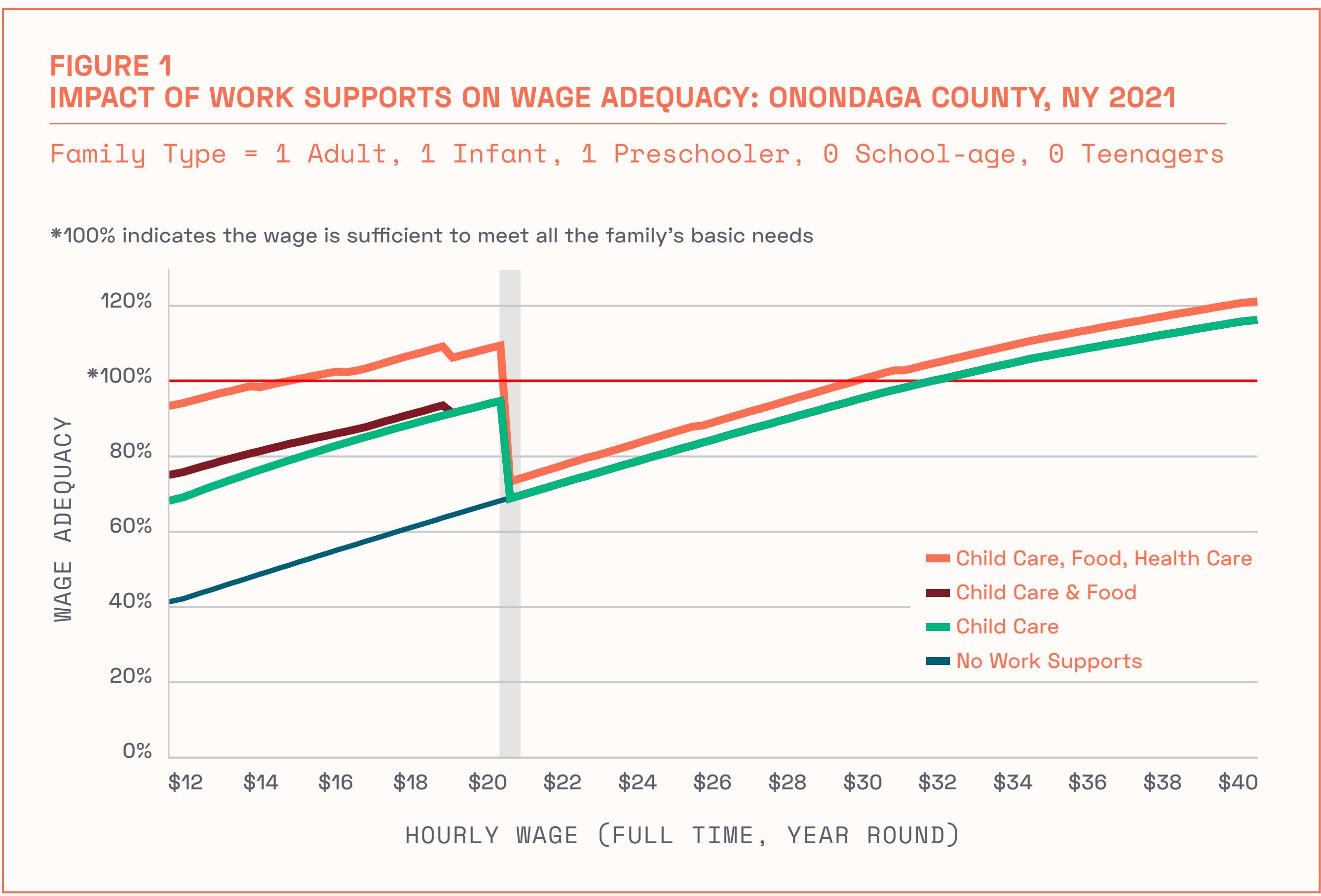
**INTERPRETING WAGE ADEQUACY GRAPHS**

Wage Adequacy demonstrates the extent to which wages are sufficient to meet basic needs. Using data provided by the University of Washington's Center on Women's Welfare, we are able to create wage adequacy graphs for over 700 different family types in each New York State county. These graphs are central to our analysis of benefits cliffs and appear throughout this report.

The vertical axis of the graph demonstrates the percentage of wage adequacy achieved by hourly wage, which is shown along the horizontal axis. The red line at the 100% mark on the y-axis signifies when a family has the minimum amount to cover all basic expenses, or in other words, when the family type has reached 100% wage adequacy. The blue line indicates wage adequacy without work supports. The other lines on the graph show the impact of benefits programs on wage adequacy. As described in the legend, the green line represents the level of wage adequacy reached with just the childcare subsidy, while the brown line represents wage adequacy with a childcare subsidy and food assistance, and the orange line represents wage adequacy with a childcare subsidy, food assistance, and healthcare assistance.

An example of a family type would be one with a parent working as a retail salesperson, one school-aged child, and one preschooler living in Onondaga County. In order to isolate which cliffs this family type might face, we must model how a future increase in income would affect the benefits they receive. Figure 1 shows a family in Onondaga County, where 22.4 percent of households live below the Self-Sufficiency Standard, with one parent in a retail job making the state median wage of $13.40 per hour. In Onondaga, this family approaches 100% wage adequacy when receiving childcare subsidies, food assistance, and healthcare. But if that

parent wanted to advance their career or salary by becoming a first-line supervisor (median statewide wage of $22.75 per hour), they would hit a childcare benefit cliff at $21 per hour, or about $43,680 annually. Losing that childcare subsidy would sink their wage adequacy to less than 70 percent. They would not cross the 100% wage adequacy threshold again until the family breadwinner's wages increased by nearly 50 percent, to about $32.23 per hour. In the long-term, a family of this type is better served by the parent's decision to advance into a higher-earning position, but for them and many families, the intervening shortfall triggered by the raise is too great a financial gap to overcome even temporarily. The bind many low-income families are forced into is only worsened when one considers the asset limit restrictions that accompany most means-tested benefits. Due to program design, many families do not have the resources to make up for lost benefits after they hit a benefit cliff and must find a way to endure until their next raise.




In Onondaga County, this family type is at 100% wage adequacy when earning $15 per hour with work supports and would reach wage adequacy at $32.25 per hour without any work supports. The family encounters a childcare benefit cliff at $21 per hour and their wage adequacy plummets from 109% to 69%.

In New York City, the median wage for retail salespersons is $15.00 per hour. This same family type in the Bronx, where 52 percent of households live below the Self-Sufficiency Standard, would only reach 87% wage adequacy, even after receiving childcare subsidies, food assistance, and healthcare. But if their hourly wage went up to $20.89—putting them at 200% of the Federal Poverty Level and causing them to lose their childcare subsidy food assistance—wage adequacy would plummet to 56%. They would not achieve self-sufficiency until the family breadwinner's hourly wage reached $45.89.

