

Benefit Cliff Mitigation in MAINE

THE SPARK

The initiative to mitigate benefit cliffs in Maine was first catalyzed by a six-state New England effort called the Whole Family Approach to Jobs, aimed at analyzing and implementing solutions to benefit cliffs. Given the concerns voiced by both families and employers in Maine about the negative impacts of benefits cliffs—families feared losing essential benefits like Medicaid and SNAP when increasing work hours or wages, while employers struggled with offering promotions or additional hours due to employees declining them out of fear of losing benefits—legislators soon became actively involved in finding bipartisan solutions.

INITIATIVES

Expanded the Earned Income Tax Credit

Maine increased the refundable EITC to provide greater support working families. This expansion aimed to enhance financial stability and incentivize work.

ME Best Practice

Maine's emphasis on involving employers and addressing their concerns about workforce retention highlights the importance of creating policies that are not only beneficial for families but also aligned with the needs of the labor market. This approach ensures that the solutions are practical and sustainable, benefiting both employees and employers.

TANF-Related Policy Change

Maine advanced several policy changes in TANF. Maine increased earned-income disregards and adopted a stepwise approach to gradually reduce benefits rather than implementing a sudden cutoff. To ensure greater stability for families, Maine also eliminated TANF full-family sanctions and lump-sum penalties. This aimed to provide a more supportive environment for families transitioning out of TANF. Additionally, the "TANF Earnings Food Benefit" was introduced to provide additional food assistance to families experiencing a reduction in TANF due to employment income, seeking to mitigate the impact of reduced TANF benefits on food security.

SNAP-Related Policy Change

Maine eliminated asset tests for most Supplemental Nutrition Assistance Program (SNAP) households, removing barriers to food assistance and ensuring that families could access necessary support without stringent asset limitations. Job retention services for SNAP recipients were also extended from three to twelve months, providing continued employment support even after SNAP benefits ended.

Higher Opportunity Pathways to Employment (HOPE) Program

The Higher Opportunity Pathways to Employment (HOPE) program was introduced to offer post-secondary education support to families earning below 225% FPL. This initiative was designed to improve long-term economic prospects for families experiencing poverty by facilitating access to higher education.

Benefit Cliff Calculator

Maine also integrated the Atlanta Fed Benefits Cliff Tool for coaching purposes, helping families plan for income transitions and navigate the complexities of benefits cliffs.

FINER DETAILS

Funding

The initiatives to mitigate benefits cliffs in Maine were funded through a combination of sources. Early benefits cliff analysis and a dedicated project resource was supported by philanthropic contributions from the John T. Gorman Foundation. This initial funding helped to lay the groundwork for subsequent policy changes. Programs like HOPE were financed using Maine's TANF block grant, which provided a stable source of funding for post-secondary education support. SNAP Employment and Training (E&T) funds were utilized to support employment and training initiatives, ensuring that recipients had access to necessary resources for job retention and advancement. State and federal funding were integrated wherever possible to create a sustainable funding model. Over time, the funding structure evolved from reliance on philanthropy to a braided and blended model that combined federal and state sources. Adjustments were made based on changes in federal program rules and state budget considerations, ensuring the continued viability of the initiatives.

Key Collaborators

Maine's benefit cliff mitigation initiatives succeeded due to collaboration among key partners. State agencies like the Department of Labor and Department of Health and Human Services were crucial in implementation and management. Bipartisan legislative support advanced policy changes, with Democratic and Republican leaders working together. Employers in healthcare and labor markets addressed workforce retention and aligned benefits policies with needs. Community action agencies and two-generation programs provided insights and support. Philanthropic organizations, notably the John T. Gorman Foundation, funded and advocated for the initiatives. Federal partners, including ACF, USDA, and CMS, offered guidance and resources. The Atlanta Fed provided the Benefits Cliff Tool to assess earnings changes and mitigate new cliffs.

TIMELINE

The timeline below demonstrates how this body of work developed over time:

