

Transcript

FedTalk: The Benefits Cliff: How It's Impacting Workers, Employers, and the Economy

Federal Reserve Bank of Cleveland

July 31, 2023

Presentation

Panelists:

- Scott Fast, Workforce and Technology Strategist, Innovate+Educate
- Anne Kandilis, Director, Springfield WORKS Economic Development Council of Western Massachusetts
- Marielle Lovecchio, Director, Tennessee Alliance for Economic Mobility

Moderators:

- Brittany Birken, Community and Economic Development Director & Principal Advisor, Federal Reserve Bank of Atlanta
- Gabriella Chiarenza, Communications Advisor, Fed Communities

Gabriella Chiarenza:

Good afternoon, everyone. Thank you for joining us and welcome to today's *FedTalk*. I'm Gabriella Chiarenza. I'm a writer for Fed Communities. Fed Communities is a Federal Reserve platform that amplifies community voices and stories from around the country. The Fed's role is a partner in this community work. You can find us at fedcommunities.org.

There are a few links in the chat for you. There's a link to our recent story on the benefits cliff. If you want more on this topic, you can also check out several upcoming pieces on this topic we have rolling out in August and September. Subscribe to our newsletter via the link in the chat to learn when those pieces are live on our site. It's my pleasure to kick off today's *FedTalk* session on the benefits cliff.

FedTalk is the Cleveland Fed Speaker Series in which we share insights relevant to our community. All of the *FedTalk* events can be found at clevelandfed.org or on our [YouTube channel](#). A bit of background about the benefits cliff. It can occur when someone who's receiving public benefits, so this might include cash assistance, also known as TANF, food assistance, sometimes known as SNAP, housing Health or disability benefits when they begin to earn more income.

They may be pushed over the income threshold for one or more benefit programs and begin to lose benefits before they can afford to cover those costs with income by itself. It's hard to know when a cliff is coming for a lot of people and it's hard to know where to turn when a cliff does happen. It can be really scary for a lot of families. One example of this just from someone I spoke to when I was researching some of our stories.

She got \$1 dollar more an hour at her job for being great at her job. She was promoted to an assistant manager. Dollar more an hour, so about \$200 more per month in income with the hours she was working. Then she lost about \$800 worth of food and housing benefits for that same amount of time. As you can see, the math really doesn't add up for a lot of families when they lose these benefits.

Benefits cliffs can really discourage people from pursuing their career and education dreams. They can limit workforce participation and make it much harder for employers to fill important roles and advance strong employees. It's really problematic all around. Fortunately, there are a lot of people who are doing a lot of great work on this topic and trying to make things a little better.

They're involving people who have lived experience with the benefits cliff to make sure that these solutions will really serve those who need them, and also employers who need to be involved in this work as well. We have three great panelists who will tell you more about that today. Just before we begin, a few housekeeping things.

During this event, your microphone and camera are disabled, please type and submit your questions to our panelists in the chat box. In case the Zoom meeting drops, please use the dial in information provided in the invitation to join the call. Now, I'm going to pass it over to my colleague Brittany Birkin, who is a community and economic development director and principal advisor at the Federal Reserve Bank of Atlanta.

Brittany Birken:

Thank you, Gabriella. I really appreciate you grounding the conversation with a true life story. It's my pleasure to be with you all this afternoon and share a little bit about how the Federal Reserve Bank of Atlanta got into this work. A little bit about our tools and some of the things that we are learning and then want to quickly be able to hand it over to the panelists so you can learn from their experiences in their community and states.

How did the Atlanta Fed come become involved in this? One of our strategic priorities is economic mobility and resilience and our director of research and executive vice president as an economist was doing research on what's called marginal tax rates, which is economist speak for benefits cliffs and really dialing in to better understand net financial resources.

When you think about income after taxes, plus any public benefits received minus your basic household expenses, what's left over are your net financial resources. He was noticing the patterns and trends that as low income families who are accessing public benefits received wage increases. Sometimes there was a pretty steep benefits clip that occurred.

He recognized at the time through some due diligence and research that there weren't any tools available through the lens of workforce development. Thinking about the arcs of careers that can occur in earnings over time to understand when potential barriers like benefits cliffs would occur. It was a lot of evidence that people had knowledge about benefits cliffs, but less evidence of information, no tools that were available to help answer questions like when do they occur?

For whom do they occur? How do they vary based on geography and where you live? How do they vary by household composition? How do they vary based on the public assistance packages that an individual family may be receiving? We developed a dashboard to help provide that information to partners who are working on these issues and challenges and trying to figure out mitigation strategies.

From their feedback actually have now developed a suite of tools. There's three tools that are core to this work that are really built on a survive to thrive continuum with the first tool being a fairly simplistic look at what happens if changes to hours or changes to wages occur? Is that going to better position an individual and stabilize them? Then our next tool helps support career exploration, career pathway development.

Then, a final tool also considers both career exploration but also thinking about household financial budgeting as well. The goal with these three tools was to help provide informed information that is taking shape in our workforce development partners using this as a coaching tools. As you know, job seekers and workers come in thinking about education training, career pathway development, that there's better line of sight on what's going to ultimately best position them and their family for economic self-sufficiency.

We also have a number of partners that are using this information to really map the benefits cliffs. When you understand when they may occur and see some trends, use that information to think about community resources, government and nonprofit that can come together to address these barriers. Some community partners and some you'll hear from today that are using this information for innovation to say, "How can we model potential solutions to these benefits cliffs factoring in things like system alignment strategies and even policy changes longer term?"

Then of course, as Gabriella mentioned, the important role of employers and working directly with some employers to understand internal career pathway development. The potential to think of compensation and benefits package strategies that might better support lower wage earners as they're moving up and into new opportunities within a given employer. Want to really turn it over to our three fabulous panelists that are here this afternoon to talk a little more deeply about their work on benefits cliffs. It's my pleasure to introduce Scott, he is a workforce and technology strategist with Innovate+Educate. Anne Kandilis who is the director of Springfield WORKS Economic Development Council of Western Massachusetts. Marielle Lovecchio, she's the director of the Tennessee Alliance for Economic Mobility.

We're going to hear from each of them in succession and then have a little bit of Q&A. As Gabriella mentioned, please put your questions in the chat for us. With that, Scott, I'll hand it over to you.

Scott Fast:

Thanks, Brittany, really appreciate the opportunity to be here. My career was actually in IT. We were usually struggling to find the right people with the right skills throughout my time there. We built career pathways to hire entry level people, help them advance quickly through training and experience, and it got them into the paying a middle class wage.

When I began to volunteer on filling career gaps in other industries like healthcare, manufacturing, retail, hospitality, early childhood education, I found that there were a lot of jobs that paid between \$10 and \$30 an hour. That some of the workers spent many, many years in that window and many of them were feeling they could never really get ahead financially.

They were often becoming discouraged and changing careers. I really like to analyze things, so I found a group of people that were interested and we dug into it. We found that was very accurate and stumbled into what Colorado is doing. I live in Colorado with what it was doing to address the benefits cliff. What we're doing now is currently using a bunch of tools that really support families to understand where they are today.

Where they will be if they start down a career path, both at the beginning, and the end of that career path? When they're going to lose government benefits on that journey? What can we do together along with working with employers and philanthropists to really help them be okay financially at all points on the journey? What we see in Colorado is there's about a \$10 an hour window where families are no better off financially.

This window often starts at around \$13 to \$17 an hour and ends at \$23 to \$27 an hour, depends on how big the family size is and the family configuration. At the end, they're no better off than they were at the beginning. In the middle, if you look at that \$10 an hour window, there's cliffs and there's rises and there's all sorts of things that happen, but we've adopted the fed's term of it generally looks like a plateau. Overall, it's generally flat through those windows.

I will give a disclaimer that most of my numbers are Colorado specific, but we're seeing this as very common across families and in most states they have this plateau. While they're on the plateau, they're usually somewhere between completely breakeven and maybe \$1,000 to \$2,000 above breakeven when you add up all of their pay, their benefits, tax credits and payments and their expenses, when you look at all those they're very close to break even.

One of the difficulties is that the credit tax credits in that window are very big. We'll find that families are actually cashflow negative for 11 months out of the year. Then they'll be made positive only when they get this really big once a year tax refund in February, March. When I saw this plateau, it really confused me at a time because I'm a huge believer and I've always been talking about the American dream.

My definition, you work hard, you earn more, you get ahead. However it does, it's contrary to that, but it does gel with what we're hearing with employers and families. From employers, we hear a lot of their entry-level workers seem indifferent to what they would consider to be working hard and getting ahead. From families we hear that they really are struggling and that they find that they're really no better off in this window.

I'm a firm believer that the way to resolve this is that we really make sure that both of these groups have the information needed to understand what is happening as well as then potential solutions that they can apply for their individual families. Give you a few examples, employers are really experiencing turnover at the entry level, but they also then can't get enough skilled workers on the right side of that range that I'm talking about.

However, when you look into it, you see that they're targeting benefits packages towards more of those skilled workers and their entry levels. Employers are unable to either afford healthcare or they don't have the money to leverage some of the other benefits like 401(k)s. We'll find that they don't really have a working career pathway, so they hope that people will be able to make it from those entry level jobs.

They find that they don't, but they also realize that it's very, very hard to take all those steps needed down the pathway. They wonder why some people don't show up to work at times. You'll find that they're paid on the edge, they're not near public transportation, they have to have a car, but that car is very unreliable because they don't make a lot of money, therefore the car breaks down.

You also see that in childcare that their shift work or their hourly work that changes quite a bit is not conducive to be having stable, reliable childcare for families. When we look at the families we really see that they haven't been successful budgeting and planning for these types of things. They really need help in understanding not only their big picture their personal foundation.

How can they create an affordable package of housing, childcare, food, and all the things they need to be successful. They really don't know what's going to happen with their government benefits. They get scared if they are going to lose Medicaid, they know it's out there, they react rationally to say, "I can't afford to lose Medicaid without understanding how it's going to impact me. Therefore, I'm going to turn down a raise or I'm going to turn down a promotion."

When it gets close to \$15, \$18, \$20 an hour, they are going to start to lose substantial benefits. We recognize also that they don't really understand how they can afford the time and the finances to join these education and training programs to be able to make it above the cliff. If we have employers what we're seeing is then that if employers can provide all these resources, that's wonderful, I highly recommend that they prominently state that in their recruiting and their benefits processes.

We're seeing that they really are adding a lot of value to the recruiting processes and that people that are on that journey stay with a company while they're on their journey. We also see that if they are able to partner with philanthropic and government, sometimes they can help offset some of the journey. If they partner with some of the local programs locally, partner with organizations like CrossPurpose and ActivateWork.

We can find that they have people there help to help them through this journey from a coaching perspective. We'll talk more about what else employers can do whenever we get into the questions and answers. I think it's Anne that's next.

Anne Kandilis:

Thank you, Scott. Thank you for inviting me to this presentation from the Cleveland Fed, appreciate it and the Federal Communities. I lead the Springfield WORKS initiative as Brittany noted, and it's a collaboration with businesses as well as 30 community partners while we have more now. Who envision a thriving community with equitable access to economic opportunity growth and resilience.

I also co-lead the Economic Pathways Coalition of Massachusetts with the Food Bank of Western Mass. The Economic Pathways Coalition is a statewide alliance that was formed in 2021 specifically to address cliff effects in Massachusetts. Over 100 organizations are dedicated to removing systemic and racial barriers related to cliff effects to create true economic opportunity in Massachusetts. I'll put a link to that into the chat afterwards.

I don't have slides so you can find a lot of that information on that website. Thank you. As Scott noted, the impact of cliff effects are on workers and employers in Massachusetts. Well, everywhere is significant. In Springfield, it disproportionately impacts people of color. Over 50% of SNAP recipients are Latina and over 30% are Black or African American, and these numbers are really high for households with children.

I think, you all explained the cliff effects I'm going to get right into what we're doing in Massachusetts. The one point I will note is that the Federal Reserve, as they noted recently in Ohio as an example, almost one in five employers responded to a survey that said they had seen employees refuse raises or job offers because of benefits cliffs. That's how we got into this work. We actually heard about it in 2016 from our employer partners.

I'm going to cover two areas. One's the legislative pilot that we have in Massachusetts and the other is an innovative employer public-private investment that will support upward mobility sponsored with an employer in healthcare. Last October, Massachusetts passed a 3.76 billion economic development package and included in that package was a cliff pilot that Springfield WORKS, the EDC, and the Food Bank, with other partners across the state like Worcester Community Action and others to run.

We'll have it in Springfield, the western part of the state, the central part in Worcester and in Boston. The pilot addresses the sudden loss of benefits. What does the legislation do? It will

include 100 families from across the commonwealth. They will participate in a three-year program providing them with job training, coaching, mentoring, and allowing them to advance in career pathways while receiving monetary assistance.

There'll be a bridge payment to eliminate the loss of public benefits like housing, childcare and SNAP. Employers are key players in this pilot. Our goal, there's a savings component also paid to participants after the third year of the program. The goals are really to test whether a bridge payment is effective, one in removing the cliff, but also ensuring that workers aren't worse off financially as they move up the income scale.

We did propose using the mass earned income tax credit for the bridge payment, but at the 11th hour the legislature changed it to a cash payment. We're still advocating to get that changed because we think that the earned income tax credit is a better tool to close or to remove the cliff gap. It's not perfect. The programs are disconnected and we'll talk more about that in later questions.

We like the EITC, the mass EITC because it does not count in the income test for benefit programs. We think also it can be easily scaled. Also, not just in our cities but across the United States, it's also a money saver. The state spends about \$40,000 a year for a non-working family of three. The same family and the pilot if employed would be on a real pathway increasing wages and reducing the dependence on public assistance.

It's also beneficial for state and federal budgets. I'm going to pause there and I'm just going to talk real briefly about the second program in our work, which includes work with our largest employer. As we seek to break the barriers created by government policies that keep people in poverty, we're learning more and more about developing strategies to address the issues of economic mobility for targeted populations.

In the fall we had a large convening of eight colleges across Western Mass and the collaborative also and regional partners and in healthcare there's a massive shortages. I know most of you across the country are addressing too. There's student barriers including systemic disparities, barriers in relation to DEI, English language learners, et cetera.

With a grant from the National Fund for Workforce Solutions in 2021, Springfield WORKS invited the workforce board, our local community college, our largest health regional health provider, Baystate Health. They have 13,000 employees to focus on creating education and workforce pathways that lead to a living wage.

My point in this conversation is it took two years to really work through and identify the barriers that potential student success and really to propose a pathway to support that academic preparedness, language barriers, financial instability, et cetera. Learning from a pay to train model that the community college and Baystate Health participated in, students were full-time employees and paid to train for the position.

They were paid \$16 an hour and the pay was raised in \$19 an hour. At the end, once they obtain their Mass license, this opportunity created more career pathways within that track. This is the area and Scott, you noted it, the \$19 an hour is a big cliff effect wage spot. We are proposing, actually today the grant is due. We've worked again for two years to support patient care technicians who hold a CNA credential, a Certified Nursing Assistant credential.

