



The Benefits Cliff:
Helping Friends in Need Answer
Difficult Questions and Build
Security

Tom Mulloy

National Director of Poverty Programs

National Council of the United States Society of St. Vincent de Paul

Opening Prayer

Help Us Build Communities in God's Vision of Justice

Holy Spirit,

We praise and thank you!

You anoint us to

bring glad tidings to the poor

proclaim liberty to captives

recover sight for the blind

free the oppressed

and build communities in keeping with God's
vision of justice.

Show us how to be

light of the world

salt of the earth

seeds that sprout love

and leaven that infuses humanity

with the desire to promote

human dignity and solidarity.

Help us to listen so that those in poverty can

lead our efforts to proclaim a more hopeful
vision

liberate captives from injustice

heal the blindness of the powerful

free us all from self-centeredness

and build community to overcome poverty.

Amen.

Catechism of the Catholic Church

Role of the state to...

“make accessible to each what is needed to lead a truly human life: food, clothing, health, work, education and culture, suitable information, the right to establish a family, and so on” (1908).

“to defend and promote the common good of civil society, its citizens, and intermediate bodies.” (1910)

“Reasonable regulation of the marketplace and economic initiatives, in keeping with a just hierarchy of values and a view to the common good, is to be commended.” (2425)

Caritas in Veritate

“Being out of work or dependent on public or private assistance for a prolonged period undermines the freedom and creativity of the person and his family and social relationships, causing great psychological and spiritual suffering....” (25)

-Pope Emeritus Benedict XVI



“Welfare programs geared to certain emergencies can only be considered temporary and incidental responses. They could never replace true inclusion, an inclusion which provides worthy, free, creative, participatory and solidary work.”

-July 9, 2015

What's a Benefit Cliff?

An earnings level at which a public benefit recipient abruptly loses all or a substantial portion of that benefit, resulting in a net loss of income.

Why are they important?

What's a Benefit Cliff?

“Very few if any low-income workers are fully aware of the complex system of phase outs and threshold that affect their eligibility for benefits. They are likely to receive only indirect and delayed information on the effects of earnings changes on benefits, which reduces the degree to which these effects actually influence behaviors.”

[-Elizabeth Lower-Basch, CLASP \(2012\)](#)

2015 Poverty Levels

Family Size	Annual Income
Single, Working-age Adult	\$12,300
with One Child	\$16,300
Adult Couple	\$15,900
with one child	\$19,100
with two children	\$24,000
with three children	\$28,200

[census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf](https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf)

2015 Poverty Levels

Family Size	Annual Income	Basic Security (2x Poverty)
Single, Working-age Adult	\$12,300	\$24,600
with One Child	\$16,300	\$32,600
Adult Couple	\$15,900	\$31,800
with one child	\$19,100	\$38,200
with two children	\$24,000	\$48,000
with three children	\$28,200	\$56,400

Determine Basic Economic Security for your area: epi.org/resources/budget/

Working Tax Credits

Earned Income (EITC)

- [26 states and Washington, DC](#) have their own EITCs that enhance the federal.

- [EITC Calculator](#)

- Strong Catholic Church support because they encourage work AND family formation.
- Combined, these credits are the single largest antipoverty program in the country outside of Social Security, with BY FAR the biggest impact on child poverty.

Child (CTC)

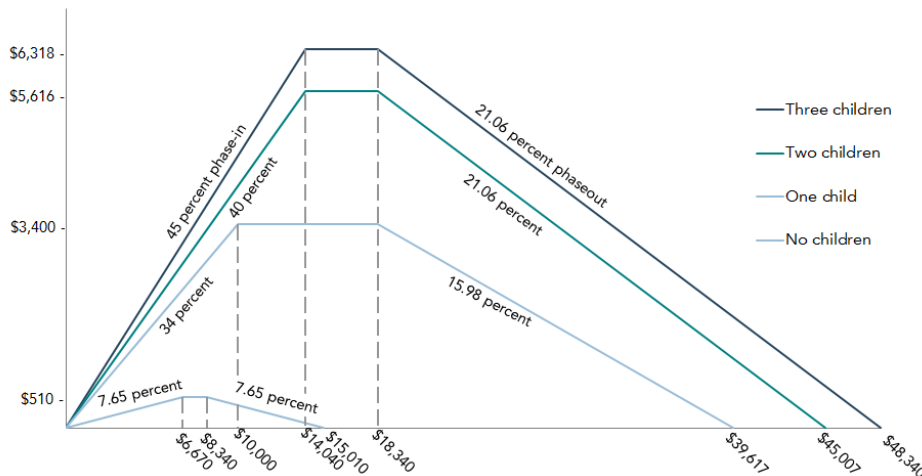
- Worth up to \$1000/child
- “Additional” CTC makes it refundable for families at certain income levels

