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The Research Landscape for Benefits Cliffs: Reviewing the Benefits Cliffs Research Convening

In February 2026, the Benefits Cliffs Research Convening at the Federal Reserve Bank of Atlanta brought together researchers, state policy experts, and practitioners who directly serve workers to discuss how benefits cliffs shape families' employment decisions and affect the economy overall.

Over time, researchers have produced a large body of work on public assistance loss and employment. The purpose of this convening was to identify promising open research questions of relevance to researchers and practitioners, including gaps in research about benefits cliffs. Answering key questions about how benefits cliffs affect workers and families can inform scalable solutions that increase economic mobility.

Benefits cliffs are one example of how public assistance loss may disincentivize career advancement. They occur when a small increase in earnings triggers an equal or greater loss of public benefits, leaving someone worse off than if their earnings did not increase in the first place. In other examples, even gradual losses of public assistance triggered by earnings gains may disincentivize advancement or destabilize household finances.

State and local perspectives: What practitioners know and hope to learn about benefits cliffs

The first panel of the convening considered what state policy makers and practitioners are hoping to understand about benefits cliffs and how research can support their work to limit the effects of benefits cliffs.

Figure 1: Panelists discuss community and state efforts.

Panelists highlighted the importance of understanding benefits cliffs in the context of actual worker decisions: measuring someone's willingness to accept a benefits cliff or avoid one has a lot to do with someone's individual circumstances, family composition, job type, and more. Relatedly, they emphasized a need for benefits cliffs interventions to incorporate robust coaching that can help workers make informed decisions about wage increases and pathways to good job opportunities.

Rigid federal limits on benefits access and eligibility stress the importance of state policy reform. However, navigation of policy changes can be complex for states given that changes could affect someone's eligibility for benefits under federal rules. For example, states that use Broad-Based Categorical Eligibility (BBCE) for the Supplemental Nutrition Assistance Program (SNAP) face a constraint when trying to reform their Temporary Assistance for Needy Families (TANF) programs in ways that might improve economic mobility: Some TANF reforms, particularly those that consolidate or eliminate specific service categories, could inadvertently sever the BBCE linkage, because the qualifying service must satisfy both TANF block grant requirements and federal SNAP rules simultaneously.

Current state of research: Insights in research to date and questions to consider in the future

During the second panel, researchers shared insights into how benefits cliffs shape workers' economic decision-making, often frustrating their ability to climb the economic ladder.

The two primary pathways out of poverty are earning more or saving more, but the structure of the public benefits system potentially prevents millions of people from doing either.

—Stephen Roll, Washington University in Saint Louis

Findings from a nationally representative survey on the impact of work disincentives indicate that more than one in five workers with enrollment in one or more benefit programs experienced at least one disincentive, including not taking additional work hours, keeping savings below an asset limit, or not accepting a raise, promotion, or job offer.[1] The study also found that state of residence is a major predictor of disincentive responses, suggesting the need for a closer look at how state policies affect worker decisions related to cliffs.

In findings shared from a survey of 480 Utah households, 52 percent of respondents strongly agreed when asked if they were concerned that earning more money would reduce their benefits making their family worse off.[2] Survey respondents were most concerned with the loss of Medicaid (54 percent), followed by SNAP (35 percent). Forty-three percent of respondents decided not to look for a new job, raise, or promotion, worked fewer hours than what was available to them, turned down an offer for a new job, or other actions to avoid loss of benefits. Furthermore, about 26 percent of respondents lost benefits because they took a new job and then decided to quit and return to benefits.

Figure 2: John Olson (Northwestern University) discusses his research on benefits cliffs.

[1] Stephen Roll, Mat Despard, Guangli Zhang, and Grace Dehorn, "The Impact of Work and Savings Disincentives on Low-Wage Workers: Evidence from a Nationally Representative Survey," presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.
[2] Nic Dunn, "Strengthening the American Dream: Addressing Benefits Cliffs to Empower Safety Net Participants to Pursue Work and Opportunity," presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.

It kind of destroys my spirit of work. Because what if I make a little bit less than what those benefits are giving me? Or what if I only make enough for this month, but next month I don't make enough, but then I don't get those benefits. So it's kind of scary for me to be like 'yes I want to change my income' but then I have to remember I have kids to take care of.

—Survey Respondent in the Sutherland Institute survey on benefits cliffs

Merging state policy research with 2015–2019 American Community Survey data shows that workers near statutory cliffs reduce hours worked relative to similarly situated households further from cliffs.[3] Comparing average hours and income by proximity to cliffs, larger cliffs prompt larger "hedging" responses—the more at stake, the more likely someone is to avoid that cliff. This work also showed that cliff-induced reductions in hours worked lead to measurable aggregate output losses and welfare costs, implying that benefits cliffs have economy-wide business cycle implications beyond individual household hardship. Potential output gains could reach a modest 1.6 percent if cliffs are eliminated, and eliminating cliffs improves family welfare by 9.0 percent.

Researchers also highlighted findings across multiple benefits cliffs pilots, which show promise as interventions but only if constructed with intention, and only if offering more than merely eliminating or compensating for benefits cliffs.[4] Financial incentives are important for keeping participants engaged and bought into the value of the pilot. Services offered through pilots, like financial support, must be adapted to suit participant needs, and intensive case management is crucial to participant success. Also, enrollment in pilots may not be right for everyone at risk of experiencing a benefits cliff—participants in pilots need to have a certain level of work readiness and an interest in earnings progression.

Research on benefits cliffs interventions and state-based strategies

Researchers on the third panel detailed findings from pilots exploring how to lift families over benefits cliffs. In Tennessee, three TANF-funded pilots are coaching participants on potential benefits cliffs and have offered an average of $1,774 in transitional funding to offset benefits losses as earnings increased.[5] To date, the pilot shows the critical role of coaching and the importance of flexible funding to manage cliffs. It underscores the importance of carefully managing timing challenges—precisely how quickly participants can get access to the pilot's economic supports—as a major factor in whether interventions can substantively aid in economic mobility. A similar pilot is underway in Massachusetts, providing low-wage workers with monthly incentive stipends paired with financial and career coaching.[6]

[3] John Olson, "Benefits Cliffs and Aggregate Fluctuations," Presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.
[4] Dayanand Manoli, untitled presentation at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.
[5] Michele Abbott, "Tennessee TANF Opportunity Act: Pilots' Benefits Cliff Mitigation Strategies," presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.
[6] Claire Connacher, "Massachusetts' Bridge to Prosperity Cliff Effect Pilot," presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.

Figure 3: Lorrie Briggs (LAWorks) discusses efforts to evaluate benefits cliffs interventions.

Through its Career and Training Advancement Planner Uplifting LA's Talent (CATAPULT) Program, Louisiana is utilizing the Federal Reserve Bank of Atlanta's CLIFF tool to coach families and finding that well over 65 percent of users report the tool positively changed their attitude towards achieving their goal and increased their confidence in moving onto their next steps.[7] The Louisiana program combines work incentives (including $500 work incentive payments), transitional education and housing supports, childcare assistance, and transportation stipends to "slope the cliff," alongside barrier specialists and career coaching designed to strengthen retention and long-term mobility. CATAPULT also offered some learnings about how to make benefits cliffs programs effective in both rural and urban areas and how to calibrate programs to account for differences across geography. The work in Louisiana highlights the importance of transportation access, childcare, and rewarding, accessible employment pathways as the foundation of a successful benefits cliffs initiative.

Ideas for future research

Participants in the convening drew on these discussions to consider new areas of research that will advance our understanding of how benefits cliffs affect employment decisions and the economy.

Grounding this work in lived experience of people navigating cliffs

[7] Lorrie Briggs, "Pathways to Economic Mobility for Louisiana's Public Benefits Recipients," presented at the 2026 Benefits Cliffs Research Convening, Atlanta, GA, February 2026.