They earn \$16.50 an hour right now. We're going to pay to train. Those employees will remain employed, get paid full-time to earn an LPN certificate, which pays \$32 an hour. These credits

also stack to a nursing degree. The program's 31 months, it includes pre-training 690 class hours and there's wage gains along the way.

The ultimate wage gain will be \$13.50 an hour after two years plus there's a six-month pre-training period to really get students ready. This is a first of its kind. If you look at how states invest in workforce, it's short term and they're typically entry level positions at least that holds true in Massachusetts. This is really a demonstration project to work in collaboration.

Again, employers are going to be paying their current employees and they will also be paid during school time and there'll be a carve out for study time as well. This is like I said, it's the first of its kind in the state related to the state actually investing in this type of long-term pathway. Our goal is really again to advance low wage workers largely women, specifically women of color in the healthcare industry.

We hope that this stackable credentials model through a co-investment model with employer partners can be a real demonstration project that can be adapted to other healthcare roles, not just in our community but nationally and in other industry areas also. Again, this investment from the state to cover some of these costs makes economic sense for the commonwealth.

A CNA will earn roughly \$35,000 a year where a licensed practical nurse will earn about \$65,000 or more over the lifetime of the career trajectory. The net savings to the government for a single individual is for the commonwealth can be about \$200,000. I'm going to wrap up and I can answer any questions later on, thanks. I'm going to turn it over to Marielle.

Marielle Lovecchio:

Thanks so much, Anne. I'm Marielle Lovecchio and I'm the director of the Tennessee Alliance for Economic Mobility. I think we're going to have some slides pulled up in just a minute. Just to tell you about the Tennessee Alliance for Economic Mobility, we are a public-private partnership comprised of 32 organizations that are working across seven counties in middle Tennessee to support 900 families in moving beyond the benefits flow.

You can skip ahead a few slides. Thank you, one more. Then I wanted to show you our partners on the last slide, just a great group of representative of educational institutions, community-based organizations, economic development institutions. I think you're hearing from all of the panelists today about this collaborative work.

Going on to the next slide, you've heard Scott mention this being such a significant barrier to the American dream. We really believe that the benefits cliff is one of the greatest problems keeping families from accessing that American dream. The next slide, you also have heard about what that means for families. Instead of taking a higher paying job or becoming employed if they're unemployed or taking a promotion, they're really stuck.

They're left making basically an impossible decision. They're not able to move forward financially. Oftentimes this isn't just the case for families, but in many cases it's happening for multiple generations. The next slide, I should say a little bit of background that our state through the Tennessee Opportunity Act created a pilot called the Tennessee Opportunity Pilot Initiative.

The idea around these pilots was to work in collaboratives with community-based solutions to essentially transform Tennessee safety net. We are fortunate to receive one of these pilot grants and we're now actually piloting this approach, which is called Our Chance Tennessee. The next slide, our basic message to families is we can help that's because this issue, while we hear a lot of the common tenants, it can look different.

All the families experiencing it have maybe a different story. And so it's really critical to be able to share that there's help along the way. Next slide, this is what's available to all the families enrolled in a pilot. Families have access to a dedicated coach that supports them in making progress on their goals. Also, customized resources especially around childcare, transportation, housing and health.

Those are really significantly challenging areas for families in our region and of course across the nation. Then financial counseling is really critical. That includes what you would think of with financial counseling as well as maybe advanced financial counseling around credit repair or debt reduction. It especially is that truth telling moment of yes, very familiar with this issue and how it's impacting your family, but this is actually what it looks like.

We built a calculator that helps that family understand where those cliffs are actually going to hit so they can see that and actually make a plan in accordance with that. The whole pilot is three years. We launched technically almost in February. We got started a little bit early, but enrollment didn't begin until February. Right now, we have about 2.25 years left in this.

Next slide, because the state and our commissioner of the Tennessee Department of Human Services is endeavoring to use this work to advocate for federal reform, it was important to evaluate the different methodologies and different approaches. There is a randomization element to our pilot. We've developed three different pathways. They're called Dream, Hope, and Inspire. This first pathway called Dream is really a more intense coaching model.

Families access a coach every two, four, or six weeks to support them. They also work with a county resource navigator that helps them essentially manage around childcare, transportation, housing, and health. They also work with an employment education specialist related to their goals. I've mentioned the financial counseling aspect. Then there's a transitional benefit, I can touch on this a little bit later.

This is a support that's available to families when they end up in a cliff they have additional support there for them that actually does not exacerbate the cliffs. I can talk about that in just a few. Going to the next slide, the next pathway looks exactly the same it's called the Hope Pathway, but there is no transitional benefit. The reason why we have those two different versions is so that we can understand what is the impact of the transitional benefit versus not.

If you go one more to the Inspire Pathway, it's a little bit of a different setup. It's a one-stop shop, so that caregiver works with a coach and then that coach essentially provides some additional resources, financial counseling, and then this pathway also has access to a transitional benefit. This allows us to understand the impact of the high intensity coaching versus low intensity coaching because these families are meeting with their coach less frequently.