Working Tax Credits

FIGURE 1
Earned Income Tax Credit
2017



Credit amount

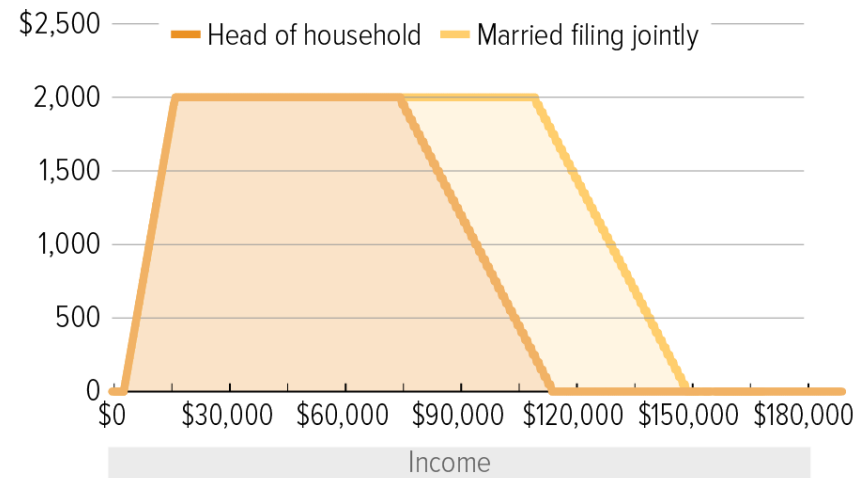


Source: Urban-Brookings Tax Policy Center; IRS Rev. Proc. 2016-55.

Note: Assumes all income comes from earnings. Amounts are for taxpayers filing a single or head-of-household tax return. For married couples filing a joint tax return, the credit begins to phase out at income \$5,590 higher than shown.

urban.org/research/publication/refundable-credits-earned-income-tax-credit-and-child-tax-credit

Child Tax Credit for Households with Two Children, 2016



Note: Assumes all income is from earnings (as opposed to investments, for example). Low-income working families can receive their credit as a refund equal to 15 percent of their earnings above \$3,000, up to the credit's full \$1,000 value per child.

Source: Internal Revenue Service

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

cbpp.org/research/federal-tax/chart-book-the-earned-income-tax-credit-and-child-tax-credit