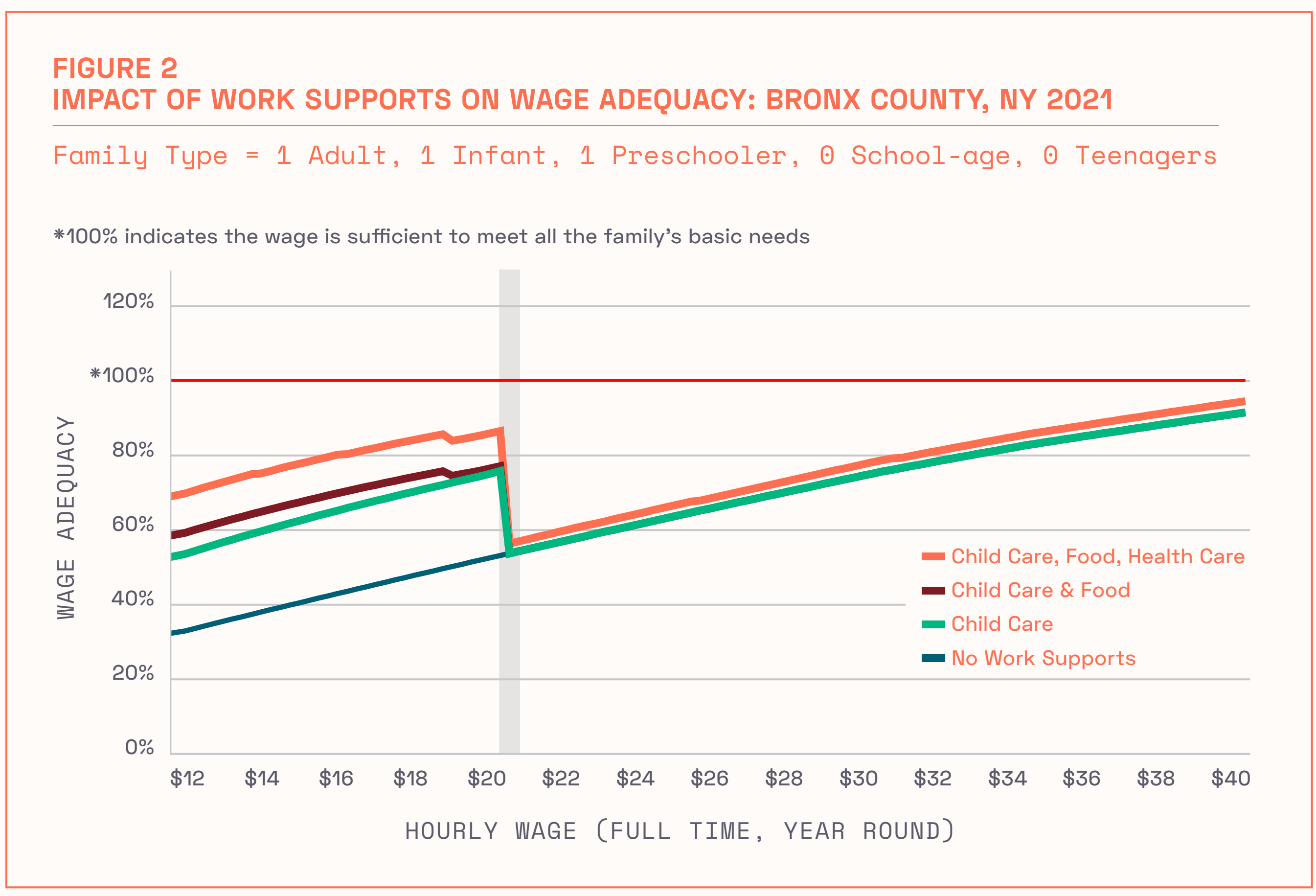



**FIGURE 2**
**IMPACT OF WORK SUPPORTS ON WAGE ADEQUACY: BRONX COUNTY, NY 2021**

In Bronx County, this family type is far from wage adequacy at $15 per hour and doesn't get to 100% until their earnings reach $46.55 per hour. Even after receiving childcare, food, and health care benefits, the family is only 85% wage adequate at $20 per hour. Once they encounter a childcare benefit cliff at $21 per hour, wage adequacy falls to 54%.

## Covid-19 and Benefits Cliffs

The impact of Covid-19 on New York has been devastating, particularly in the early months of the pandemic. Low-income communities of color, especially Black and Latinx communities, are disproportionately impacted not only by the virus itself, but by the economic fallout of the pandemic: skyrocketing unemployment, widespread food insecurity, a deepening achievement gap, and a looming eviction crisis. In April 2020, the *New York Times* reported that Black and Latinx residents in New York City were dying at twice the rate of white individuals.[13] Given that 75 percent of the city's front-line workers—grocery store clerks, janitors, childcare and transportation workers—are people of color and immigrants, it is likely that the ballooning coronavirus cases in majority Black or Latinx zip codes and the disparity in infection was connected, at least in part, to the increased likelihood of exposure in these communities.[14]

Testimony during a virtual hearing with state legislators underscored that racial and ethnic disparities were not limited to health outcomes or to the Black and Latinx communities.[15] During the pandemic, Asian Americans have experienced the largest increase in joblessness of all major racial groups in New York City, with a 25% unemployment rate by May of 2020.[16] Even as 2020 came to a close, Asians had experienced the highest median duration of weeks unemployed (24.7) compared to Black, Latinx, and white workers.[17] Though the economic recession triggered by the pandemic may well keep incomes from rising for years to come, benefits cliffs are still an important issue to resolve to ensure that our safety net is effective in supporting New Yorkers through a crisis, especially one that so disproportionately affects the communities most in need of these supports.

Covid-19 served as an unexpected stress test on our benefits system. Within and beyond New York State, the benefits system was unable to keep up with the sharp increase in the volume of applicants, leading to major delays in processing claims. Between February and September of 2020, New York State reported an additional 229,435 SNAP recipients[18] and 518,250 additional Medicaid recipients.[19] Despite select expansions and the relaxing of regulations around SNAP, food insecurity is still rising rapidly across the city. In response to Covid-19, SNAP families received

either their maximum SNAP benefit or an emergency supplemental SNAP benefit. The program was also expanded to include 75,000 low-income college students enrolled in technical education courses and to income-eligible individuals attending any of the ten state educational opportunity centers.[20] These expansions as well as other temporary benefits like New York State's Pandemic Unemployment Assistance (PUA), offered needed relief to vulnerable families. But they also introduced additional sources of anxiety, since estimating how these temporary measures might impact pre-existing, means-tested benefits have been difficult for providers and clients alike.

The full scale of devastation wrought by Covid-19 is unknown since the pandemic is still raging in the United States as of the writing of this report. What we know for sure is that the economic challenges faced by low-income New Yorkers, especially immigrants and people of color, who were already struggling to meet their needs pre-pandemic, will only continue to worsen. As we have already begun to see, Covid-19 has compounded all pre-existing social and economic issues such as racial and geographical disparities around healthcare and broadband access. Furthermore, research on the impact of the Great Recession of 2007-09 found that even after indicators like the unemployment rate returned to pre-recession levels, the most vulnerable households continued experiencing greater levels of income inadequacy than before the recession.[21] Workers who are paid low wages, essential workers, single mothers, and people of color are likely to continue being disproportionately affected by the Covid-19 pandemic even after the economy begins to stabilize and normalcy returns for middle- and high-wage earners. It is imperative, then, that policymakers use the urgency Covid-19 has created to make lasting changes to our safety net that help stabilize vulnerable families.

# 3. Evolving Benefits Cliffs

## Key Takeaways

- Eliminating benefits cliffs requires either making safety net programs universal rather than means-tested or phasing out supports more slowly as incomes rise.
- In New York, many safety-net programs have phase-out levels that have been adjusted to mitigate benefits cliffs. Medicaid and SNAP, especially, are programs with cliff effects that are significant in other states but are now slight or nonexistent in New York State due to program redesigns.
- Of our four benefits programs of interest, we found that only the childcare subsidy program retained a cliff effect. Families hit a childcare cliff once their income crosses 200% FPL, or $43,440 for a family of three and $52,400 for a family of four.
- Strategies such as benefit phase-outs and exit threshold offer short- and medium-term support for families facing benefits cliffs. Reducing the so-called "administrative churn" of benefits programs can also help families in need. However, critical gaps remain and require further investigation.

## The Benefits Landscape in New York

The benefits cliffs picture in New York is mixed but instructive. More than most states, New York has instituted program redesigns such as benefit phase-outs that have all but eliminated benefits cliffs from two of its largest programs, Medicaid and SNAP. However, as we anticipated, there remains a dramatic childcare cliff for families across the state. Ending that cliff will ultimately require confronting an affordable childcare crisis.

In this section, we present the landscape for each of our benefit programs of interest, describe what has been done thus far to eliminate or mitigate cliffs, and offer suggestions for addressing the primary cliff that remains.

## Medicaid

The Medicaid program offers healthcare benefits to low-income individuals and is administered jointly through the federal government and the states. Prior to the Affordable Care Act (ACA), New York had already expanded Medicaid eligibility to cover more parents with low-incomes and more adults without children in comparison to other states.[22] However, Medicaid eligibility was generally limited to individuals who met income-eligibility requirements *and* were in one of several narrowly defined groups:[23] low-income parents with dependent children (with the children themselves qualifying through the Children's Health Insurance Program, or CHIP), pregnant women,[24] some low-income seniors, and some individuals under 65 with disabilities.[25] The ACA, however, has greatly diminished the Medicaid cliff effect by allowing states to expand Medicaid coverage to nearly all adults with incomes at or below 138% FPL and dropping the circumstance-based qualifications.[26] Thirty-eight states and Washington, D.C. have adopted the ACA expansion, including New York.[27] The state's expansion took effect January 1, 2014, resulting in a 14 percent expansion in Medicaid enrollment by August 2018.[28] Additionally, the number of people enrolled in a New York State of Health plan via the health insurance exchange has continued to rise, going from nearly 3 million in 2018[29] to 5.8 million as of Feb 2021.[30]

Research has shown that adults who live in expansion states like New York experience little or no Medicaid cliff effect since they are eligible for Medicaid while earning low wages, then become eligible for a refundable tax credit (one in which a taxpayer is refunded the full amount of a credit even if it's more than what they owe) to purchase insurance through the state and federal marketplaces as their incomes rise.[31] This is in contrast to states that have elected not to expand Medicaid, leaving their recipients to face a steep cliff effect. New York's expansion has had a clear benefit: We did not find a Medicaid cliff for New York households.

In addition to Medicaid and marketplace coverage, New York State also administers the Essential Plan as a bridge between Medicaid and marketplace coverage. The program is designed to offer essential health benefits for lower-income people who do not qualify for Medicaid and cannot afford insurance through their employer or the marketplace. While the majority of New York State households receive employment-based health insurance (65 percent), only 31 percent of the households living below the standard receive insurance through an employer, while 45 percent receive Medicaid, and 10 percent directly purchase their insurance. An additional estimated 885,000 New Yorkers with low incomes also receive insurance through the Essential Plan.[32]

## Supplemental Nutrition Assistance Program (SNAP)

At the federal level, a benefit cliff exists in SNAP due to a rule that cuts off benefits at a gross income of 130% FPL, which is about $26,000 annually for a family of three. SNAP allows recipients to deduct the cost of necessities like rent, childcare, and utilities in the calculation of their SNAP benefit. This means that qualifying families that have high expenses can receive SNAP benefits up to the maximum monthly allowance ($535 for a family of three). But if that family's income goes over the 130% FPL limit, they face a SNAP benefit cliff: The increase in income does not replace the value of the SNAP benefit they have lost, and the family is worse off.[33]

However, a SNAP provision called Broad Based Categorical Eligibility (BBCE) allows states to increase the gross income limits and waive asset limits. New York has opted to expand its ceiling to 200% FPL for households with dependent care expenses and 150% FPL for households with earned income.[34] And it has waived the asset test for these households, making New York's SNAP program better able to promote asset-building among low-income households that are not also receiving benefits from a program that still retains asset limits.[35] With these BBCE options in place, SNAP benefits in New York will phase down gradually, by about 24 to 36 cents for each dollar of increased earnings, as a family's income level increases towards the state limit, thus averting the cliff.[36,37] This is borne out in our analysis: We did not find a cliff effect for SNAP recipients in New York.

