



In 2019, the Benefits Cliff Working Group was established under HB 4. The group was charged with the following:

“Coordinate poverty reduction strategies across agencies and employers to provide necessary support mechanisms to ensure the long-term success for New Hampshire's families and children for economic independence achieved through employment, and to demonstrate successful outcomes for families and children for identifying supportive transitions from public benefits to self-sufficiency while enhancing New Hampshire's workforce. Families include parents, grandparents, caretaker relatives, and other individuals caring for children acknowledging that the opioid crisis has impacted the care of New Hampshire's children.”

Furthermore, the Department of Health and Human Services was tasked with developing “a plan to close the cliff effect so New Hampshire individuals and families are afforded a full opportunity to participate in the New Hampshire workforce. The plan shall include the development and implementation of a “benefits cliff calculator” to measure the effect of increased income for individuals or families who receive public benefits and shall include related policy options such as, but not limited to, an earned income disregard, transportation accessibility, and incentives for employment retention based on an updated economic analysis.”¹

The cliff effect is a term that describes the experience of individuals and/or families receiving public benefits where new or increased income results in a reduction or loss of public benefits, and the increased income does not fully compensate for, or exceed, the loss of public benefits. For the individual and/or family, the result is less public benefits and an increase in out-of-pocket expenses, thereby eliminating any financial gain from the new or increased income. As a result of the cliff effect, the individual and/or family is worse off financially.

In 2019, Governor Chris Sununu and the Department of Health and Human Services (Department) issued a white paper, “Helping Business Thrive and Families Prosper.” In this paper, the cliff effect was identified as a critical barrier to be solved in an effort to support business with workforce needs and families in their efforts towards upward economic mobility. For businesses, there is an untapped source of potential employees - people who want to work but cannot afford to.

The work to solve the cliff effect is part of a larger effort across New Hampshire and New England, the Whole Families Approach to Jobs (WFAJ) initiative. The WFAJ effort is led by the U.S. Administration for Children and Families Region 1, in partnership with the National Council of State Legislatures, National Governor’s Association, American Public Human Services Association, and local and national philanthropic partners including New Hampshire Charitable Foundation, the Kellogg Foundation, and the Kresge Foundation.

¹ 2019 House Bill 4, Chapter 346:74

New Hampshire's plan has five main components that complement and build off one another in an effort to solve the cliff effect. The five main components are:

1. NH Chapter of the Whole Family Approach to Jobs: Parents Working, Children Thriving
2. Benefits Cliff Effect Working Group created by HB 4
3. DHHS's Whole Families Integration Team
4. Economic Analysis of the Cliff Effect in New Hampshire
5. Development of a Benefits Cliff Calculator

1. NH Chapter of the Whole Family Approach to Jobs: Parents Working, Children Thriving

The NH chapter's goal is to improve access to critical services and supports for families that result in improved parent, child, and family outcomes, including increased income and economic mobility, child readiness for school, and overall family well-being.

2. Benefits Cliff Effect Working Group created by HB 4

This group is assisting the Department with the creation of the plan to close the cliff effect. The working group aids with input into the Department's work from parents, employers, service providers, philanthropy, legislators, and other state agencies.

3. DHHS's Whole Families Integration Team

This team supports the work of the Chapter, the Working Group, and ultimately the entire Department in a number of ways. The team provides information on how programs are currently structured across the Department and what policies create benefits cliffs. The team will then work to make the necessary programmatic changes as outlined in the plan to close the cliff effect.

4. Economic Analysis of the Cliff Effect in New Hampshire

Critical to the development of the plan is knowing what policy levers need to be changed. An analysis was needed to give a comprehensive and cohesive picture of how the benefits cliff effect impacts New Hampshire's citizens, communities, and economy. This analysis was led by Econsult in collaboration with the National Center for Children in Poverty (NCCP) and the Bank Street College of Education.

5. Development of a Benefits Cliff Calculator

Timely and accessible knowledge of how an increase of income will impact public benefits is critical for individuals seeking employment and is a valuable tool for those working with these individuals. The calculator will be a publicly-available tool that is customized to calculate benefits cliffs based on New Hampshire's public benefit programs. The Benefits Cliff Calculator will be publicly available by mid-August 2021.