If you want to go to the next slide, I'm going to try, this is what the family journey looks like. It's recruitment, pre-screening, registration, randomization, and then they get connected to their coach. Next slide. I'm going to go through these quickly. This is a map of what we're looking like in our seven counties, the number of families that we're serving and the partners that we're working with.

Next slide, outcomes for families where we are now, we are endeavoring to move families beyond one or more benefits cliffs and then also improve their self-sufficiency and wellbeing. Since November we've pre-screened 660 families. We've enrolled 218, 162 caregivers have met with coaches and then there have been lots of referrals made. If you'll go two slides ahead, thank you. Actually, just go to the next one.

For communities, we do also have system level supports obviously this is a system level issue. One of our major crises is around childcare. We've been working with local groups here to support expanded childcare offerings. Then transportation is also another major challenge here. We've been working with the basically technical colleges to create a partnership where families can access free of charge repairs and then lots of wellness toolkits have been created.

Along the side we're also trying to raise awareness about the benefits cliff, but how families are moving beyond it. Our hope at the end of this pilot is that we see strength and resources that we're able to demonstrate that when families have the support and the incentive to move forward that they will. Of course, we want to raise awareness about what that work looks like.

If you want to scan through the next three or four, these are just images to show you what this looks like, how we're talking about this. Then I wanted to close on this last slide, just some recommendations based on what we've learned. We're very early in this, as I said, but the importance of centering those closest to the issue you're working on if you're thinking about doing some sort of benefits cliff mitigation project like this.

We did a really comprehensive needs assessment and asked families what their vision was for themselves and what stood in their way. The model that we created is specifically aligned with that. Whether it's policy or programmatic, it's really ideal to co-create that with them. I want to be mindful of time, but I can try to touch on some of these in our panel conversation.

Gabriella Chiarenza:

Thank you so much, Marielle. Thank you to our panelists. I am just going to drop into the chat for everyone if you subscribe to our newsletter at fedcommunities.org, you'll get updates about when some of our next pieces in our benefits club series are coming out. I mentioned that because if you look back to our first piece from December and then in these pieces that will be coming out in the next few months, actually all three of our panelists are part of those pieces in different ways.

You can hear a little bit more from them in those stories and also get a little bit more about how the benefits cliff affects people differently. I just want to emphasize as our panelists mentioned, this can affect people in a lot of different ways because there are so many different benefits programs and people hit cliffs at different times and in different ways.

Just to start off our Q&A and as a reminder, please drop into the chat, any questions you'd like to ask our panelists and we'll do our best to refer those on. Just to start off, and a few of you already spoke to this in your presentations, but people are very curious about how employers can be a part of this. I'm just curious, how have you discussed this issue with employers as you've been working on your initiatives?

What are they concerned about? What are the best ways for them to be involved if they want to step into some of this work?

Scott Fast:

Quite a bit about it. Anne, do you want to start or you want me to go first?

Anne Kandilis:

Either way, I can pick up where we were and how we got Baystate Health and some of our other employers to participate.

Scott Fast:

It would be a great story.

Anne Kandilis:

Then if you want to pick it up from there. First of all, employers can be really influential. Right now, the workforce system has about 200 million on the street and yet a substantial part of that investment is not invested in upward mobility to a living wage job. We work over a fair amount of time over the last few years with employers so that they could actually see how cliffs impact their low wage workers and their workforce turnover, so retention.

Using the Fed tools was a huge game changer for us because we could actually map out different career pathways in our healthcare system. We do it in our education system too. I think just education and awareness and then really seeing how workers in companies fare on the wages they're paid. We've had lots of conversations now and now the employers are using the tool.

One really effective way is to ensure that HR workforce, compensations, strategic departments actually know how to use the tool so they can see what raises do, what other things do.

Scott Fast:

Well, both of us have mentioned turnover, retention and missing of mid-level skills. That's the opening door with employers and Erica shared a toolkit that we use with employers then that shows multiple steps that they can do start very simple. We talked about that the tax refunds are really big at the beginning. Extraordinarily simple part of that is with families being cashflow negative.

Make sure they fill out their W-4s so they're not having taxes withheld whenever they're just going to get a big tax refund at the end of the year. It really helps with cash flow at the beginning. Another really simple thing is just analyze work schedules and understand your family situations. If someone's struggling to get into work on time and if there's any flexibility with when they can start, and you know they're dropping their kids off at a school that starts 30 minutes before they're supposed to be here.

You know something's going on and figure out if there's any flexibility with it. Healthcare, there's many layers of healthcare in your analysis, but just start with putting a scenario together for someone that is your lowest wage full-time employee that gets healthcare benefits. Just calculate out how much that's going to cost them and confirm that they're going to have lost Medicaid by that point.

What's interesting about that is their kids will probably still be on something that in Colorado, I think everywhere is called Chips-Plus. It's interesting that they may only need benefits, health benefits for them and maybe a partner, but they may not need benefits for the kids. Just understand how much that's going to cost if it's more than \$300 a month, it's completely unaffordable. Your thoughts?

Brittany Birken:

Gabriella, if I can just jump in. I want to go back to what Anne was saying about the education piece of that, which is it's really difficult for employers to think about solutions if they don't understand the challenges. In talking about this with employers many times, and I'm sure you all have experienced it, you hear, "This makes so much sense."

I really didn't understand why someone turned down a raise. I didn't understand why they wouldn't take an opportunity for a promotion. I think part of that is just the general education and make sure that they're aware and can be part of the solution therefore.

Gabriella Chiarenza:

Then one of the other questions we get a lot is why is this a cliff and not a slope? I think some of the programs that have been put into place, as you all have described, and there are many others across the country, are trying to really make this into more of a slope, at least in the interim. Well that's the most immediate solution for people who are facing that.

I want to ask Marielle specifically, but also Scott and Anne, if you have points to add, why is it so important that there be sort of more of a transitional approach to this, something that helps families get over that cliff? It may seem obvious to folks, but why is that important and what is difficult about setting up a program like that or is it?

Marielle Lovecchio:

I think it was one of some of the takeaways I wanted to share about why transition is critical in any of this work is that I think ideally if anyone is broaching into this, we've been talking about awareness raising, it's so critical ideally to do this awareness raising earlier. Then in the voices of the people affected and hearing lots of different stories because again, the stories don't all look the same, they don't sound the same either.

Not only that, not only because we want to all have it in our understanding and employers and caregivers, but also you think about any big behavior change. It doesn't happen immediately. We make lots of plans for a long period of time to start exercising or if we want to stop smoking something like this, it takes many, many points and many, many different moments.

The idea of building transition time period into something like this, especially many of our families that we're working with are in crisis and so they need to see short-term solutions, they need to gain trust in a relationship. They may have been burned in the past, this whole approach essentially takes the rug out from under them. Also, there's an element of shame here too, that's one of the key takeaways I wanted to mention.

I think just designing like an economic solution for this wouldn't necessarily be adequate because there's this whole social and emotional experience that's happened. I think employers think they're maybe doing something wrong. I definitely know families think they're doing something wrong. One of the benefits of doing this transitional benefit, which I'll touch on really quickly that we're doing, is that it allows people to say, "I'm not alone in this and I have an opportunity to have the support of a coach and a caring relationship, supportive accountability. This essentially other tool to get me beyond."

For us, the transitional benefit looks like an amount that the family is eligible for when they're in a cliff, when they make a decision that puts them in that cliff, they've, again, they've worked more hours, they've taken that promotion, et cetera. We use our calculator, there's an amount that's available to them. It's essentially like a four-month distribution. Then they decide how they want that allocated. It could go to housing, it could go to childcare, it could go to health for some approved costs that align with TANF.

It allows them to be in the driver's seat there. I would just say we're not very in our model, we're like right on the edge and very excited about that possibility very soon. There's a lot of energy

that goes into this problem and sometimes it's multigenerational, so to ask someone to take a leap, we really need that transitional time.

Gabriella Chiarenza:

Scott or Ann, did you want to? Go ahead, Scott.

Scott Fast:

Go ahead, Anne. I've been very proud of how, in our analysis, how Colorado's really stepped into this. I'd say there's key partners, it sounds like Marielle's going through the same type of thing. Government, philanthropists, employers, and then all the organizations that are working, educators and trainers are all working together on this, and that's critical.

A couple of simple changes that can be made if your states aren't doing this. Raising the SNAP cutoff to 200% of the federal poverty level is a really simple way to have SNAP ramp down and be able to project that. Another pretty important change, but more complicated is you can't lose childcare benefits for everyone. Childcare benefits for someone that is before they go to school, it's just too expensive for someone making between \$15 and \$25 an hour to have even one kid there much less two.

You have to extend childcare benefits further down the pipeline so that it doesn't become this massive cliff. Then, we also actually had to rework the copays because they were unaffordable for a window. Through our analysis, by doing the calculations, we had to rework the childcare windows which the state got together and worked on.

Anne Kandilis:

As you hear everyone talk about the different hoops and the different puzzle pieces that we have to put together, that to me is the biggest issue. The fact that millions of people are impacted across the United States and no two states are alike. The issue is our programs are disconnected and we really need to go at this at the federal level.

I think that at the end of the day, the innovation has to come with how do we support workers to a living wage so that it's tied more to goals than to time-based programs in one-offs. That's the issue for us. I know that in Massachusetts we work with a regional, at the federal level, we're working with the Health and Human Services.

Elaine Zimmerman, who many of you have met really looking at both yes, we look at state solutions, but we really are looking at federal solutions too. I hope that picks up steam and I hope earned income tax credit and other innovative tests at the state level can translate to the federal side.

Gabriella Chiarenza:

Just to follow up on that question a little bit, Anne, can any of you speak to a little bit why it's so important to have solutions that really work across those local to federal level issues? Why is this an issue that plays out at all of those levels and why are all of those players needed? Again, you've spoken to it a little bit, but we've gotten a lot of questions about the federal role and some of these things. Why is it so important that people be involved at all of these levels?

Anne Kandilis:

All of the programs are targeting the same population. The burden of managing all of these programs really falls to the individual. It's critical that at the end of the day, that burden really needs to shift back to government. Government really created this problem and government needs to have a hand in solving it.

I think that's one of the most important points to make that it reminds me, speaking of tax codes, how many people try not to pay taxes, a ton, and how many strategies are there? The IRS, the code is probably 15 volumes long with texts. When you create a system that isn't clean and isn't connected, there's a thousand ways in which we have to jump through hoops in order to make them work.

This is one of those, this is just one of those that has to be solved collectively. I think employers could have a huge, huge impact on this conversation. It's not a handout, it's a hand up as your article shows. Driving this at all levels I think is critical.

Brittany Birken:

Marielle, go ahead.

Marielle Lovecchio:

Wanted to real quickly share there that it may have already been shared in the chat, but there was a recent, in the last two to three weeks subcommittee meeting of the house Ways and Means Committee. I'm just learning about all of these terminology and it was really fascinating. It was focused on TANF and one of the witnesses there talked about how families don't come to us in pieces.

I think like Anne is saying, it's really exciting to see the exploration of what TANF could look like and stepping back and thinking about what is the family, what is work, all of that. Even if that was solved without collaboration across agencies, we would still have this problem would persist, so it's really complex. The amount of collaboration that it's going to take on the local, regional, state and national level is pretty immense. I think there's a lot of promise clearly based on what the panelists are sharing today.

Brittany Birken:

Going to just share the Atlanta Fed from our work and perspective is we are on a big learning journey and it is about understanding and experiencing, what are the strategies, what can we learn through coaching, and how information changes decisions. Then these three wonderful partners who are illustrating really different complex strategies that are being tried as well.

What can we learn from community demonstration projects that can ultimately inform potential systems change, and so that there aren't unintended consequences to any big changes that are occurring. Part of what we've really been trying to do is engage with our partners to understand what are the experiences you're having in working directly with families or working directly with employers, or working directly with employee policy makers.

How can that information be shared so that everyone has the benefit of applying that work to their own respective work. Just wanted to lift up because I think it is ultimately a little all of these things that's going to inform the true big solutions that need to take place.

Gabriella Chiarenza:

Fair point. One of the other things I wanted to ask about is in researching with stories for Fed Communities and speaking with all of you on this panel today, one of the things I've really picked up on is how important it is to involve the people who are affected, which again may seem really obvious, but a lot of times they're left out of this process.

Also, how many of those folks of those I spoke with are now involved in trying to make this better for others? Can you say a little bit about why it's so important to bring people with lived experience into this process, to hear their stories, and to hear what they think would be helpful? Also, how many of them have jumped in and really been part of trying to find solutions to this issue?

Marielle Lovecchio:

Happy to start. I think that in this particular opportunity in tackling what is obviously a big national issue in trying to make some difference in Tennessee, it was so important to ask people what they wanted for their family. Before we started thinking about how to design a pilot like this. It's really what you would think.

We had a combination of surveys and focus groups, but a lot of the goals were the American dream. They were homeownership, they were more time with their kids, pet ownership, things like that, or peace of mind or taking a vacation, or not going to sleep at night feeling like there's a constant threat overhead because of this issue.

A lot of the families that we spoke with were experiencing both barriers to transportation, childcare, housing kind of community development barriers, but they were also experiencing mental health effects as well. What that does to you when you're trapped in a situation where you can't move forward when you want what's best for your family, but by doing what's best you have to limit your goals.

That was a lot to understand and it's one thing to build something in response to what folks say that they think that they might want. It's another to then create it and start to learn about what it actually feels like. Again, in this situation, we're hearing some folks who are thinking, "Is this too good to be true?" There's fear around this.

This sounds like, "Where is the problem here? You're saying I have a coach. You're saying I have essentially a safety net that is going to support me in moving beyond the cliff." That also helps us understand the importance for us of short-term gains and making everyday steps and how that long-term thinking can start to shift.

One of the things that we have had to adapt to in the last couple of months is adding client assistance. It wasn't initially part of our model, but because so many of the families that we've recruited so far are experiencing lower self-sufficiency, it just was not possible to ask them to consider that long-term thinking of going back and even doing a short-term credential program when the crisis of housing is right upon them.

We treat that the transitional benefit, those payments are made directly to the vendors versus families and so it doesn't exacerbate the cliff. I think one little brief story recently shows the impact of the model and time. We're hearing some families are immediately using that which is great. They have 70% are using for housing costs but others are saying, "I now have a goal in mind. I know I want keep that for this degree program that I'm considering in a year."

That is helping us, that new influx of that resource and that communication with caregivers and I should say they're on staff, that would work part-time as well. Pilot participants in this initiative is helping us make constant changes basically every day to evolve this approach.

Anne Kandilis:

One of the ways we're working is really on two fronts. At the employer level, we're really working with them to customize what we call a trauma-informed and responsive assessment technique. What we created this tool with a community a few years back called Ready, Willing, and Able. Now, we really have made it trauma informed. We piloted it with 160 people in 8 organizations and we haven't worked yet with it for employers.