However, it is important to acknowledge that while SNAP provides critical assistance to families, it does not provide most recipients with enough assistance to last for the full month, nor enough to purchase the foods necessary for a healthy diet.[38] This is in part because SNAP benefits are based on the U.S. Department of Agriculture's (USDA) Thrifty Food Plan (TFP), which was last revised in 2006 and does not account for geographic variations in cost.[39] High food costs present challenges for families in both urban and rural communities in all geographic regions, and the current SNAP allotments are an inadequate way to measure the cost of food for families.[40]

## Tax Credits for Working Families (EITC, CTC, and CDCTC)

The federal Earned Income Tax Credit (EITC) is currently available to low- and moderate-income working people between 25 and 64. Workers within that age range without children residing in their home can receive a maximum credit of $538—significantly less than the $3,584 maximum for a worker with one child, and $6,660 for a worker with three or more children. New York State and New York City both offer supplemental EITCs. The New York State EITC is equal to 30 percent of an individual's allowable federal earned income credit, reduced by the amount they have received, if any, by qualifying for the state's Household Credit.[41] New York City is one of only three cities in the nation to offer its own EITC, allowing 5 percent of the federal credit.[42] New York State also offers a refundable Non-Custodial Parent Earned Income Credit, which allows non-custodial parents who are paying child support to claim a credit if they do not claim New York State's EITC and are up to date on their payments.[43] The EITC has built-in phase-outs based on income and family composition, which are reflected in their state- and local-level supplements. As such, we did not find benefits cliffs in EITC.

The Child Tax Credit (CTC) is worth up to $2,000 for each qualifying child under the age of 17. It is only partially refundable, meaning that the amount of the credit can't exceed what the taxpayer owes for the year. However, those whose tax bill is too low to receive the full $2,000 credit can claim the unused portion—up to $1,400 per child—by using what's known as the Additional Tax Credit. This credit is calculated based on the family's circumstances and tax situation.[44] In addition, under the 2017 Tax Cuts and Jobs Act, the CTC provides a $500 nonrefundable credit for families with qualifying non-child dependents, known as the Credit for Other Dependents.[45] The value of the CTC increases as a household's earnings increase, so many low-income families receive only a partial credit and, in some cases, no credit at all if their family earnings are too low. Households with annual incomes below $2,500 are ineligible. On the other end of the income scale, the maximum credit begins to decrease by 5 percent once a household's adjusted gross income reaches $200,000 for individuals who file as single and $400,000 for married people who file jointly.[46] Since the CTC has a phase-out schedule, we did not observe a cliff effect.

The Child and Dependent Care Tax Credit (CDCTC) is a nonrefundable credit available to families that pay for work-related child or

dependent care. (A nonrefundable tax credit is one in which the taxpayer gets a refund only up to the amount of tax they owe.) The CDCTC is calculated as a percentage of qualifying expenses, which cannot exceed $3,000 for one person and $6,000 for two or more people. The rates range from a maximum of 35 percent of qualifying expenses for those with adjusted gross incomes less than $15,000 to a minimum of 20 percent for taxpayers earning above $43,000.[47] Even though the credit formula is more generous toward lower-income taxpayers, many receive little or no tax credits because their calculated credit exceeds the amount of tax they owe for the year.

Since low-income families face challenges accessing quality, affordable care and tend to spend less on childcare overall, the CDCTC benefits higher-income families more as they can afford more costly childcare. Nationally, the CDCTC is claimed by an average of 12 percent of taxpayers with children and even less by lower-income filers. Despite the clear inequities resulting from the paradoxical program design which favors higher-income earners, we did not observe a cliff effect in the CDCTC. As incomes increase after reaching $15,000, the credit amount decreases gradually from the maximum credit of $1,050 for one child and $2,100 for two or more children.[48]

## Childcare Subsidies

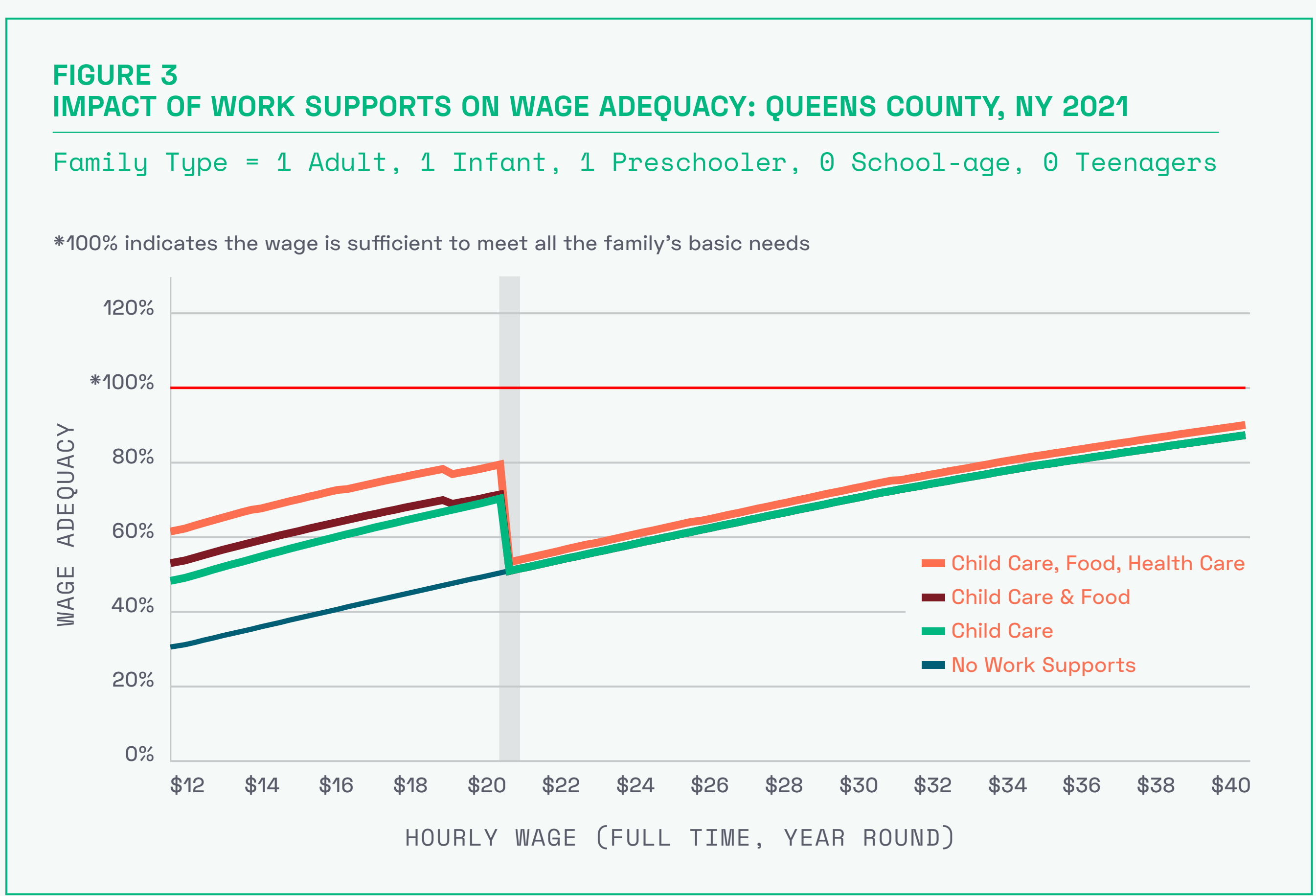
Childcare subsidies are funded through the New York State Child-care and Development Block Grant, a combined pool of federal and state money, and are administered by the state Office of Children and Family Services (OCFS). Each year, OCFS allocates money to New York's counties, which are termed "social services districts" for the purposes of this program. (New York's five counties count as one district.) Because the program is underfunded, the annual allocations to each district are insufficient to serve all the families that meet the state's eligibility requirements.[49] Consequently, OCFS allows districts to set their own criteria in allocating their limited funds to families that are not guaranteed a childcare subsidy.

In 2014, Congress reauthorized the Childcare and Development Block Grant with a provision giving states the option to adopt policies that reduce sharp cliff effects and provide children with stable care as family earnings fluctuate.[50] Any state electing to make these changes would need to offer 12 months of continuous coverage to families receiving childcare assistance. At the end of