Health Care

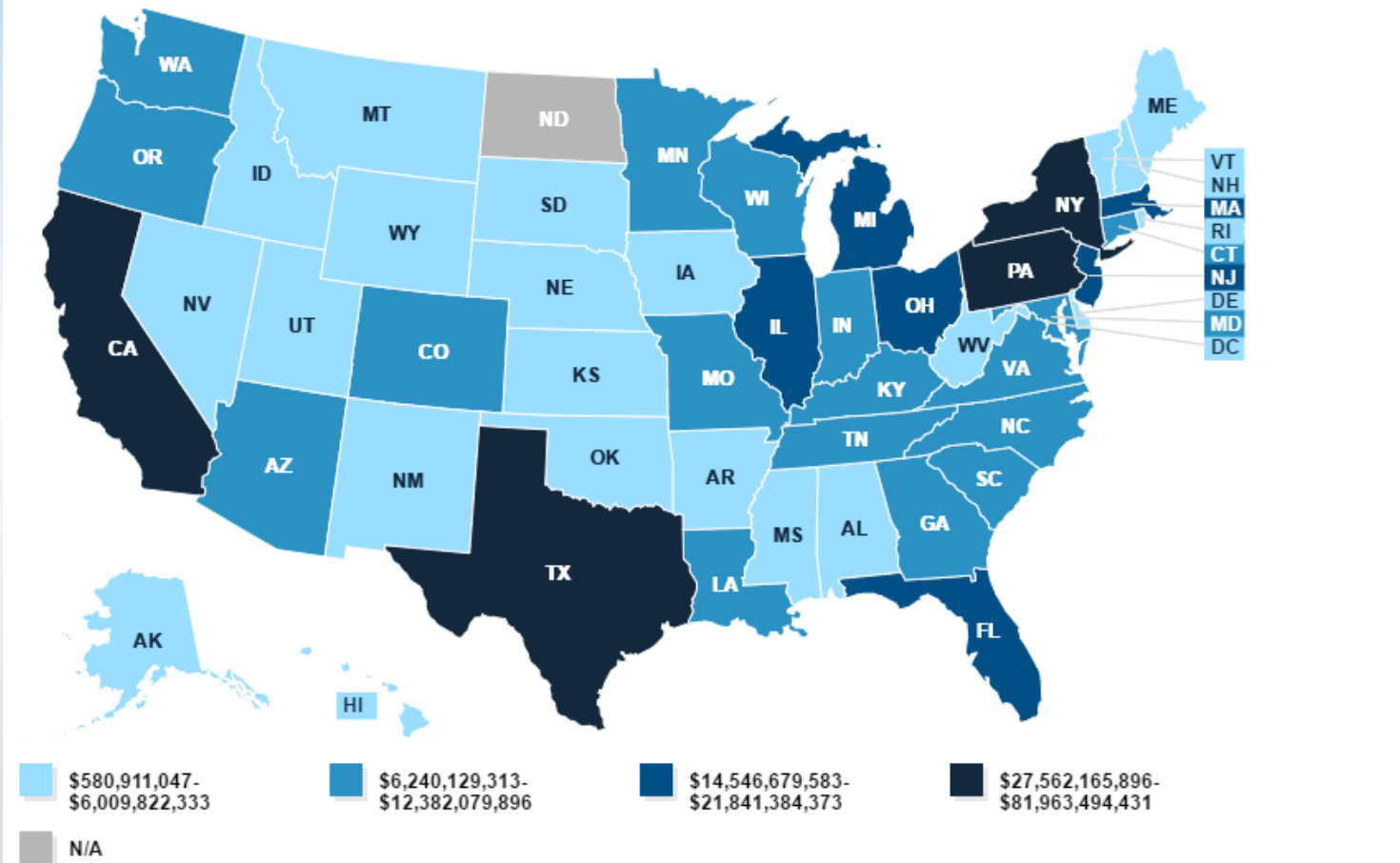
- Prior to Affordable Care Act and Medicaid Expansion, Medicaid/CHIP accounted for one of the most severe cliffs in social policy
- States taking Medicaid Expansion addressed this problem; states rejecting expansion still have problem

Programs Available

- Medicaid/Children's Health Insurance Program (CHIP)
- State Exchange with Subsidy
- Medicare

Health Care

Total Medicaid Spending: Total Medicaid Spending, FY 2016



