



Executive Summary

A federal benefits cliff occurs when modest income increases result in the loss of public assistance. This can leave households financially worse off, even as their earnings rise. States are exploring a range of strategies to address this issue. These include benefits calculators, workforce-focused initiatives, and pilot programs that provide counseling and gradual transitions off assistance. Recent legislative activity in Southern states reflects a mix of research, planning, and targeted interventions. These efforts aim to better understand and mitigate the effects of benefit cliffs on workforce participation.

Research Methods

Review of Colorado, Kentucky, and Massachusetts programs to address the benefits cliff, as well as a statutory search of recent legislation via Quorum

Findings and Analysis

A federal benefits cliff occurs when a career promotion pushes a family above the income eligibility threshold for public assistance programs, leaving them worse off than before the salary increase.¹ Public assistance programs requiring federal income eligibility include housing assistance, utility assistance, food and nutrition assistance, direct case assistance, child care, and health insurance.² The benefit cliff can occur after a small earnings increase, with individuals earning between \$13 and \$17 per hour at greatest risk.³ States are employing a variety of strategies to address the federal benefits cliff, with Massachusetts offering a notable example.

Learn to Earn Initiative

The General Court of Massachusetts established the Learn to Earn (LTE) initiative beginning in the Fiscal Year 2018 budget.⁴ LTE seeks to assist unemployed and underemployed individuals who rely on public assistance in building the support, skills, and credentials necessary to secure and maintain jobs in fields where employers consistently need workers.⁵ LTE includes funding for benefits counseling, an interagency workgroup, and a Benefit Innovation Fund of up to \$250,000 to help participants mitigate benefit cliff effects as they transition to higher earnings.⁶

Aligning with the LTE initiative's focus on workforce development and on limiting benefit cliff effects, Massachusetts has a program that supports individuals with disabilities who receive public benefits and may lose them upon joining the workforce.⁷ MassAbility (formerly the Massachusetts Rehabilitation Commission) works to align its policies and operations to help social security beneficiaries get jobs, with a pilot strategy focused on ensuring they avoid the benefit

¹ [Federal Reserve Bank of Atlanta](#)

² [Introduction to Benefits Cliffs and Public Assistance Programs](#)

³ [Moving on Up: Helping Families Climb the Economic Ladder by Addressing Benefits Cliffs](#)

⁴ [Learn to Earn Initiative](#)

⁵ Ibid.

⁶ [Request for Qualifications for the Learn to Earn Initiative](#)

⁷ [Report on Disability Benefit Cliff Effects in Massachusetts](#)



cliff.⁸ The Runway to Careers pilot includes several core components to assist individuals with disabilities in transitioning into employment or higher-paying jobs. Participants receive individualized benefits counseling and planning on how employment decisions will affect their benefits, focusing on timing, income thresholds, and overall program interactions to help them understand long-term financial outcomes.⁹ The pilot program emphasizes sustained employment opportunities, ensuring that participants enter careers with growth potential and creating a more seamless transition from public assistance to stable, self-sustaining employment.¹⁰

While the Learn to Earn initiative received targeted funding in FY2025, the lack of continued appropriations and publicly available data may indicate that the pilot ended or has since been absorbed into other workforce development initiatives.^{11,12,13}

Comparison States

Other states are exploring state-level approaches to address the federal benefit cliff via different models. Here is a snapshot of some of these approaches:

Colorado

The Colorado Workforce Development Council (CWDC) and the Federal Reserve Banks of Atlanta and Kansas City launched the Career Ladder Identifier and Financial Forecaster (CLIFF) tool in May 2022.¹⁴ This tool serves as a workforce delivery model centered on career planning and benefits forecasting. The purpose of the tool is to help workers understand how benefit loss interacts with career advancement and to support navigation through workforce centers with tools tailored to each user’s circumstances.¹⁵ As of April 2026, the CLIFF tool remains active, with several variations based on the level of career planning the user is engaging in.¹⁶