Our first one will be as part of the LPN Project that I described earlier. This is all becoming connected amongst community partners and employer partners. That's huge on that side. The other side is also really to create a more data-driven approach so that we really understand how and where interventions need to take place and bring in the right expertise. I love what you were saying, Marielle, and I think that it'll take a lot of work to really create that generational progress.

Scott Fast:

One of the neatest things we've heard in working with families is contrary to what some people are talking about, they are so ready to be done with government benefits. They're going to be so excited when they no longer have to fill out all the redetermination paperwork and do all this type of stuff. When you work with these families, it's more a matter of this problem is so overwhelming that you have to figure out what terminology you need, what solutions we're seeing.

There's 1 of about 100 different barriers that families could encounter on any given year. A family hits between three and five of them on this journey, but you can't predict it, it's unique by family. Us building, working together as a group that are sharing this information, figuring out what wording works, what changes work.

How we incorporate trauma-informed over and over again, that to me is a core piece of limit listening during the demonstration projects because we have to build tools and that everyone can adapt.

Gabriella Chiarenza:

Thanks. One other thing, and I'm keeping an eye to the questions in the chat, so if I haven't hit your question in some way, please drop it again in the chat and let us know. One of the other things I'm curious about, and Scott you just mentioned it a little bit, and Britt, I know you guys in Atlanta have seen some of this too.

I'm curious how you all learn from each other given you are in different places with different rules, different programs, different policies. This is different state to state and obviously each family has their own situation they're grappling with. There are a lot of things that are being shared in a formal or informal communities across those working on this.

I'm just curious how that interchange has happened, if there are any sort of stories you want to share on that front of how these teams are working together, even across those state barriers.

Brittany Birken:

To the extent that we can, we're trying to help facilitate peer-to-peer conversations and matchups. Marielle knows this also well because she has been willing to share her work with a number of people. As have Anne and Scott, we've been on lots of different meetings and calls together. I think there's been a lot of momentum, which is exciting of the people who in this space, which has created a lot of room and opportunity to learn from one another.

One of the things we're trying to work on is how do you best facilitate that real time and make sure that we can do some nice state to state pairing. In some states, you see a lot of human service leaders that are really working on this. In other states it might be your workforce system that's taking lead on this or nonprofits and advocacy organizations. We've tried to help put match and pair people based on [inaudible]

I don't know that it was an intentional [inaudible] Gabriella, but your story series has just been really, I think, helpful in shining a light for the challenges. What's really ultimately going to take and what work is being done that can inform the ultimate solutions.

Marielle Lovecchio:

I just wanted to shout out Britt, truly incredible connector, and there's so much to learn and I can't wait to actually watch this over and learn as a non-panelist. I think everything that we can take, it's an emerging area, and anything we can take and learn from one another and build upon one another will obviously benefit many more.

Scott Fast:

The only other thing I'll add is when we're working with national employers, I think we have a foundation for us to be able to share information that helps them because they're often HR is handling one thing in Tennessee and another thing in Massachusetts, and another thing in Colorado and in another thing in Florida.

In that instance, for us to be able to share information that helps a big employer pull together these things across locations will be helpful as well.

Gabriella Chiarenza:

Anne, I'm sorry, did you want to throw anything in there?

Anne Kandilis:

I put it in the chat just that these connections are wonderful that I had met Marielle through National Skills and then Scott through Aspen. Brittany connected us to the Healthcare Anchor Network and our Boston folks. Western Mass shouldn't be that far away but it is. It's just been great. That's what's important, we need to keep connecting and get at the federal level together.

Gabriella Chiarenza:

Just in our last minute, because folks have asked in the chat, are there ways that people can get involved if they're wanting to get involved? They've heard this program, they're very excited about it if they want to get involved locally in some way, I know again, these are all very dispersed efforts, but they're connected in some ways.

Is there a good central hub or someplace that people can check or organizations that are a best bet that might be working on something like this in a local area? That might be a good for a start.

Brittany Birken:

The partners really vary state to state I need to take inquiries if that's helpful and that be a human dot connector. I'll raise my hand for that one, Gabrielle.

Gabriella Chiarenza:

Go ahead, Scott.

Scott Fast:

I said I'd love people to look at the employer toolkit that was shared and just say, "We'd like to tackle some of those with our local employees." Let me know if you're interested in that. That is an tool that we can try to enhance and customize for locations.

Gabriella Chiarenza:

I encourage everyone again to check out Atlanta's tools and some of the pages that they have at the Federal Reserve Bank of Atlanta that have some more links to resources. Also, please check out our resources at [fedcommunities.org](https://www.fedcommunities.org). We have a lot of links in our stories to all the work these folks are doing and others. That's a really good place to start as well.

I see we're at time. Thank you all very much for this really informative discussion. Just to let everyone know information about today's program will be sent in a follow-up email for everyone who's registered. A recording of the event will also be posted on [clevelandfed.org](https://www.clevelandfed.org). Join us for our next *FedTalk*. Thank you so much for joining us today. I hope you all have a great day.

Anne Kandilis:

Thank you.