Closing the Cliff Effect

The HB4 working group began meeting in November 2019 in an effort to develop recommendations to solve the cliff effect. The first step towards the development of recommendations was to conduct a comprehensive economic analysis. The analysis was led by New Hampshire Employment Security (NHES) in partnership with the Department. This analysis began in December 2019 and was underway when the COVID-19 pandemic came upon New Hampshire. Instead of pausing the work or cutting it short, the work was expanded to include areas significantly impacted by the pandemic, such as unemployment and the availability of child care across the state. While this extended the timeline for the work, it provided valuable, additional data, ([link to report](#)), to be used towards the development of this plan in an effort to strengthen New Hampshire’s families, economy, and communities.

Econsult presented the [analysis](#) on March 22, 2021. From this, five workgroups were established: Food and Income Security, Transportation, Workforce, Housing, and Child Care. These groups were co-led by a Whole Families Chapter member and a Department program person; their charge was to review and analyze the recommendations and present their findings. The groups presented to the HB 4 Working Group on June 21 and 29, 2021.

What follows are the recommendations that the Department will focus on in an effort to support and advance the closing of the cliff effect in New Hampshire. Closing the cliff effect is important for New Hampshire for a multitude of reasons.

- 1) Fiscally it makes sense; investing in strategies that promote work and economic mobility is good for New Hampshire’s economy today and for the future. It increases the pool that will participate in New Hampshire’s workforce, filling vacancies for employers; it increases a family’s ability to meet immediate and future economic needs; and over time, it decreases an individual/family need for public assistance, decreasing cost for the state.
- 2) It strengthens the economic well-being of individuals and families. It makes work a priority and moves to end the cycle of poverty for New Hampshire families.

Some recommendations can be implemented easily, while others need further exploration, modeling, funding, and/or rule/state plan changes. No single recommendation will fully eliminate the cliff effect, but the proposed system changes below provide a bridge as an individual moves into the workforce, increases hours, or experiences an increase in salary. The use of American Rescue Plan (ARP) dollars can be a useful and critical tool for the State to test and pilot strategies in preparation for the 2024/2025 budget. Closing the cliff effect will have a positive impact on NH families, children, businesses, communities, and the overall economy.

INCREASE TANF EARNED INCOME DISREGARD			
Recommendation	Change- law, rule, state plan	Total Additional Cost /year	How this mitigates the Cliff Effect
For those working in jobs on the high demand list maintained at NHES, implement a 100% disregard for the next two years.	State Plan, Administrative Rule	\$4,987,385.00 FF- ARP	By allowing a person to continue to receive TANF assistance while they start a new job, the household does not lose benefits immediately. Rather, this provides a trajectory to gain financial stability. Further, this recommendation also assists to fill jobs in high demand occupations.

Increase TANF disregard from 50% to 75% of all participants	State Plan, Administrative Rule	\$1,246,846.00 GF / FF- TANF Budget	Encourages more people to work, take promotions, increase work hours, and take higher paying jobs, while keeping more income for their household. This helps mitigate the challenge of an individual facing a choice of work advancement that will result in a net loss for the household.
Change the TANF child care deduction to a blanket deduction	State Plan, Administrative Rule	\$178,727.00 FF- TANF Budget	Assists with the cost of child care, allows a family to keep more income for their household, and enables more families to work.

INCREASE TANF EARNED INCOME DISREGARD (continued)

Recommendation	Change- law, rule, state plan	Total Additional Cost /year	How this mitigates the Cliff Effect
Allow master's degree to count as an education requirement under TANF.	State Plan, Administrative Rule	None	Encourages and supports increased income for the future, greater opportunity for upward economic mobility, and family strengthening and wellbeing.
TANF Post Support Program	State Plan, Administrative Rule	\$1,500,000.00 FF- TANF Budget	There are hurdles people face once they transition from TANF. This will provide a safety net and reduce recidivism for one year post discharge from TANF.
TANF Automobile Savings Program – Match for Down Payment	State Plan, Administrative Rule	\$1,300,000.00 FF-TANF Budget	Transportation is a barrier to securing and often keeping a job. Access to safe, dependable, and reliable transportation increases economic mobility. Entering into a car loan that is fair and does not prey on individuals with poor or no credit will increase a person's credit score. Through this program, a participant will save towards a down payment on a car, which will be matched dollar for dollar, up to \$1,000.

CHILD CARE

Recommendation	Change- law, rule, state plan	Total Additional Cost /year	How this mitigates the Cliff Effect
Employer support of child care	COVID plans to OCC	\$1,000,000.00 FF- Child Care ARP	Assists with the cost of child care, which enables more families to work and have more of their income available to their family.