Kentucky

During the 2023 Regular Session of the Kentucky General Assembly, the legislature enacted Act Chapter 174 to address the public assistance benefits cliff.¹⁷ The legislation assigns the Cabinet for Health and Family Services to develop a proposal to make a benefits cliff calculator available to the general public. The benefits cliff calculator will serve as a digital tool that allows public assistance benefit recipients to understand the potential impacts of changes to their income or employment.¹⁸ The legislation also establishes a Benefits Cliff Task Force to review the impact of the public assistance benefits cliff on labor force participation, employment, wages, and benefit duration.¹⁹ Kentucky demonstrates a legislatively-directed approach to addressing the benefits cliff.

Recent Legislation

⁸ [MRC Learn To Earn | Cliff Effects Project Runway to Careers Pilot](#)

⁹ Ibid.

¹⁰ Ibid.

¹¹ [About the Office of Data Innovation and Analytics \(ODIA\)](#)

¹² [Massachusetts FY2025 Budget Summary](#)

¹³ [Massachusetts FY2026 Budget Summary](#)

¹⁴ [Press Release: New Tool Analyzes Interplay of Employment and Benefits to Help Workers Advance Their Careers](#)

¹⁵ Ibid.

¹⁶ [CLIFF Portal](#)

¹⁷ [Acts Chapter 174](#)

¹⁸ Ibid.

¹⁹ Ibid.



Recent legislation across several Southern states reflects increased attention to the benefits cliff, with policymakers exploring both analytical and programmatic responses. States such as Kentucky and Louisiana have focused on studies and benefit calculators to understand better how public assistance phase-outs affect workforce participation, while Tennessee and West Virginia have advanced pilot programs and policies that test gradual benefit reductions or targeted supports. These efforts suggest a regional shift from research and data collection toward implementation strategies to ease transitions off public assistance and reduce abrupt benefit losses.

State	Bill	Status	Notes
Kentucky	House Concurrent Resolution 104 (2024)	Out of Committee	Directs a task force to study workforce participation barriers, including the effects of public assistance and benefits cliffs.
Kentucky	House Joint Resolution 39 (2023)	Enacted	Directs agencies to study benefits cliffs and implement a benefits cliff calculator to support informed decision-making.
Kentucky	House Bill 7 (2022)	Enacted	Includes task force and policy development provisions related to public assistance programs, including benefits cliff considerations.
Kentucky	House Bill 708 (2022)	Enacted	Establishes a benefits cliff calculator and a pilot program to support transitions off public assistance.
Louisiana	House Concurrent Resolution 35 (2022)	Enacted	Calls for a multi-agency study to examine benefit cliffs and identify potential policy solutions.
Tennessee	Senate Bill 2063 (2024)	Enacted	Creates a pilot project and directs a study examining the benefits cliffs affecting child care workers.
Tennessee	Senate Bill 1891 (2024)	Introduced or Prefiled	Creates a pilot program to temporarily prevent loss of public assistance due to wage increases for child care workers.
West Virginia	House Bill 4191 (2026)	Enacted	Establishes policies to mitigate the child care benefits cliff by allowing gradual phase-outs of assistance as income increases.
West Virginia	House Bill 5628 (2026)	Introduced or Prefiled	Authorizes phased reductions in child care assistance to prevent abrupt loss of benefits due to modest income increases.
West Virginia	Senate Bill 129 (2025)	Introduced or Prefiled	Requires Medicaid to analyze and report on strategies to address benefit cliffs within public assistance programs.
West Virginia	House Bill 5685 (2024)	Passed Original Chamber	Requires Medicaid to study and report on strategies to mitigate benefit cliffs as part of program oversight.
West Virginia	Senate Bill 789 (2024)	Introduced or Prefiled	Mandates ongoing evaluation and reporting on benefits cliff impacts within Medicaid administration.
West Virginia	Senate Concurrent Resolution 23 (2023)	Out of Committee	Requests a study on how benefits cliffs affect workforce participation in the direct care sector.

Source: [Author-Created Benefits Cliff-Related Legislation in the South via Quorum](#)