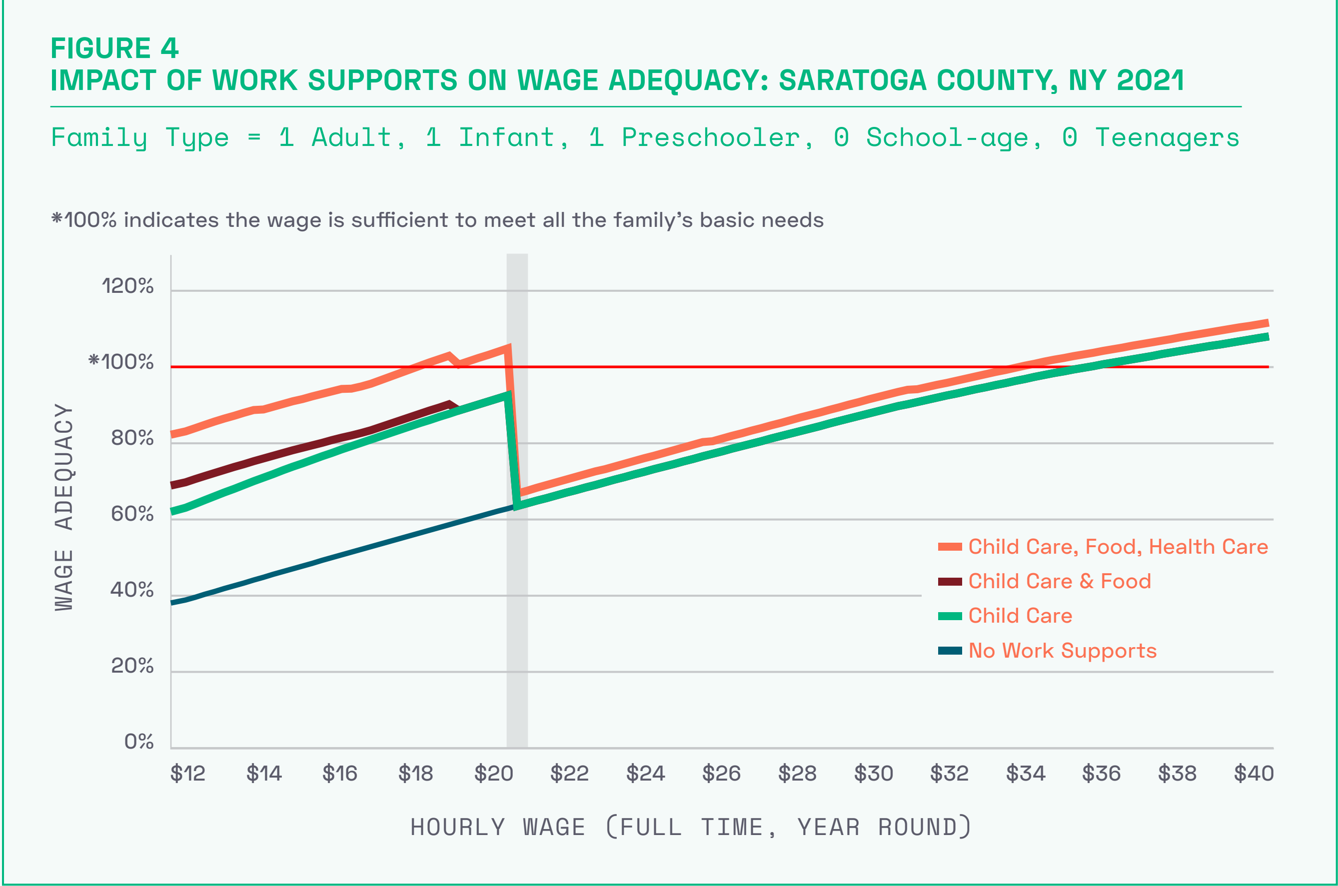
12 months, these states would then need to ease families that were no longer income-eligible gradually off subsidies. Unfortunately, the changes recommended under this reauthorization were unfunded. In the absence of increased funding, many states would likely choose to decrease the number of childcare subsidies they offer to offset the increased cost of building in a phase-out of benefits.[51]

In New York, there is no built-in phase-out for child subsidy benefits and the statewide eligibility threshold is 200% FPL. As a result, families in New York hit a childcare cliff once their income crosses 200% FPL, $43,440 for a family of three and $52,400 for a family of four.

Figures 3 and 4 below show the impact of work supports on wage adequacy in Queens County and Saratoga County for a family with one adult, one infant, and one preschooler. In Queens, while 8 percent of households live below the FPL, 33.8 percent of households live below the standard. In Saratoga County 4.8 percent of households live below poverty while 18.2 percent of households live below standard.




In Queens County, this family type is 68% wage adequate when earning $15 per hour with work supports. They encounter a benefit cliff when their wage increases to $21 per hour, at which point their wage adequacy plummets from 80% to 53%.




In Saratoga County, this family type is at 100% wage adequacy when earning $18.50 per hour with work supports. They encounter a benefit cliff when their wage increases to $21 per hour, at which point their wage adequacy drops from 108% to 67%.

## Recommendations to Address the Childcare Subsidy Cliff

While we believe that addressing the immediate problem of the childcare cliff will not solve the deeper issues with New York's childcare benefits (explored in the following section), there are several short- and medium-term solutions that would reduce the instability it brings:

### Recommendation #1: Fund and implement a childcare subsidy phase-out.

When a family's income rises above 200% FPL, the childcare cliff that results is steep enough to destabilize its finances. Losing childcare benefits significantly decreases a family's wage adequacy, meaning that a greater percentage of its basic needs go unmet. Providing a phase-

out supports long-term financial stability by allowing families to gradually increase their income while their childcare subsidy slowly decreases. However, in order to implement a gradual benefit phase-out, the New York State Office of Children and Families would need additional federal or state funding to ensure that the number of subsidies granted is not decreased to meet an unfunded mandate. The federal Administration for Children and Families encourages states and territories to implement measures to prevent families from hitting dramatic cliffs upon exiting childcare subsidy programs in one of two ways:

1. **Implement a gradual reduction of the childcare subsidy amount by allowing for continued childcare assistance while the family reconfigures its budget to pay for childcare.**[52]

   States such as Ohio and New Jersey have already begun taking action to remedy their own childcare subsidy cliffs and offer examples of effective strategies that New York State could implement or modify. In Ohio, in order to be eligible for the childcare subsidy, family income must not exceed 130% FPL, but as incomes rise the childcare subsidy gradually phases out until income reaches 300% FPL.[53] In New Jersey, childcare eligibility is initially set at 200% FPL, but families may continue receiving the subsidy until their income exceeds 250% FPL.[54] If income is over 250% FPL but does not exceed 85% of the State Median Income, families will receive a 12-month phase-out period and continue receiving the subsidy. At the end of this one-time phase-out period, the family may reapply if they meet the 200% FPL eligibility threshold.

2. **Create an "exit threshold" whereby the state uses one income scale to initially qualify a family's subsidy and then employs a second eligibility threshold at the time of benefit redetermination to maintain the subsidy.**[55]

   Currently, federal laws governing the Childcare Development Block Grant allow for an exit income eligibility threshold as high as 85% SMI (in New York State, that is $68,501 annually, or 321% FPL for a family of 3). Washington State has already implemented a two-scale eligibility method. For example, in order to qualify for a childcare subsidy a Washington family's income must not exceed 200% FPL. At the time of recertification, however, a family's income can be up to 220% FPL, allowing for gradual increases in family income without losing the subsidy or seeing an increase

in their copay.[56] In addition, the family will continue to be eligible for the subsidy for 12 months. Redesigning the childcare subsidy program in this way affords families the needed time to transition to purchasing childcare at the market rate.[57] While this solution pushes the cliff down the line rather than removing it altogether, it does provide enhanced stability since families can aim to increase their income to provide long-term stability while continuing to receive the subsidy for the transition period in the short-term.

### Recommendation #2: Reduce administrative churn.

"Administrative churn" refers to the on-and-off-and-on enrollment pattern that characterizes many families' experiences with subsidies and other government benefit programs. It is generally unrelated to a family's eligibility status but rather the result of administrative hiccups triggered by small short-term changes in income or delays in verification. Given the nature of low-wage employment, minor fluctuations in income should be anticipated as a result of occasional extra hours at work, five-week months, or additional seasonal employment.[58] According to a 2016 analysis by the federal HHS Office of Planning, Research, and Evaluation (OPRE) and the Urban Institute,[59] New York requires childcare subsidy recipients to immediately report any changes in income, employment, or family circumstances. Increasing flexibility in reporting could prevent eligible families from needlessly losing their subsidies and destabilizing their incomes, while reducing the administrative costs associated with recertifying applications.

According to a 2015 study by the Urban Institute, New York childcare subsidy clients reported that they were not given enough time to submit their paperwork in response to annual recertification notices. Clients reported having 10 days or less to mail back documentation, which might not only be difficult to gather in a short window but is also reliant on the unpredictable speed of mail delivery. This could potentially cause cases to be suspended and subsidy payments withheld.[60] Furthermore, the state requires that subsidy recipients be given only 10 days' notice if benefits will be terminated or reduced, or if families will need to arrange alternative care. New York State should allow a longer notification window, given the demonstrated impact that losing the childcare subsidy or a sudden change in the amount of the benefit can have on a family's wage adequacy.

# 4. Beyond Cliffs

# How Gaps in Our Safety Net Destabilize Individuals & Families

## Key Takeaways

- Benefits cliffs that trigger a net loss of income do not adequately explain why New York's benefits system fail to offer stability or a reliable path to self-sufficiency.
- "Financial gaps"—the umbrella term for shortfalls between a person or family's needs and their benefits eligibility, coverage, or hardship protections—offer a much more comprehensive understanding of the drivers of the financial instability many people are concerned about when discussing benefits cliffs.
- Moreover, the interventions aimed at remedying each of the gaps offer deeper, more sustainable solutions for supporting individuals and families in meeting their basic needs.
- FPWA's future research will focus on financial gaps and consider policy solutions in light of the shifting economic and sociopolitical context ushered in by a pandemic, a new federal administration, and a veto-proof Democratic supermajority in the New York State Senate. In the meantime, we have outlined several proposals to address healthcare and childcare subsidy gaps and increase wage adequacy across the state.

## Understanding Financial Gaps

As we have shown in the section above, New York State has already made numerous policy strides to remedy the cliff effect. Yet the providers we spoke with during our "Ending the Benefits Cliffs" symposium made it clear that benefits cliffs that trigger a net loss of income are not the only reason New York's benefits system fails to offer struggling individuals and families a reliable path to self-sufficiency. The providers consistently spoke of clients losing their benefits due to changes in their circumstances, even as they still struggled and were not financially stable. We found that many of these instances could be attributed to gaps in the benefits system around eligibility, coverage and hardship, known as financial gaps.

Researchers from the Center for Social Policy at the University of Massachusetts Boston define financial gaps as the "specific problems created by the complex system of public supports built around an inadequate assessment of ability to meet basic needs."[61] Put differently, financial gaps categorize the common difficulties that stem from an outdated, flawed measure of poverty, including the impacts of disjointed attempts to supplement such an imprecise measure. The financial gap perspective contextualizes the cliff effect as a policy design problem and underscores how these gaps, which receive seemingly less attention than cliffs, can lead to an economic predicament no less severe than a cliff.

...financial gaps categorize the common difficulties that stem from an outdated, flawed measure of poverty, including the impacts of disjointed attempts to supplement such an imprecise measure.

The three financial gaps—eligibility, coverage, and hardship—offer a much more comprehensive understanding of the drivers of the financial instability many people are concerned about when they discuss benefits cliffs. These gaps appear to have an impact on more New Yorkers than conventional benefits cliffs do. For example, in New York State about 6,000 applications for public assistance, family assistance, and safety net assistance programs are denied each year because the applicants' assets, though most likely modest, exceed the programs' strict limitations. Such asset limits are an example of a coverage gap: They make it more difficult for a family to receive the assistance they need and would otherwise be qualified to receive.

Interventions that address these financial gaps offer deeper, more sustainable solutions for supporting individuals and families in meeting their basic needs. For this reason, we will first provide an

overview of financial gaps, including New York State-specific examples of each type of gap throughout our benefits programs of interest. Then, we offer findings that illuminate how we encountered financial gaps in our own data using our Wage Adequacy tool.

## Eligibility Gap

The eligibility gap occurs when family earnings are above federal, state, or local eligibility thresholds for a particular benefit while still being too low to meet their basic needs. We find examples of eligibility gaps throughout our benefit programs of interest: Families and individuals at the lowest income levels are often completely excluded or receive a much smaller benefit amount than those on the higher end of the income scale. For example, the Earned Income Tax Credit excludes workers who are paid low wages but are not raising children in their home, while the Child Tax Credit excludes families with earned income below $2,500 annually.[62]

Eligibility gaps also exist in the SNAP and childcare subsidy programs. In 2018, 25 percent of New York State's food-insecure residents were estimated to have incomes *above* SNAP eligibility.[63] In addition, an estimated 76 percent of households who are living below the self-sufficiency standard do not receive food assistance. For childcare, the discretion granted to localities to set eligibility thresholds at incomes even lower than the statewide 200% FPL guideline has also created troubling eligibility gaps. For example, in Suffolk County, nearly 2,000 children with working parents lost their childcare subsidies when the county lowered eligibility to 100% FPL in late 2012. Anecdotally, FPWA has heard from partners that the pandemic has caused an opposite effect: With fewer families using childcare subsidies, counties have had more funding available, allowing them to expand eligibility. In both situations, families are dependent on the availability of funding, regardless of their need.

Though asset tests are considered an example of a coverage gap (see below), the continued use of asset limits has contributed to a Medicaid eligibility gap. Typically, Medicaid strictly limits the amount of savings and assets individuals are permitted to have to qualify for the program. This means that many recipients forgo opportunities to achieve long-term economic stability to receive short-term assistance. According to the Center for American Progress, asset limits have left benefits recipients even more vulnerable during

Covid-19 because they have not been able to save for an emergency and are now unable to weather the economic crisis the pandemic has caused.[64] Asset limits may be even more harmful for Black families, as the racial wealth gap continues to widen: research by the Federal Reserve found that white families have on average about $8,000 in emergency savings, four times that of Black families.[65] Further, with unemployment spiking, these asset restrictions are preventing many people who are newly unemployed (and in many cases therefore newly uninsured) from obtaining benefits.[66]

For some Medicaid recipients, an eligibility gap due to asset limits can occur for another reason. Medicaid uses Modified Adjusted Gross Income (MAGI) as the basis for qualifying all but those over 65 and others who may qualify based on circumstances such as a disability.[67] For these recipients, a lump-sum payment like an SSI check is counted as income in the month it is received and may push the recipient over the resource limit if they don't spend the money that same month. In this case, recipients become ineligible for that month and may be liable to repay Medicaid for any services received during that time.[68]

## Coverage Gap

The coverage gap occurs when people qualify for public benefits but do not receive them due to waitlists, supply shortages, or other administrative and bureaucratic barriers like churn. With Covid-19 the coverage gap has increased significantly making it even more difficult for people to receive benefits. In the case of SNAP, for instance, 7 percent of eligible individuals and 17 percent of eligible workers did not participate in the program in New York State in 2017.[69] The rate of eligible immigrants participating in SNAP also declined from 2017 to 2019, likely due to fear of consequences related to the Trump Administration's change in the "public charge" rule, which allowed the government to deny permanent residency to immigrants if they received public benefits for food, housing, or healthcare assistance.[70] The SNAP drop-off rate was more than double what is typically expected for non-citizens in New York City, and amounted to approximately 25,000 more eligible individuals who disenrolled from the program.[71] This trend is especially concerning given that 49.7 percent of households headed by an individual who is a non-citizen live below the standard in New York State. More broadly, the public-charge issue illustrates eligibility gaps that exist across federal-level

programs because of restrictions based on citizenship status. The safety net offers little relief for undocumented individuals and mixed-status families.

Turning to housing, the application for Section 8 vouchers in New York has been closed since 2007 and about 140,000 families remain on the New York City Housing Authority waiting list for Section 8.[72] Yet, over two million severely rent-burdened low-income New Yorkers do not receive rental assistance due to funding limitations[73] and nearly 150,000 school children lived in shelters, on the street, doubled up with other families, or in hotels or motels during the 2016–2017 school year.[74] In New York State, 42 percent of renters live below the standard, and 17.5 percent of all households in the state pay more than half of their income for housing. On the national level, inadequate funding leaves 77 percent of low-income, at-risk renters without rental assistance.[75] Even for those who are able to receive public-assistance vouchers, a persistent problem is that landlords often refuse to rent to people who use vouchers. Because 48 percent of voucher recipients nationally are Black, in many cases this amounts to de facto racial discrimination.[76] In other cases, it is discrimination on the basis of income and class. In both cases, discrimination is a barrier that can prevent those who qualify for the benefit from using it.

In Part II above, we discussed the cliffs within the childcare subsidy program and recommendations for mitigating cliff effects. However, as we indicated, these cliffs are a symptom of a much more pernicious problem in the childcare subsidy system. The program is massively underfunded, with a predictable consequence not unlike the situation with housing assistance described above. Most New Yorkers who qualify for the childcare subsidy based on income do not receive it. Furthermore, the discretion left to each county has created a wildly varying patchwork system of childcare benefits across the state. In other words, addressing the childcare subsidy cliff requires confronting *coverage gaps*.

While determining the number of children and families who are eligible for the childcare subsidy is difficult given that eligibility for the childcare subsidy also depends on programmatic requirements such as parent or caretaker participation in approved work, training, or education activities, we know that it is currently accessed by only a fraction of the children and families who need them.[77] In 2017,

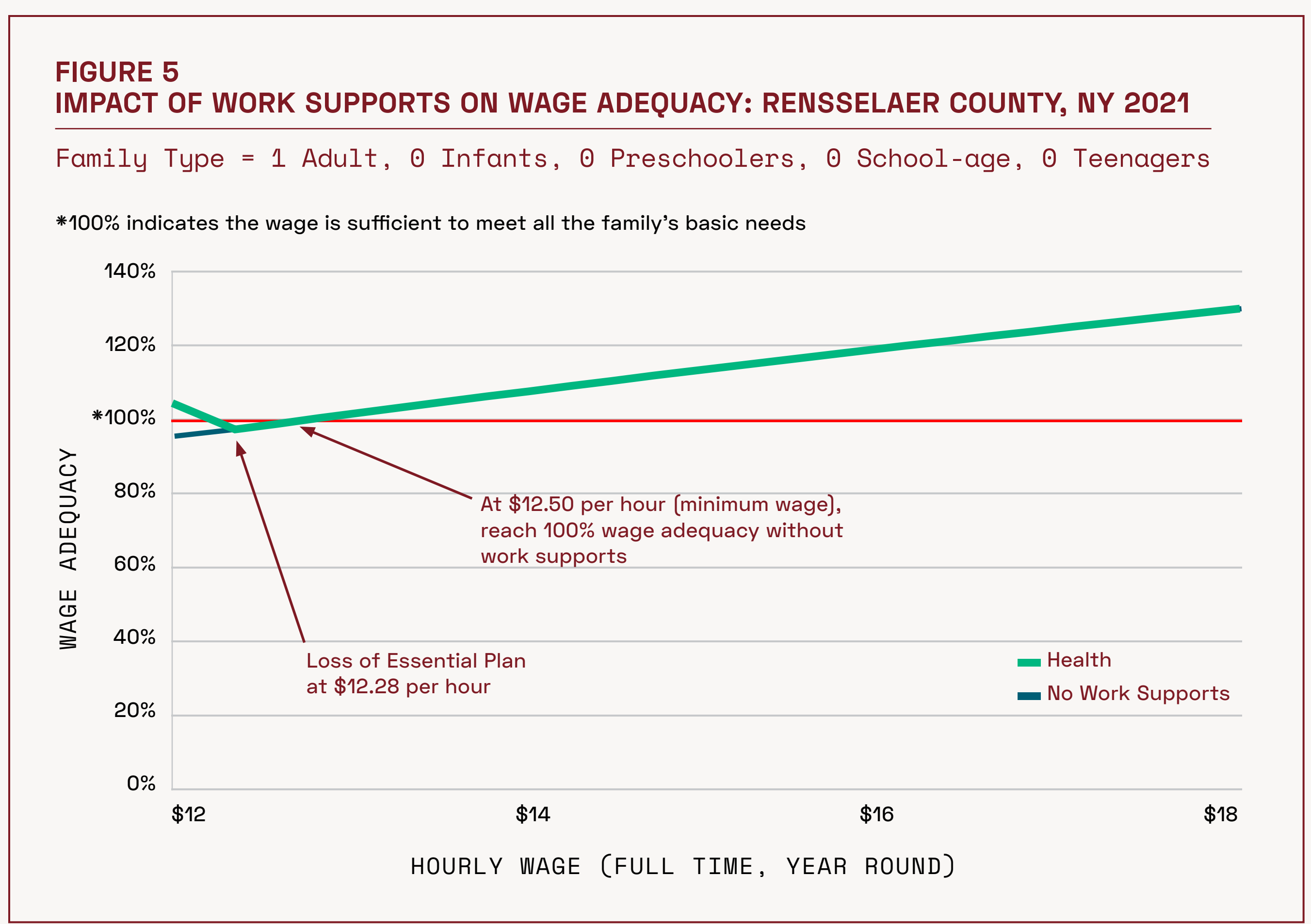
according to the federal Administration for Children and Families, 548,810 children in New York would have been eligible for childcare subsidies based on state eligibility rules. Yet in federal fiscal year 2017, only 130,323 children were served by the CCDBG, or about 89,200 children (53,800 families) in an average month. This number jumped to 148,961 children in 2018, the same year that New York received a $95.7 million increase in funding for the block grant. The Urban Institute estimates that guaranteeing funding for all families with incomes below 150% FPL who meet the other eligibility criteria and want a subsidy would expand the subsidy to an additional 29,000 families in New York State.[78]

