

A SUTHERLAND INSTITUTE  
POLICY PUBLICATION

# Strengthening the American Dream

**Addressing benefits cliffs to empower safety net  
participants to pursue work and opportunity**



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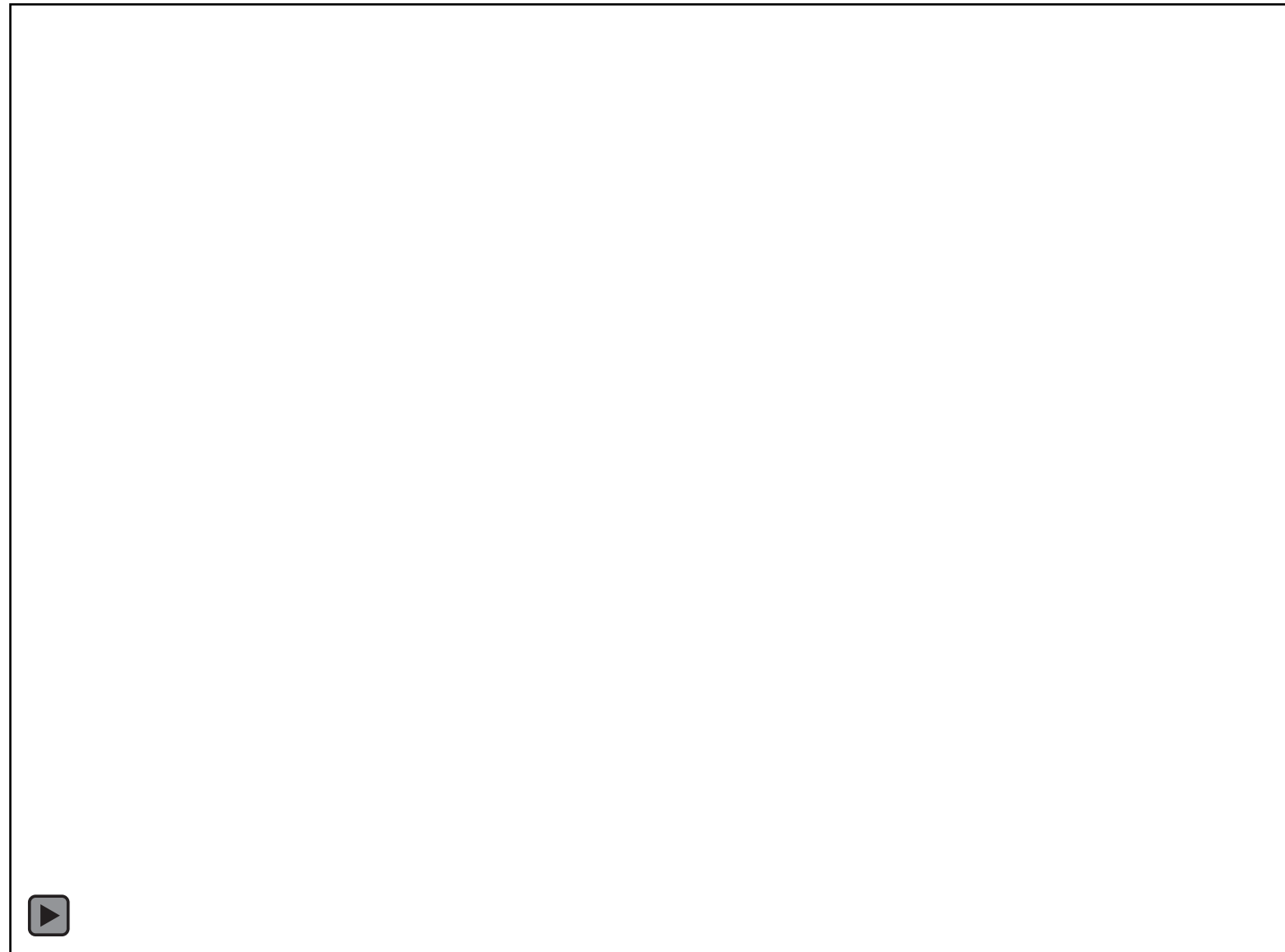
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# Marcella's Story



# Marcella's Story

*“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.”*



*Defending Ideas, July 30, 2024*

## In Their Own Words

*“I had a lot of opportunities. I could have [done] nails at another school, they would give me more money. Or taking on another client or more hours, or working another day. But I didn’t take that because I didn’t want to lose my benefits. ... If I did that then they would take away my food stamps.”*

*Marcella Patiño, Utah*

# In Their Own Words

*“It makes you feel **hopeless,** because there’s no chance of being able to earn a living wage.”*

*Carlotta Marie Jackson,  
Georgia*

# Gap in the Evidence for Benefits Cliffs

1

## IS IT ACTUALLY HAPPENING?

Are Utahns who participate in government assistance programs changing their economic behavior in response to benefits cliffs, and if so, what actions are they taking regarding work/earned income?