Increase eligibility to 250% of FPL for CCDF scholarship	COVID Plans to OCC Administrative Rule	\$2,000,000.00 FF- Child Care ARP	Child care is a significant decision point for parents when it comes to working. Increasing the eligibility will provide increased access for assistance with the cost of child care and enable more parents to work.
Raise state payment rates for non-traditional hours	COVID Plan to OCC	\$500,000.00 FF- Child Care ARP	This allows more parents to work in industries that need workers during non-traditional hours. This expands access for workers to enter the workforce and increases the pool for employers.
Adjust Steps within CCDF scholarship	State Plan, Administrative Rule	None	This results in less movement in how much a parent pays as their income increases, making child care affordable, which encourages a person to work, and results in more income for the family.

FOOD SECURITY			
Recommendation	Change- law, rule, state plan	Total Additional Cost /year	How this mitigates the Cliff Effect
Increase SNAP gross income limit	State Plan, Administrative Rules	Minimal	Expands categorical eligibility to 200% of the FPL that enables families to remain on SNAP longer, increasing resources to families, enables increased participation for free and reduced lunch.
Provide Heat and Eat payment to SNAP recipients receiving housing subsidies	State Plan, Administrative Rule	\$250,000.00 GF	Providing a nominal LIHEAP payment enables people to stay on SNAP while increasing income and continues eligibility for free and reduced lunch.

The following proposals were reviewed by the HB 4 Working Group and will require additional work to determine if the Department can include these as future strategies as we continue to work towards closing the Cliff Effect.

Recommendation	Change- law, rule, state plan	Total Additional Cost /year	How this mitigates the Cliff Effect
Provide payment based on enrollment not attendance based child care	CCDF Plan Amendment, State Rule, if permanent. COVID Plan for piloting	TBD	Providing a predictable and dependable income to the child care providers may 1) increase the number of child care providers who accept CCDF and 2) reduce the need to balance bill parents, resulting in increased options and income for working parents.

Implement Pre-K program	To Be Determined	To Be Determined	Programs operating at free or reduced cost bring substantial child care savings to parents, increases the ability for parents to enter, remain, or advance in the workforce.
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The Department will develop data measurements to monitor the effectiveness of the strategies to close the cliff effect. The Department’s Whole Families Integration Team will be the responsible party to develop, track, and report out the outcomes related to these system changes.

Action Steps

Below are the action steps that the Department will take over the next year towards solving the cliff effect. Some of these steps will be pilots in preparation for the 2024/2025 Legislative session as part of New Hampshire’s sustainable strategy to eliminate the cliff effect and to increase economic stability and independence.

- Immediately, the Department will target a portion of the federal child care relief dollars to provide to businesses to support child care in local communities.
- By September 30, 2021, working with NHES, the Department will determine if a request for State ARP funds is feasible to pilot the 100% TANF disregard for those working in jobs on the high demand list is allowable. If not, NHES and the Department will work to identify an alternative source of funds.
- By September 30, 2021, the Department, using federal child care relief dollars, will pilot a temporary increase of eligibility for the New Hampshire Child Care Scholarship to determine if this increases the number of families eligible for assistance.
- By September 30, 2021, the Department, using federal child care relief dollars will raise state payment rates for non-traditional hours.
- By January 31, 2022, the Department will amend the administrative rules to adjust the steps within the NH Child Care Scholarship Program.
- By January 31, 2022, the Department will make recommendations regarding enrollment based child care payments. The Department will work together with a workgroup that includes, but is not be limited to representatives from: the Whole Families Approach to Jobs Chapter, Child Care Advisory Council Executive Team, stakeholders, parents, and child care providers.
- By March 1, 2022, the Department will launch a pilot program with a local automotive dealership to develop a match program towards the purchase of a new or certified preowned vehicle. Using TANF balance funds for implementation. TANF State Plan will be updated for the pilot.
- By March 1, 2022, the Department will update the TANF State Plan and amend the administrative rules to change the TANF disregard and expand the education requirements allowed. TANF balance funds will be used for implementation.

- By March 1, 2022, increase the SNAP Gross Income limit. This will require approval by the NH Legislature's Health and Human Services Oversight Committee. The SNAP State Plan and the administrative rules will also be amended.
- By September 2022, the Department will develop a Request for Proposal for a post-TANF Support Program. Using TANF balance to fund this program.