Another troubling coverage gap exists in healthcare for single adults transitioning from New York's Essential Plan to marketplace coverage. The Essential Plan (EP) is a state health insurance program designed to bridge the gap between Medicaid and marketplace coverage. Residents who do not qualify for Medicaid but who cannot afford to purchase a marketplace plan can receive health coverage for a $20 fixed monthly premium with the Essential Plan.[79] For a single adult, income eligibility for the EP is capped at $24,280 annually or around $12.28 per hour. However, there is no similar transition off the Essential Plan to marketplace coverage for single adults. Once someone is no longer income-eligible for the Essential Plan, their estimated monthly health insurance premium for the most basic plan from an employer if available skyrockets from roughly $20 to between $180 and $221.

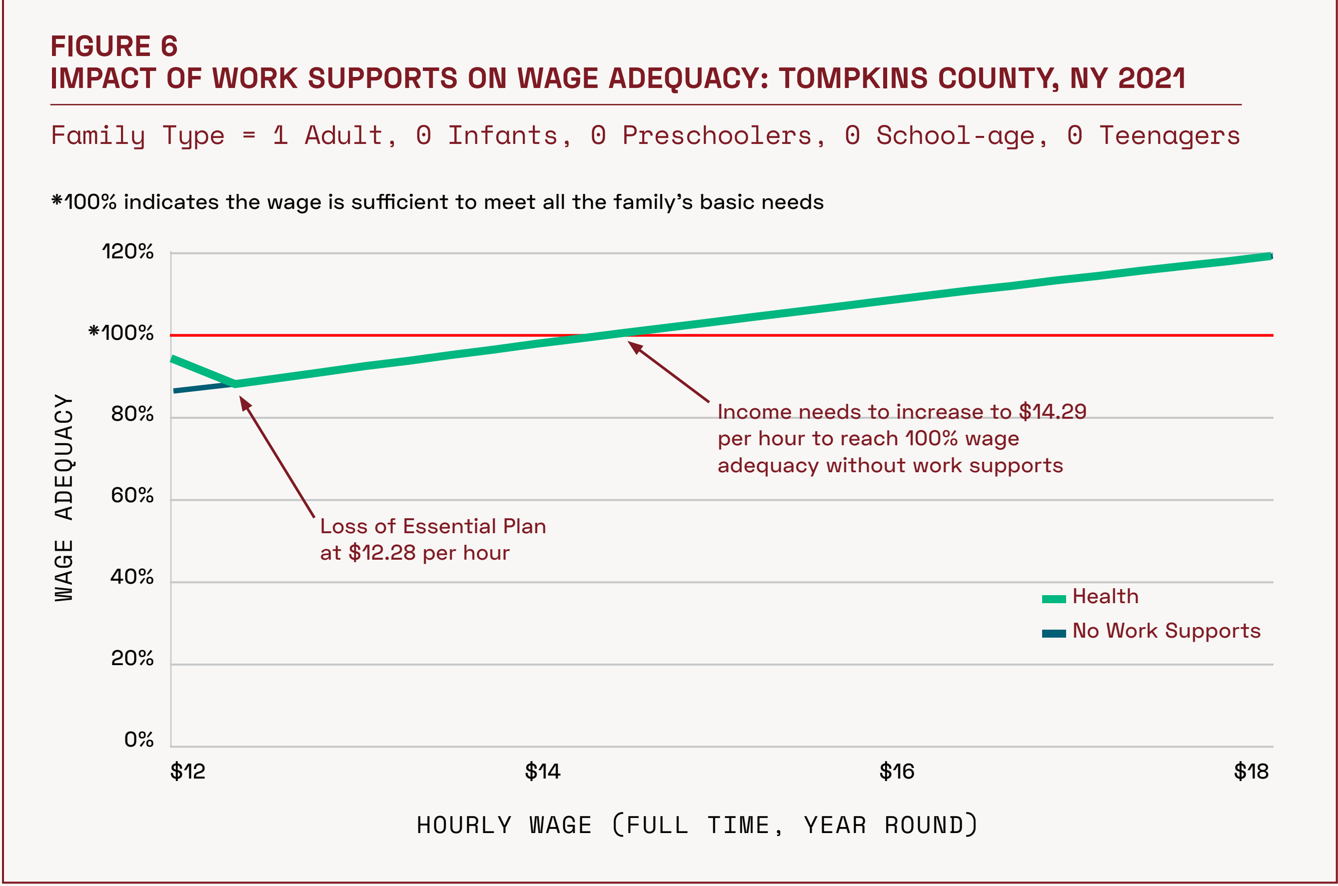
Single adults in 41 of New York's 62 counties reach self-sufficiency before hitting $12.28 per hour, and theoretically should be able to absorb this jump in insurance costs and still meet their basic needs. However, in the remaining 21 counties, ongoing state-mandated minimum wage increases will lead to a healthcare gap: Single adults earning $12.50 an hour—the minimum wage in all the counties north of Westchester as of December 31, 2020—no longer qualify for the Essential Health Plan even though their wage falls below 100% wage adequacy in 18 of those 21 counties.[80] This situation presents a significant, forthcoming coverage gap, though federal tax credits covering the change in insurance premium costs should mitigate this issue.[81] The Premium Tax Credit is available to those with incomes between 100% and 400% FPL ($12,760 to $51,040 for a single adult) who purchase coverage in the health insurance marketplace in their state.[82] Though this credit should cover the change in insurance premium cost as a refundable tax credit, it requires individuals to be

able to front the increased premiums. There is a potential solution to that problem, too—the Advance Premium Tax Credit, which applies the credit to the monthly cost of healthcare—but it is underutilized, with only about 28 percent of the subsidy-eligible population receiving the credit in New York State.[83] Additionally, providers have indicated that the credit does not fully cover the cost of the insurance premium, and that the process for getting the credit is itself a barrier to access. We will be looking into these gaps further in the second part of our study.

Figures 5 and 6 below show the impact of work supports on wage adequacy for a single adult in both Rensselaer County and Tompkins County. In Rensselaer County, 20.5 percent of households live below the standard, and 41.4 percent of households live below the standard in Tompkins County.




In Rensselaer County, a single adult is wage adequate at an income of $12.50 per hour. Even though this adult no longer qualifies for New York's Essential Health Plan, their income would meet their basic needs, including health insurance, without work supports.




In Tompkins County, a single adult at the minimum wage of $12.50 per hour is 89% wage adequate, and no longer qualifies for the New York State Essential Health Plan. This adult does not reach 100% wage adequacy until their income reaches $14.29 per hour, where they would be able to meet their basic needs, including health insurance, without work supports.

## Hardship Gap

The hardship gap refers to situations when a family's resources, including all public benefits, are too low to meet their basic needs—a deficit that often leads to a benefit cliff as families seek to increase their income but end up losing benefits significantly or altogether. Hardship gaps are an example of how families can both work and receive benefits but still find themselves unable to meet their basic needs. In other words, hardship gaps are illustrative of living below the Self-Sufficiency Standard. For more examples and a detailed discussion of the prevalence and impact of this circumstance, please see our recent report updating the Self-Sufficiency Standard for New York published in partnership with the Center for Women's Welfare at the University of Washington.

One brief example of the hardship gap can be found in programs such as the public assistance shelter allowance. The program provides rental assistance that varies by county, averaging $309 per month for a family of three. But this is inadequate when compared to housing costs in many counties. A 2016 study found that 62 percent of the 171,000 families receiving the shelter allowance had rents that exceeded the allowance.[84]

## Proposals to Address Gaps and Increase Wage Adequacy

Eligibility, coverage, and hardship gaps reveal the deep and persistent contradictions within our safety net and how it renders true economic mobility for the most vulnerable New Yorkers nearly impossible. However, we are now in a moment that offers prospects for addressing the gaps, increasing wage adequacy, and making structural changes that go well beyond eliminating benefits cliffs.