2

## UNDER WHICH PROGRAMS?

Which government assistance programs are these Utahns most concerned with losing? In other words, which benefits are they trying to preserve?

3

## ARE THEY AWARE OF ALTERNATIVES?

What is the level of awareness of alternatives to government assistance programs in the event of a program participant losing a given benefit?

# Unique Value-Add of Utah Benefit Cliff Survey

Statewide statistically significant data on **actual decision-making** of social safety net families

Specific economic **behaviors** identified

Better understanding of potential **impact of policy interventions**

Specific safety net **programs** identified

# Methodology

## SUTHERLAND & LIGHTHOUSE RESEARCH

Mixed mode telephone and online survey of adult residents of Utah

## DATA COLLECTION

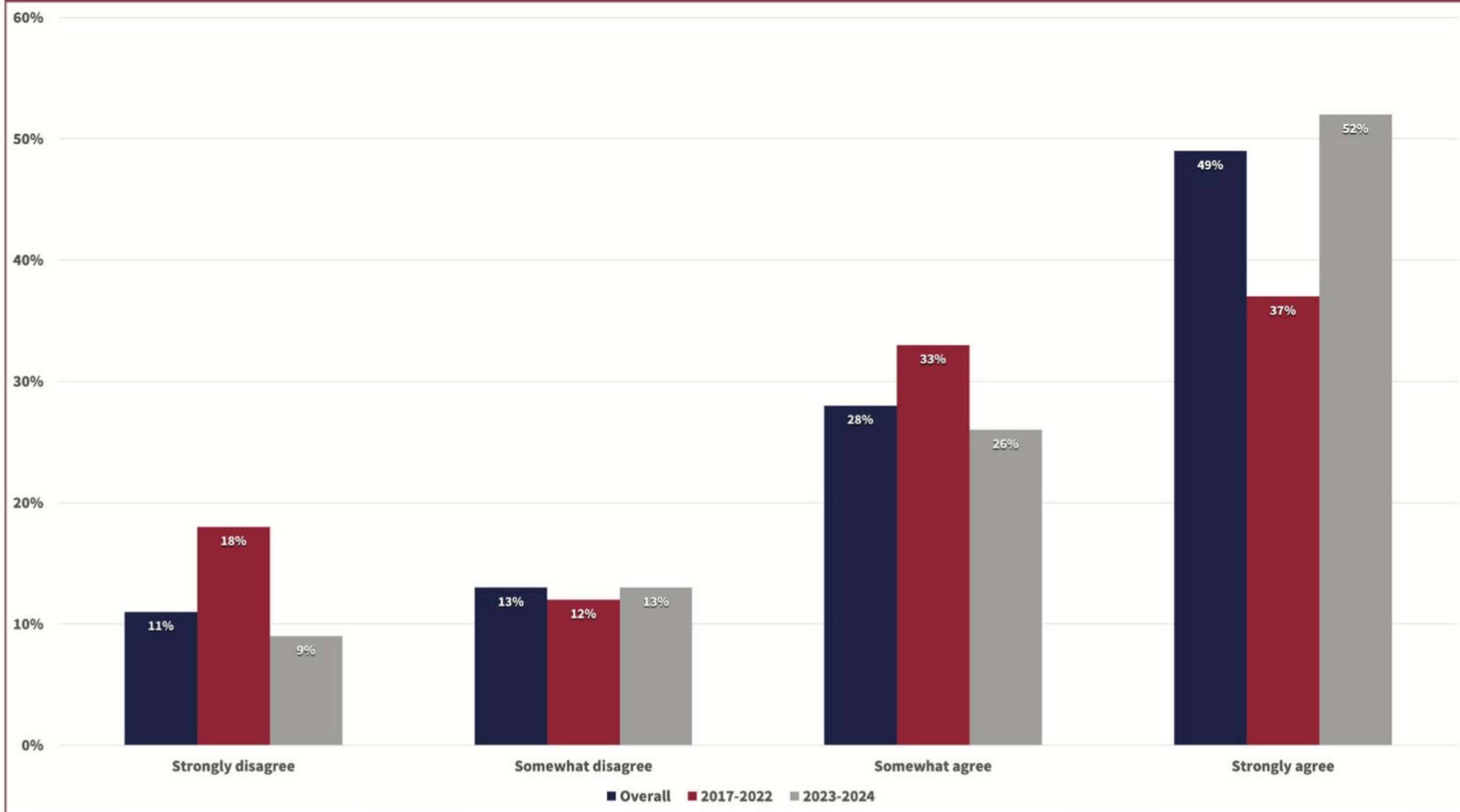
480 surveys completed between July 11 and July 22, 2024 with a margin of error of +/-4.42%

## RESPONDENT SCREENING

Respondents screened for participation in the following programs between 2017 and 2024: Medicaid, SNAP, HEAT, CHIP, Housing, WIC, TANF, child care, unemployment insurance\*

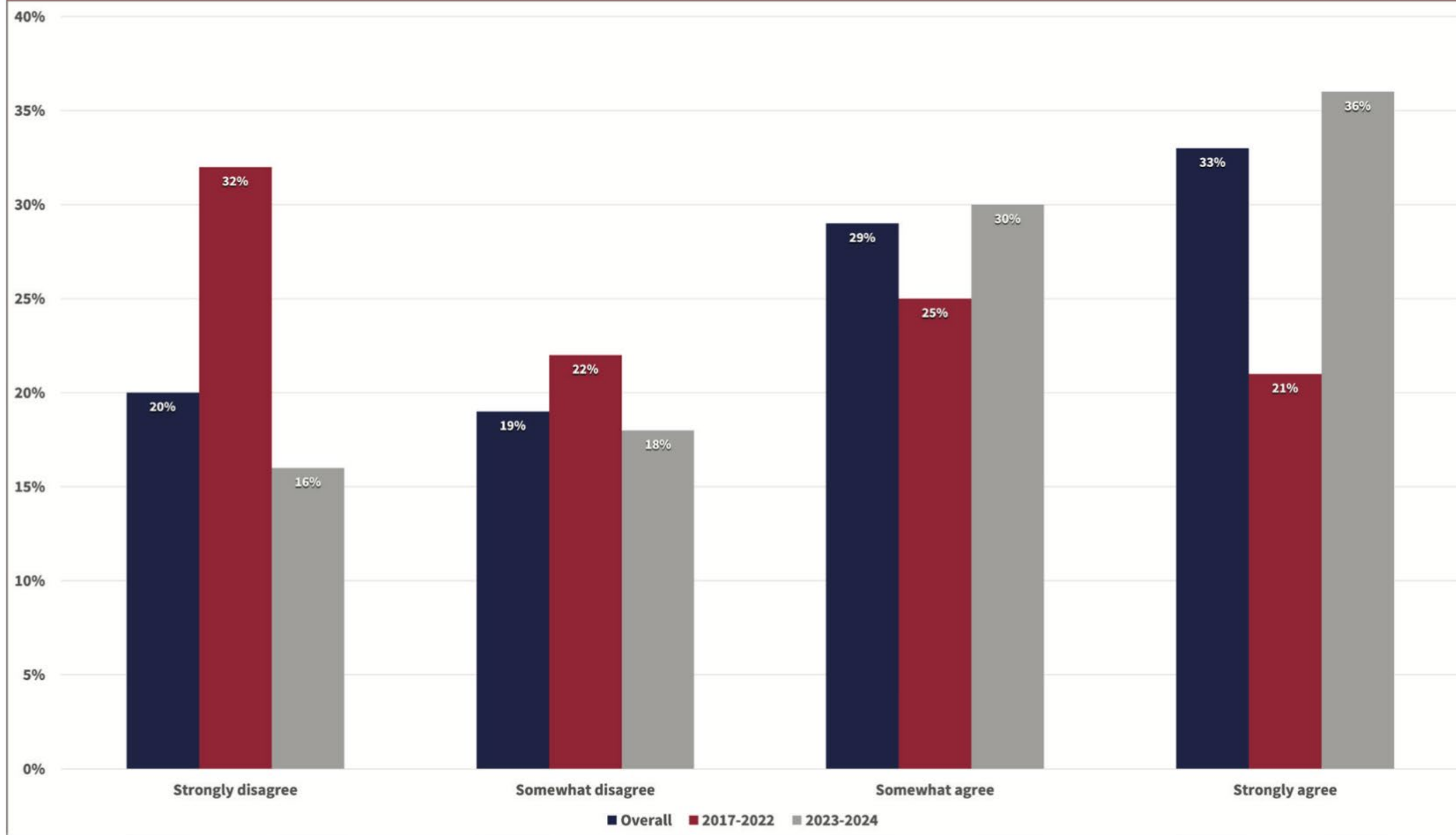
# Key Findings- General Sentiment

Please rate how much you agree or disagree with the following statement: “When using government assistance, I [am/was] concerned that earning extra income would result in a loss of benefits that would make me and/or my family overall worse off.”



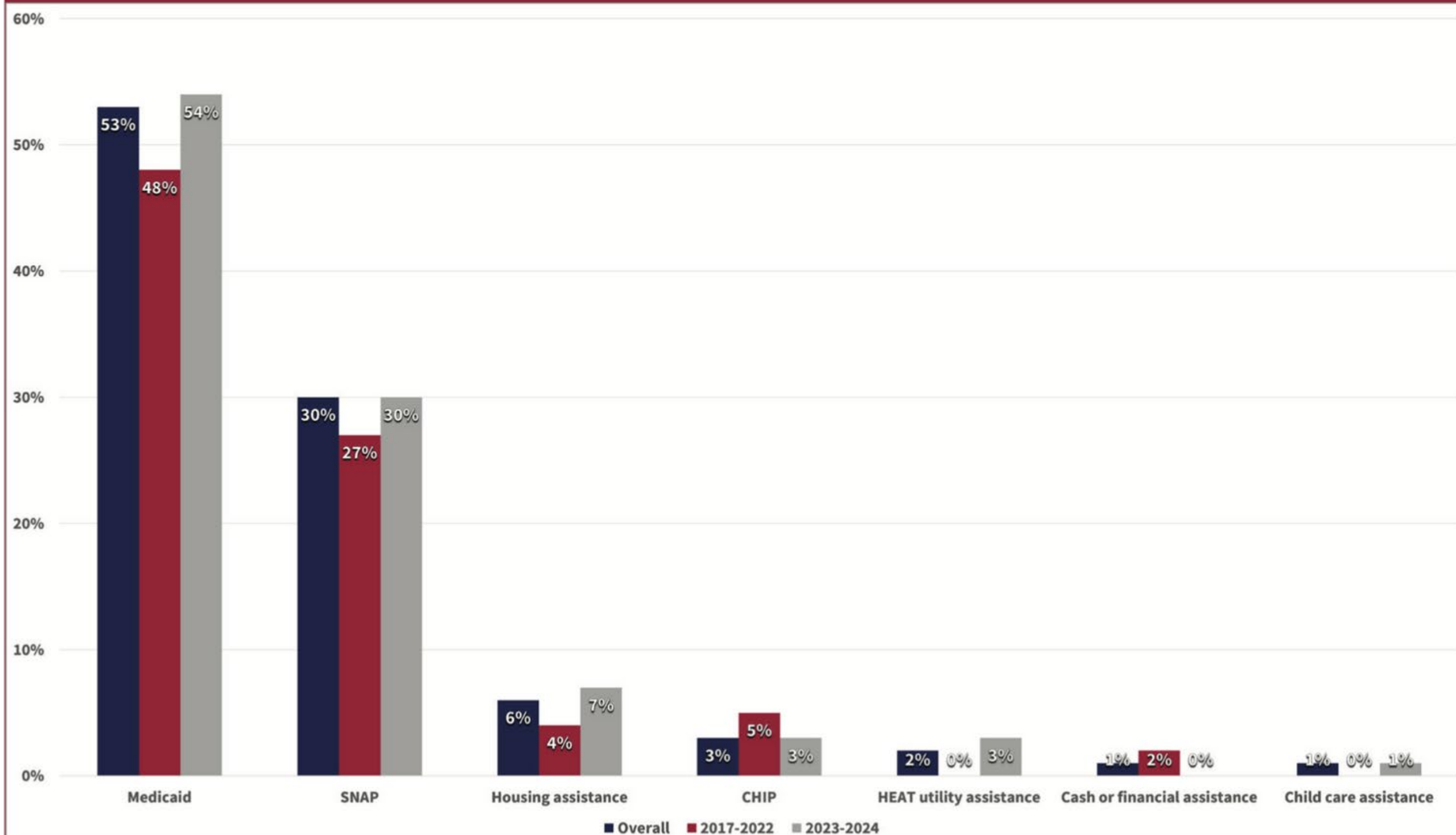
# Key Findings- General Sentiment

Please rate how much you agree or disagree with the following statement: “When using government assistance, I [feel/felt] stuck in a low income job because more income means loss of benefits that would make the higher income not worth it.”