Everyone agreed, first and foremost, that it is important to ground benefits cliffs mitigation efforts in the experience of the families navigating benefits programs, and that making progress on the work to limit the effects of benefits cliffs requires a larger, more diverse set of constituencies engaged in this work—including policymakers and representatives of employers.

Figure 4: Participants discuss ideas for a future research agenda.

Researchers note that understanding exactly how people perceive cliffs is important. The complex eligibility rules for public programs create unnecessary burdens and confusion that cloud safety net program participants' economic decision-making. For example, healthcare exchange programs could provide no-premium healthcare coverage to people at risk of losing Medicaid benefits, mitigating the effect of a benefits cliff—but people at risk of losing Medicaid may not know that these exchange plans are available or how to access them and will make their family economic decisions accordingly.

Exploring how people change behavior based on the benefit they fear losing and which benefits hold the greatest value will deepen knowledge of how different cliffs limit mobility. Further, understanding the volatility of income for workers—income can fluctuate significantly within a year and within safety net eligibility determination windows—will provide clearer insights about how people evaluate the tradeoff between income boosts and benefits lost.

Critically, everyone agreed that narratives from people navigating the cliffs can illuminate for policymakers the real impact of cliffs on individuals, families, and communities. Narratives about individual experiences navigating benefits cliffs tell a much more compelling, easier to understand story about benefits cliffs than talking about benefits cliffs in the abstract.

Understanding the long-term effects of benefits cliffs

Research to understand the long-term effects of benefits cliffs on economic mobility could shed light on the intergenerational impacts of benefits cliffs—helping to elucidate what happens when multiple generations make decisions to "stay put" rather than risk the loss of benefits. Documenting gains in economic mobility, overall economic productivity, and potential return on investment to governments (through increased tax receipts and lower long-run benefit costs) that follow benefits cliffs interventions will help make a strong case for why mitigating the effects of benefits cliffs can support economic growth and sound state and federal fiscal policy.

Pilots as a rich information source

Community- and state-level pilots offer researchers the opportunity to understand the best strategies for helping families, including which coaching approaches and program supports translate into real-world mobility gains for families. Pilots also help to refine how differences in state policy impact the experience of navigating benefits cliffs and, supplemented with other research, can offer insights on how people in similar economic situations respond to different policies across geographies. In addition, pilots could be vehicles for public-private partnerships that offer creative solutions to policy challenges—like the use of social impact bonds, for instance, to fund up-front investment in benefits cliffs interventions. Convening participants also highlighted the benefits of using administrative data to assess pilot participants' mobility gains.

The need for new communication strategies

The research presented at the convening offers suggestive evidence that reducing benefits cliffs can promote employment gains and broader economic growth—a point that may appeal to new constituencies, especially the many employers who have recently seen benefits cliffs as an obstacle to recruitment and retention. Convening attendees noted that because benefits cliffs affect families of all kinds in all geographies, tailoring research to local contexts will be helpful for building more consensus on benefits cliffs mitigation strategies.

The Benefits Cliffs Research Convening demonstrated the growing evidence that benefits cliffs shape workers' economic decisions and highlighted promising interventions testing ways to mitigate cliffs and the significant opportunities for research to inform more effective policy solutions. While these and other studies shed light on how cliffs can discourage additional work, savings, and career advancement, there is still much to learn about how families experience these trade-offs and how policy changes or targeted interventions can help smooth the path to economic mobility. Nonetheless, the Convening's participants left the day with strong enthusiasm for learning more and building the base of knowledge to help mitigate the effects of benefits cliffs in the future.

The Federal Reserve Bank of Atlanta's Community and Economic Development function supports the Central Bank's mandate of stable prices and maximum employment by helping improve the economic opportunity of low- and moderate-income (LMI) individuals and underserved places for a stronger economy for all Americans. Community development is one of the Federal Reserve's core functions and this responsibility is rooted in its mandates from Congress. Find more research, use data tools, and sign up for email updates at https://www.atlantafed.org/what-we-do/community-and-economic-development.

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