Since FPWA began its analysis of benefits cliffs in New York State, much of our sociopolitical landscape has drastically changed. Nationally, a new federal administration ushers in opportunities to present broader-scale solutions and the possibility of reinvigorated political will to envision a more equitable, functional benefits system. Moreover, Covid-19 has laid bare the consequences of our patchwork safety net systems that have left millions of people with no recourse in the face of unprecedented fatalities, job loss, food and housing insecurity, and other impacts that will be felt for many years to come. It became clear to us that while eliminating benefits cliffs would provide important short- and medium-term relief to families in need, longer-term solutions aimed at redressing financial gaps might be more politically feasible and could deliver a true safety net system that can not only support all New Yorkers through a crisis but guide them to meaningful economic stability.

A deeper analysis of financial gaps will be the focus of FPWA's future work on the benefits system. In advance of

Covid-19 has laid bare the consequences of our patchwork safety net systems that have left millions of people with no recourse in the face of unprecedented fatalities, job loss, food and housing insecurity, and other impacts that will be felt for many years to come.

this research, the following section highlights select proposals from local and national advocates that attempt to address gaps and increase wage adequacy. These proposals illustrate the types of recommendations that follow from a greater emphasis on financial gaps and their root causes than on the symptom of benefits cliffs. The goal is to offer bold, systemic recommendations that we will develop in collaboration with advocates, providers, and those receiving public benefits.

## Addressing Healthcare Gaps

While New York has expanded Medicaid access and the Essential Health Plan provides affordable health insurance to those between 138% and 200% FPL, even small healthcare gaps can reduce stability, interrupt payments or continuity of care, and decrease wage adequacy for some New Yorkers.

**Proposal #1: Improve the Premium Tax Credit.**
Simplifying the process for obtaining the Premium Tax Credit and increasing uptake of the Advance Premium Credit could reduce coverage gaps and increase health equity throughout the state.[85]

**Proposal #2: Pass and implement the New York Health Act.**
Holistic solutions that guarantee healthcare to all residents and decrease their healthcare expenses will increase overall financial stability, wage adequacy, and of course, health outcomes. The New York Health Act, a bill in the state legislature that would create a universal, single-payer healthcare system,[86] would do more to remedy the stark racial, ethnic, and neighborhood health outcome disparities than would be possible with smaller-scale interventions.

## Addressing Childcare Gaps

**Proposal #1: Significantly increase childcare spending to address rising childcare costs.**
While the $2.4 billion increase to the Childcare and Development Block Grant in fiscal year 2018 was historic, it did not fully address the cost of improving health, safety, and quality standards while also increasing the number of children served by the block grant. A significant increase in

funding is needed to ensure that this benefit is at the very least available for all working families that qualify.

**Proposal #2: Increase eligibility for childcare subsidies.** Increasing eligibility thresholds would expand childcare subsidies to more families that currently do not qualify even though they are below 100% wage adequacy. It would also keep families that currently receive the subsidy from losing it at 200% FPL, which is not wage-adequate for a single adult with an infant and toddler in any county of the state.

## Addressing Wage Adequacy for Families

In this report we have defined benefits cliffs and described the common difficulties associated with studying cliff effects. We have also reviewed the landscape of public benefits in New York, especially for SNAP, Medicaid, childcare subsidies, and tax credits. And we have identified the cliffs that exist within that landscape and outlined the strides New York State has made thus far in ameliorating cliff effects. The entirety of our discussion has been grounded in the Self-Sufficiency Standard and wage adequacy because we believe that reforming our safety net requires that we are first able to accurately calculate "basic needs" in ways that account for differences in geography and family composition. Our belief that policymaking must be as focused on addressing the root causes of an issue as on its urgent manifestations motivated us to broaden our consideration of cliff effects to include financial gaps.

To address the remaining cliff effects in New York State, we have offered recommendations that have the capacity to provide additional, immediate support to families. We have also included select proposals aimed at remedying healthcare and childcare financial gaps. The final set of proposals, which focus on eliminating hardship gaps, take an even wider view as we consider where opportunities exist for low-income families to reduce their childcare costs and increase the money they have to cover their other basic needs or save for crises or opportunities. As with the section on healthcare and childcare gaps, we hope to conduct further research and analysis on the proposals below to make specific recommendations in our forthcoming report.

**Proposal #1: Implement a cap on family copays for childcare subsidies.**

New York should implement a cap on family copays in order to make childcare affordable for families across the state, acknowledging the true cost of childcare statewide and eliminating the disparities that exist between counties and regions. A proposal of this nature was included as a part of Governor Cuomo's FY22 executive budget. The governor announced his intention to address structural inequalities through the creation of additional statewide childcare options, including investing $40 million to reduce the burden of childcare subsidy copays for about 32,000 families.[87] Under this plan, no New York family would pay more than 20 percent of the amount of their income that is above the federal poverty level for childcare copays. As of the writing of this report, advocates are reviewing this proposal to understand its impact on the affordability of childcare.

Governor Cuomo also convened the Childcare Availability Task Force in 2018 in order to develop solutions to improve access for New York families to quality, affordable childcare.[88] FPWA encourages the Governor to release the Task Force's recommendations to address New York's childcare crisis.

**Proposal #2: Expand access to tax credits and improve their efficacy.**

Tax credits may increase wage adequacy when they are fully refundable, disbursed monthly, and when the maximum benefits are enough to provide the relief that a low-income individual or family needs. A monthly payment would allow families to better direct their finances towards meeting their basic needs, such as childcare, rather than accumulating debt while awaiting their annual lump sum payment.[89] In a reimagined, more just taxation system, families whose incomes are too low to cover their basic needs should be able to keep as much of their earned income as possible. Racial and ethnic disparities in access to tax credits must also be urgently addressed. Reforming and expanding tax credits should include the following considerations:

- Ensure that racial disparities that currently exist around access to tax credits are eliminated and that concrete steps are taken to redress the compounded financial harms resulting from decades of exclusion.[90]
- Expand eligibility based on age to include younger and older adult workers, preventing them from being taxed into poverty.
- Make credits fully refundable.
- Ensure that credits are paid out monthly.
- Remove restrictions on families without earned income.
- Remove restrictions based on immigration status.
- Increase thresholds for maximum benefits available under each tax credit.

**Proposal #3: Increase knowledge and utilization of benefits and tax credits.**

New York State has made numerous efforts to address benefits cliffs through policy changes. Yet, the most vulnerable and hard-to-reach populations in the state are often not aware of changes to benefits programs, including opportunities to lower the cost of basic needs such as housing and childcare through vouchers and other benefits programs. In other cases, some are unable to take advantage of these changes because of inaccessibility or other factors. No matter the reasons, benefits programs and tax credits are unduly complicated and are hampered by unnecessary bureaucratic barriers to access such as forced waiting periods and restrictive recertification periods. They can often be opaque even to providers attempting to help clients navigate their claims. Benefits recipients should not continue to be subjected to a labyrinthine system riddled with gatekeepers and excessive administrative hurdles.

# Conclusion

The American social safety net has long ceased to operate according to its most idealistic function as a safeguard for those facing economic hardships. Instead, decades of underinvestment and poor program design rooted in outdated federal poverty measures have resulted in a patchwork of programs that are unable to offer more than Band-Aid solutions to far fewer families than are in often-desperate need. Some benefit programs are so misaligned in their eligibility rules and burdened by needless complexity that the support they seek to offer is undermined by confusion and instability. New York State has not managed to escape this grim reality plaguing federal-level safety-net supports.

Benefits cliffs and financial gaps are among the daunting effects that this flawed and antiquated safety-net system has on recipients, complicating the work of providers who struggle to anticipate these consequences with limited options to avoid them. New York has managed to fare better than many other states with built-in phase outs in federal tax credits and because the state has implemented federal expansion opportunities in healthcare and SNAP. The state's federally funded childcare subsidy program, however, still features a significant cliff effect that impacts families struggling to obtain quality, affordable childcare. Addressing this problem requires more than just funding; it needs the kind of phase-out schedule or "exit threshold" that has allowed other benefit programs to mitigate or eliminate abrupt cutoffs of benefits when a family's income grows by a dollar too many.

Reducing the cycle of administrative "churn" that plagues many benefits programs would also save countless families from the destabilizing and emotionally wrenching effects of a letter informing them that the childcare subsidy they depend on has been cut off—in many cases needlessly so. Simply by allowing more time for families to report and manage changes in income, the childcare subsidy program can improve the consistency of benefits for many recipients. There are, of course, deeper issues within New York's subsidy program that need long-term solutions. But these recommendations offer interim remedies for families facing an imminent and potentially debilitating childcare cliff.

Identifying benefits cliffs and exploring how they impact recipients and providers was a critical first step in our effort to understand the scope of the issue. It not only clarified the extent to which

cliff effects remain embedded within the New York State benefits system, but it also put to rest fears that minimum wage increases—the subject of fierce advocacy, debate and economic analysis, particularly at the federal level—would lead to benefits cliffs. Efforts to increase the state and federal minimum wages must be ongoing, especially since our wage adequacy tool puts in high relief just how insufficient $15 an hour is for a family of any size in any county of our state. Achieving self-sufficiency for families is impossible without increasing wages.