SOURCE: Kaiser Family Foundation's State Health Facts.

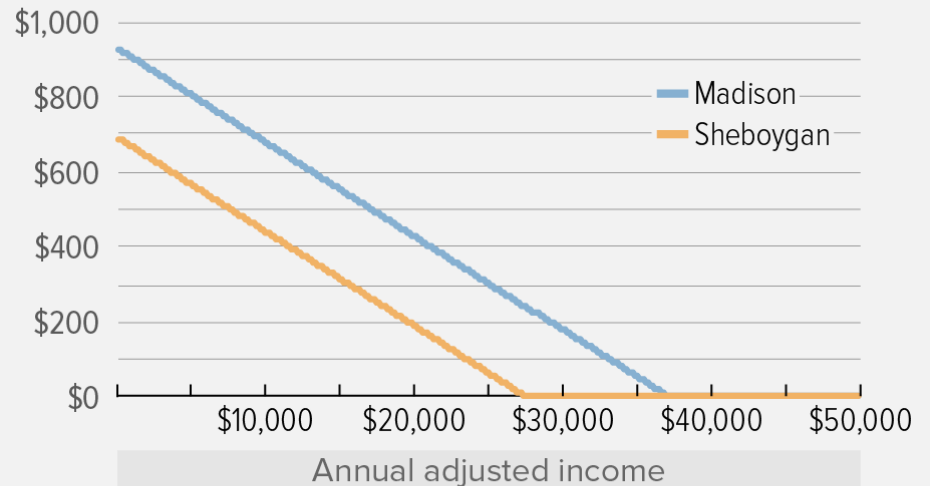
[kff.org/medicaid/state-indicator/total-medicaid-spending/?activeTab=map¤tTimeframe=0&selectedDistributions=total-medicaid-spending&sortModel={"colId":"Location","sort":"asc"}](http://kff.org/medicaid/state-indicator/total-medicaid-spending/?activeTab=map¤tTimeframe=0&selectedDistributions=total-medicaid-spending&sortModel={)

