



New Hampshire  
Department of Health and Human Services  
Closing the Cliff Effect  
*Progress Report*

*March 30, 2023*

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## Introduction

The Cliff Effect refers to the sudden and often unexpected decrease in public assistance benefits that can occur with an increase in earnings, putting the family in a worse financial situation. The effect can dis-incentivize families from seeking employment that would reduce or eliminate their need for public assistance.

In 2019 the Benefits Cliff Effect Working Group was established under [HB 4](#) to make recommendations to the Department of Health and Human Services (Department) in their effort to develop a plan to close the cliff effect (see <https://www.dhhs.nh.gov/ocom/solving-benefits-cliff-effect.htm>). The Working Group’s recommendations were finalized in September 2021 with the release of the [Cliff Effect Plan](#) (Table 1). The Department released progress reports in February and again in July 2022. <https://www.dhhs.nh.gov/solving-benefits-cliff-effect>. This report provides a further update on the progress since the July 2022 report.

Table 1: Cliff Effect Final Report recommendations and categories.

Category	Recommendation
TANF	75% income disregard for any TANF participant that starts new full-time employment. For those employed in high-demand jobs identified by NH Employment Security, implement a 100% income disregard. This is a two-year pilot program, October 1, 2022 – September 30, 2024.
	Adjust TANF Child care deduction age bands for under school age (0-6) & school age (6+)
	Count a master’s degree as an education requirement under TANF
	Post-TANF Support Program to promote employment success
	TANF Automobile Savings Program – financial match for down payment
Child Care	Child care and business partnerships
	Increase eligibility income level for Child Care Scholarship to 250% of FPL
	Raise state payment rates for non-traditional hours
	Adjust income steps within Child Care Scholarship
Food Security	Increase SNAP gross income eligibility limit
	Provide Heat and Eat payment to SNAP recipients receiving housing subsidies
	SNAP-LIHEAP data sharing agreement
Additional Proposals	Provide payment based on enrollment not attendance-based child care
	Implement Pre-K program

While some initiatives are easier to implement, others are complex and require exploration, modeling, data system adjustments, administrative rule or policy changes, and budgeting. The originally released Cliff Effect Plan contained three categories that were scheduled to be complete by September 2021. As the plan was released in September 2021 these timelines were adjusted. There are additional project processes that are impacted by external non-controllable factors, such as legal approval processes, and system coding changes which effect project timelines.

Progress continues in all initiatives over the last year except for one. The Heat and Eat program was determined to have insufficient value to proceed. Instead, it was determined that educating SNAP recipients on the



availability of Low-Income Home Energy Assistance Program (LIHEAP). If participating, receiving LIHEAP not only allows for a deduction that increases SNAP benefit amounts but also provides benefits for participants’ heating costs. The Department teamed with the Community Action Programs, where LIHEAP is administered, to strengthen awareness of the program and increase participation.

Project progress is assessed on a continuum ranging from research and preparation, which includes assessment of impacts, deliberation, and gathering data, reports, and other required documents to properly plan for implementation, to implementation and project completion. Implementation refers to when the pilot or policy is in place and the effectiveness of mitigating the Cliff Effect is being assessed. Once sufficient data are available, projects will be evaluated for effectiveness.

Further details are documented in each category table below.

## TANF Update

Table 2: The TANF category includes five initiatives.

<b>Initiative</b>	<b>Initiative Type</b>	<b>Implementation Date</b>	<b>Progress</b>
75% income disregard for any TANF participant that starts new full-time employment. For those employed in high-demand jobs identified by NH Employment Security, implement a 100% income disregard.	Pilot	October 1, 2022	Data is being collected manually as the IT system could not be programmed to do so. This is a two-year pilot and is voluntary to the TANF participant. As of the date of this report, there are 62 TANF participants receiving 75% disregard of new income, and 100 receiving 100% disregard.
Adjust child care deduction for TANF for age bands under school age (0-6) & school age (6+).	Policy/Rule	Dependent on approved rule changes	Rules and state plan revisions in progress; system changes pending; Outcome measures to be developed
Count a master’s degree as an educational requirement under TANF	Policy	Dependent on system changes	Federal Work Verification Plan pending federal approval. System enhancements for reporting purposes also pending. Outcome measures to be developed
Post-TANF Support Program	Pilot and Policy	October 2023	RFP in development; Outcome measures to be developed
TANF Automobile Savings Program – financial match for down payment	Pilot	TBD	Implemented and then paused due to the lack of available and affordable new/used cars

## Child Care Update

Table 3: The Child Care category includes four initiatives.

<b>Initiative</b>	<b>Initiative Type</b>	<b>Implementation Date</b>	<b>Progress</b>
Child care and business partnerships	Project	September 2023	RFP in development; Outcome measures to be developed
Increase eligibility income level for Child Care Scholarship to 250% of FPL	Policy	TBD	Pending biennium budget approval; pending rule and system changes; Outcome measures in development. Note: legislators have proposed an eligibility determination alternative (85% of SMI). The plan is to ultimately adopt one or the other income eligibility limit
Raise state payment rates for non-traditional hours	Project and Policy	TBD	Needs assessment survey released in January 2023; Outcome measures in development
Adjust income steps within Child Care Scholarship	Policy	TBD	Pending biennium budget approval; pending rule and system changes; Outcome measures in development

## Food Security Update

Table 4: The Increase Food Security category includes three initiatives.

<b>Initiative</b>	<b>Initiative Type</b>	<b>Implementation Date</b>	<b>Progress</b>
Increase SNAP eligibility gross income limit	Policy	January 2023	Effectiveness to be evaluated
Provide Heat and Eat payment to SNAP recipients receiving housing subsidies	Canceled		This initiative was modified to a SNAP-LIHEAP data sharing agreement; Determined that the Heat & Eat program provides insufficient value
SNAP-LIHEAP data sharing agreement	Policy	December 2022	Effectiveness to be evaluated



## Additional Proposals Update

Table 5: The Additional Proposals category includes one initiative.

<b>Initiative</b>	<b>Initiative Type</b>	<b>Implementation Date</b>	<b>Progress</b>
Issue payment to providers based on enrollment not attendance-based child care.	Policy	TBD	Pending biennium budget approval; pending rule and system changes. Outcome measures in development
Implement Pre-K program	Policy and Pilot	TBD	Strategic planning in development with stakeholders; Task force to be convened in February 2023; legislation pending; Outcome measures in development

## Closing Statement

The Cliff Effect refers to the sudden and often unexpected decrease in benefits that can occur with an increase in earnings, putting the family in a worse financial situation. The effect can dis-incentivize families from seeking employment that would reduce or eliminate their need for public assistance. This report provides an update on the status and progress of the Cliff Effect Plan.

As of this date, initiatives are in various stages of development, implementation and pre-evaluation. Data will be collected and analyzed when sufficient data is available and done so within the Department’s current ability and capacity. The Department will continue to report on the progress of these initiatives annually.