Identifying and eliminating benefits cliffs cannot be the only step, however. As we described throughout this report, benefits cliffs are only one way recipients encounter financial gaps, the umbrella term for shortfalls between a person or family's needs and their income. Financial gaps offer a much more comprehensive understanding of the drivers of financial instability that most concern many of the people we spoke with during discussions that were ostensibly about cliff effects. As an anti-poverty organization committed to increasing the economic self-sufficiency of all New Yorkers, FPWA believes we must look beyond the cliffs. What we've concluded from our work on this first report is that the financial gap perspective, paired with a focus on wage adequacy rather than on traditional measures of poverty, has much greater potential to reshape our safety net to be truly supportive of low-income families. Ultimately, longer-term, and more universal solutions are necessary to address gaps and strengthen the system as a whole. FPWA hopes to offer recommendations that follow from a forthcoming mixed-methods investigation of financial gaps throughout our benefits programs of interest.

Ultimately, longer-term, and more universal solutions are necessary to address gaps and strengthen the system as a whole.

Finally, it is imperative that we place this discussion, and our work to come, in the context of the larger societal challenges we confront in America today. Even the most ardent efforts to address the universe of financial gaps will fall short if we do not also address the racism, xenophobia, and economic and class biases—implicit and explicit—that underpin our benefits system. The question of *Who really deserves benefits?* continues to loom large; public assistance as "government handouts" is a deeply ingrained perception that still informs public policy. This attitude towards poverty is reflected in this nation's unwillingness to measure it accurately in the first place, and results in the

inequitable distribution of critical income supports. Some benefit eligibility exclusions are based on immigration status, explicit or not. Others disqualify recipients who have too little earned income. And research shows that states with large minority populations are consistently stingier with benefits.[91]

Clearly, no effort to improve the safety net can be divorced from this greater cultural conversation. Policymakers, legislators, advocates, researchers, and service providers all have a critical role to play in eliminating the stigma of needing benefits and the belief that historically oppressed demographic groups do not deserve a safety net. The power to create sustainable changes to our benefits system is ultimately in the hands of our lawmakers: we must demand that they join us in the fight to realize the equitable community that we all want and deserve.

## Appendix: Self Sufficiency Wages for Select Family Types by New York County

| COUNTY | SELF-SUFFICIENCY WAGE BY FAMILY TYPE | | | |
|---|---|---|---|---|
| | SINGLE ADULT | 1 ADULT, 1 PRESCHOOLER | 1 ADULT, 1 INFANT, 1 PRESCHOOLER | 2 ADULTS*, 1 INFANT, 1 PRESCHOOLER |
| Albany County | $13.27 | $24.90 | $34.13 | $19.21 |
| Allegany County | $10.04 | $18.42 | $25.34 | $14.75 |
| Bronx County | $17.82 | $32.26 | $45.19 | $23.13 |
| Broome County | $10.67 | $20.43 | $26.88 | $15.49 |
| Cattaraugus County | $ 9.83 | $17.71 | $24.59 | $14.36 |
| Cayuga County | $10.86 | $20.26 | $26.70 | $15.40 |
| Chautauqua County | $ 9.93 | $17.98 | $24.84 | $14.34 |
| Chemung County | $11.05 | $20.66 | $27.04 | $15.45 |
| Chenango County | $10.34 | $19.28 | $25.75 | $14.81 |
| Clinton County | $11.00 | $20.67 | $27.17 | $15.63 |
| Columbia County | $12.51 | $23.46 | $32.08 | $18.15 |
| Cortland County | $11.19 | $20.39 | $26.77 | $15.40 |
| Delaware County | $11.33 | $20.84 | $27.62 | $16.10 |
| Dutchess County | $16.10 | $28.99 | $38.80 | $21.33 |
| Erie County | $11.78 | $22.29 | $30.85 | $17.52 |
| Essex County | $11.19 | $20.42 | $26.88 | $15.50 |
| Franklin County | $10.60 | $19.09 | $25.61 | $14.71 |
| Fulton County | $10.66 | $19.65 | $26.00 | $15.00 |
| Genesee County | $10.64 | $19.12 | $25.69 | $14.83 |
| Greene County | $12.32 | $22.08 | $28.50 | $16.51 |
| Hamilton County | $11.10 | $21.10 | $27.70 | $15.89 |
| Herkimer County | $ 9.96 | $18.99 | $25.56 | $14.73 |
| Jefferson County | $11.60 | $21.72 | $28.23 | $16.01 |
| Kings County (excluding Northwest Brooklyn) | $18.42 | $33.08 | $46.36 | $23.80 |
| Kings County (Northwest Brooklyn) | $25.42 | $42.09 | $55.76 | $28.21 |
| Lewis County | $10.70 | $20.05 | $26.47 | $15.33 |
| Livingston County | $10.85 | $19.85 | $26.24 | $15.18 |
| Madison County | $10.97 | $20.33 | $26.73 | $15.37 |
| Monroe County | $11.83 | $22.74 | $31.29 | $17.60 |
| Montgomery County | $10.89 | $19.73 | $26.10 | $15.10 |
| Nassau County | $21.17 | $38.10 | $52.22 | $27.93 |
| New York, North | $16.79 | $31.91 | $45.97 | $24.34 |
| New York, South | $32.52 | $51.05 | $65.96 | $33.98 |
| Niagara County | $10.85 | $19.45 | $25.95 | $15.04 |
| Oneida County | $10.41 | $19.87 | $26.26 | $15.22 |
| Onondaga County | $11.39 | $22.55 | $31.07 | $17.49 |
| Ontario County | $11.68 | $22.54 | $31.07 | $17.49 |
| Orange County | $15.26 | $28.31 | $37.83 | $20.92 |
| Orleans County | $10.43 | $19.11 | $25.60 | $14.69 |
| Oswego County | $10.51 | $19.75 | $26.03 | $14.97 |
| Otsego County | $11.47 | $21.07 | $27.63 | $15.89 |
| Putnam County | $20.61 | $36.35 | $50.60 | $26.94 |
| Queens County | $20.25 | $35.29 | $48.65 | $24.71 |
| Rensselaer County | $12.50 | $23.63 | $32.29 | $18.24 |
| Richmond County | $18.42 | $33.07 | $46.29 | $23.72 |
| Rockland County | $21.36 | $36.85 | $50.79 | $26.83 |
| Saratoga County | $13.59 | $25.32 | $34.61 | $19.40 |
| Schenectady County | $12.56 | $23.72 | $32.34 | $18.24 |
| Schoharie County | $11.57 | $20.90 | $27.45 | $15.82 |
| Schuyler County | $10.34 | $19.55 | $26.03 | $15.01 |
| Seneca County | $10.41 | $18.82 | $25.35 | $14.51 |
| St. Lawrence County | $10.62 | $19.95 | $26.28 | $15.06 |
| Steuben County | $10.47 | $19.27 | $25.82 | $14.85 |
| Suffolk County | $19.70 | $36.10 | $50.06 | $26.58 |
| Sullivan County | $12.34 | $22.31 | $28.54 | $16.51 |
| Tioga County | $10.66 | $20.30 | $26.87 | $15.55 |
| Tompkins County | $14.29 | $26.02 | $34.73 | $19.42 |
| Ulster County | $14.31 | $26.98 | $36.38 | $20.23 |
| Warren County | $12.13 | $23.47 | $32.07 | $18.05 |
| Washington County | $11.87 | $21.63 | $28.16 | $16.43 |
| Wayne County | $10.64 | $19.52 | $25.99 | $14.97 |
| Westchester County | $17.81 | $33.57 | $47.49 | $24.33 |
| Wyoming County | $ 9.97 | $18.88 | $25.67 | $14.99 |
| Yates County | $10.12 | $18.16 | $24.85 | $14.23 |

* This would represent the self-sufficiency wages per adult.

## Endnotes

1. Eligibility, coverage, and hardship gaps are collectively referred to as "financial gaps."

2. In 50 counties, $15 per hour is a self-sufficiency wage for single adults.

3. U.S. Department of Health and Human Services. (2019, November 5). *Programs that use the poverty guidelines as a part of eligibility determination*. Retrieved March 17, 2021, from https://www.hhs.gov/answers/hhs-administrative/what-programs-use-the-poverty-guidelines/index.html

4. There are two versions of the poverty measure: the poverty thresholds and the poverty guideline. The poverty thresholds, or Official Poverty Measure (OPM), is the original poverty measure developed in the 1960s by Mollie Orshansky, and are updated by the Census Bureau and used for the statistical accounting of persons living below the OPM. While the OPM develops different poverty thresholds based on the number of children, adults, and older adults in the household, it does not account for regional differences in cost and is the same in all 50 states. The Federal Poverty Guidelines (FPG), simplified versions of the poverty thresholds, are issued by the federal Department of Health and Human Services for administrative purposes, such as assessing eligibility for some federal programs; the FPG only factors in the total number of people in a household (regardless of age) and establishes separate guidelines for the 48 contiguous states, Alaska, and Hawaii.

5. Fremstad, S. (2020, October 1). *The defining down of economic deprivation: Why we need to reset the poverty line*. The Century Foundation. Retrieved March 17, 2021, from https://tcf.org/content/report/defining-economic-deprivation-need-reset-poverty-line/#easy-footnote-bottom-25

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7. The population sample used in this report includes only households in which there is least one adult aged 18-64 without a work-limiting disability. This is because the Self-Sufficiency Standard assumes that all adult household members work. Thus, this analysis excludes older adults and adults with work-limiting disabilities and their incomes when determining household composition and income. Adults are considered to have a work-limiting disability if they receive Supplemental Security Income or Social Security Income due to a disability or if they are not in the labor force due to a disability.

8. Purely state and local-funded cash assistance is called "Safety Net Assistance" or SNA.

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