Housing

- [Section 8 Project-based or Tenant-based Voucher](#)
- [Rural Housing Assistance](#)
- [Veterans Affairs Supportive Housing \(HUD-VASH\)](#)

Voucher Assistance Phases Out Gradually as Income Rises

Monthly subsidy for standard two-bedroom unit in Madison and Sheboygan, WI



Note: Madison and Sheboygan represent higher- and lower-cost rental areas, respectively. Graph assumes a maximum subsidy at the Local Fair Market Rent (40th percentile of rents in metro area), a family contribution of at least 30 percent of adjusted income, and unit rent plus utilities at or above the Fair Market Rent.

Source: CBPP calculation based on Housing and Urban Development data

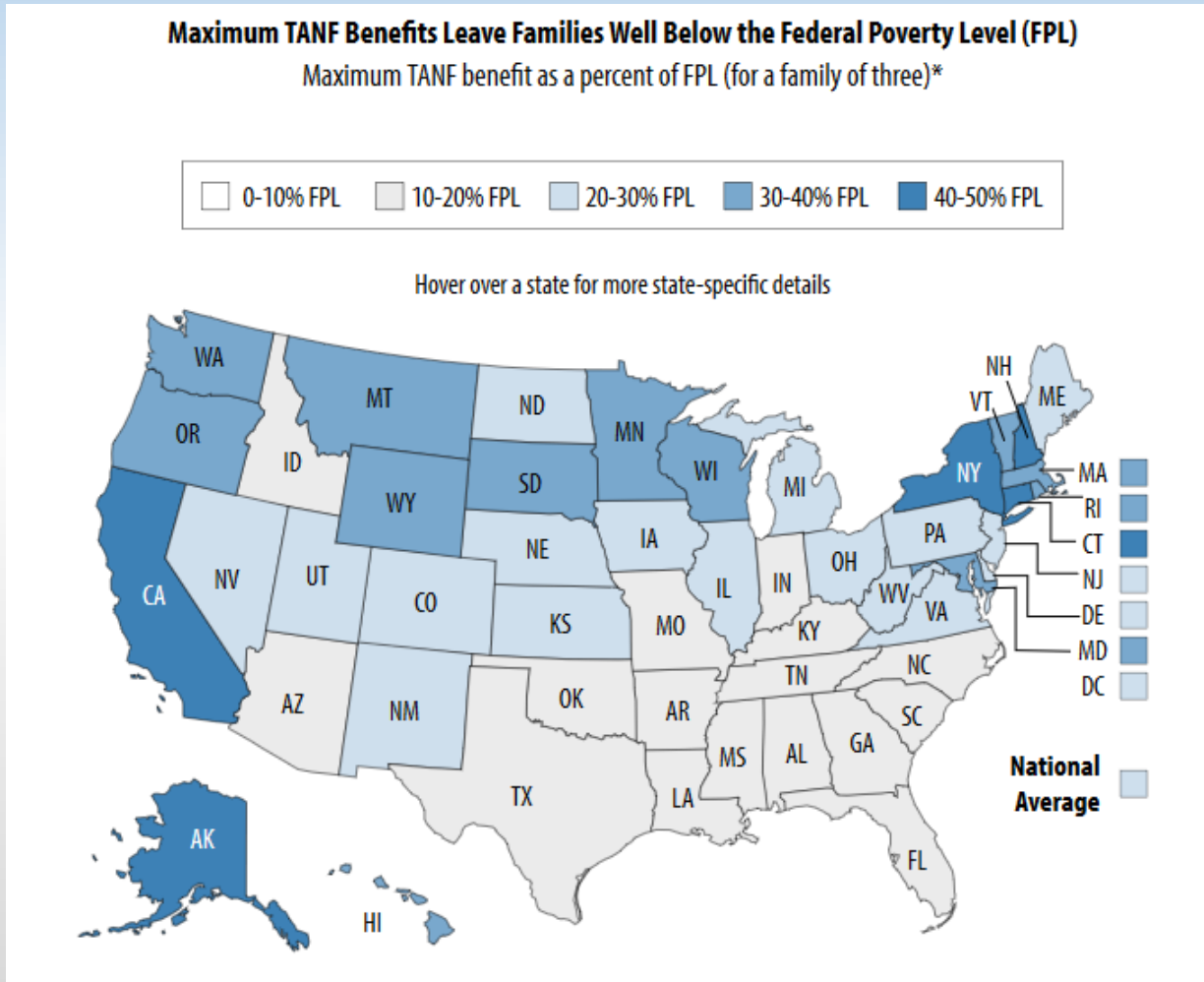
Hunger and Nutrition

- Supplemental Nutrition Assistance Program (SNAP)
 - Income AND Asset criteria create potential cliffs
 - Gross income at or below 130% of poverty (\$2,600/mo. family of 4)
 - Net income less than or equal to 100% of poverty (\$2,000/mo. family of 4).
 - Assets below certain limits (generally \$3,250 for households w/ elderly or disabled; \$2,250 without)
 - [States have flexibility to change \(Check with state or local office\)](#)
- [Free and Reduced School Meals](#)
- Women, Infants, and Children ([WIC](#))
 - Income AND Family Composition Eligibility create potential cliffs

Child Care

- Federally funded through Child Care and Development Fund, but locally administered
- \$5.7 billion in FY 2016, divided among states and territories by formula
- In many states, child care subsidies abruptly cut off
- [To Determine Eligibility and Resources in Your State](#)

Cash Assistance by State (TANF)

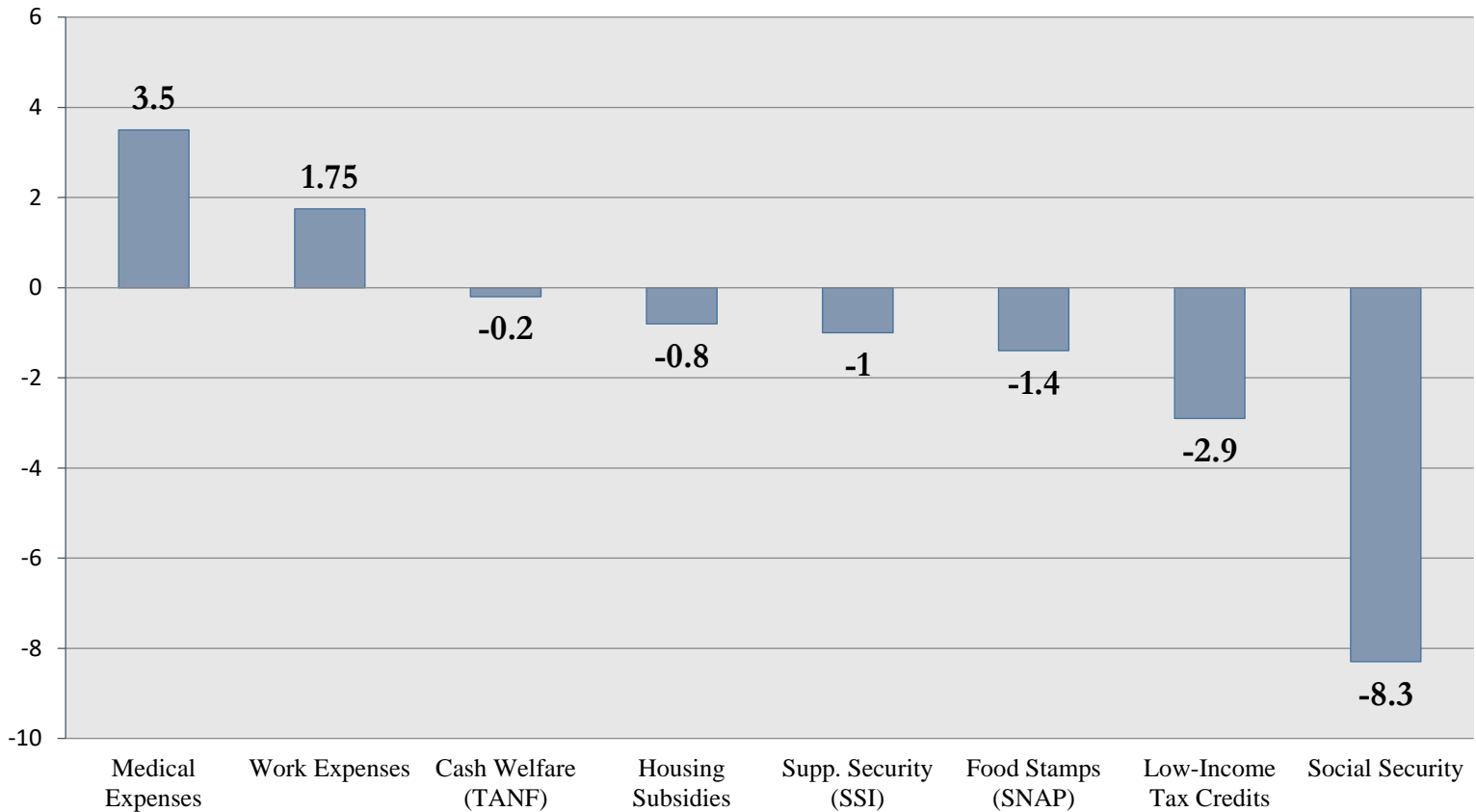


Other Possible Programs

- Low Income Home Energy Assistance Program ([LIHEAP](#))
- [Unemployment](#)
- Social Security (SS/SSI/SSDI)
 - [Project Empower](#)
- [Other Veterans' Programs](#)

Federal Antipoverty Programs

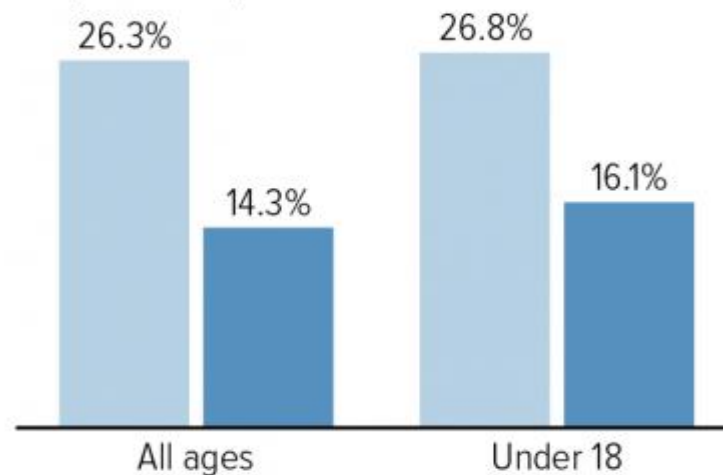
Effect on Poverty of Select Programs



Supplemental Poverty Measure

Safety Net Cut Poverty Rate Nearly in Half in 2015

- Counting no government assistance (before taxes)
- Counting all government assistance (after taxes)



Note: Figures use the federal government's Supplemental Poverty Measure (SPM).

Source: CBPP analysis of Census Bureau data from the March 2016 Current Population Survey and 2015 SPM public use file.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

cbpp.org/blog/safety-net-cut-poverty-nearly-in-half-last-year

Stay Active and Stay Tuned!

- Sign up for action alerts at svdpusa.org/vop
How You Can Get Involved
- Check out upcoming webinars every
Third Thursday at 3:00 PM ET
Archive: svdpusa.org/members/Programs-Tools/Programs/Voice-of-the-Poor/What-Has-Been-Accomplished

“Let’s give ourselves to God then once and for all, let’s work, let’s work, let’s go to the assistance of the poor country people who are waiting for us.”

-St. Vincent de Paul

Tom Mulloy tmulloy@svdpusa.org