# Key Findings- General Sentiment

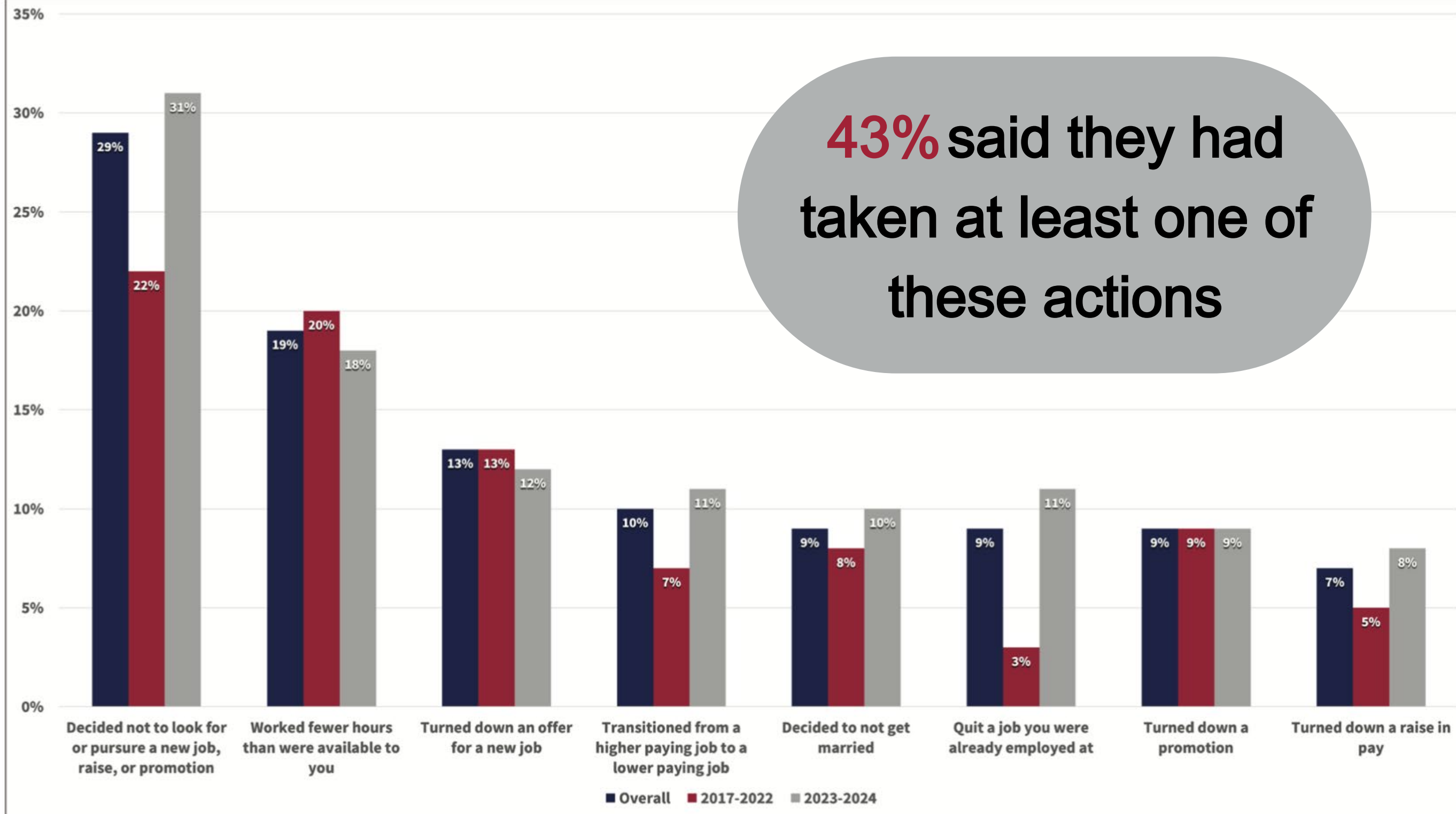
Which benefit [are/were] you most concerned with losing?



Percentages in the above chart are based on respondents who agree with the statement, "When using government assistance, I [am/was] concerned that earning extra income would result in a loss of benefits that would make me and/or my family overall worse off," and who utilize more than one government assistance program.

# Key Findings- Intentional Earnings Reduction

Have you done any of the following to avoid losing government benefits or assistance because you believed it would not be worth the loss of benefits, or because it would make you and/or your family worse off overall?



# Key Findings- Programs Most Commonly Cited

When you (took an action to intentionally reduce earnings), which benefit or government assistance program were you most concerned about losing?

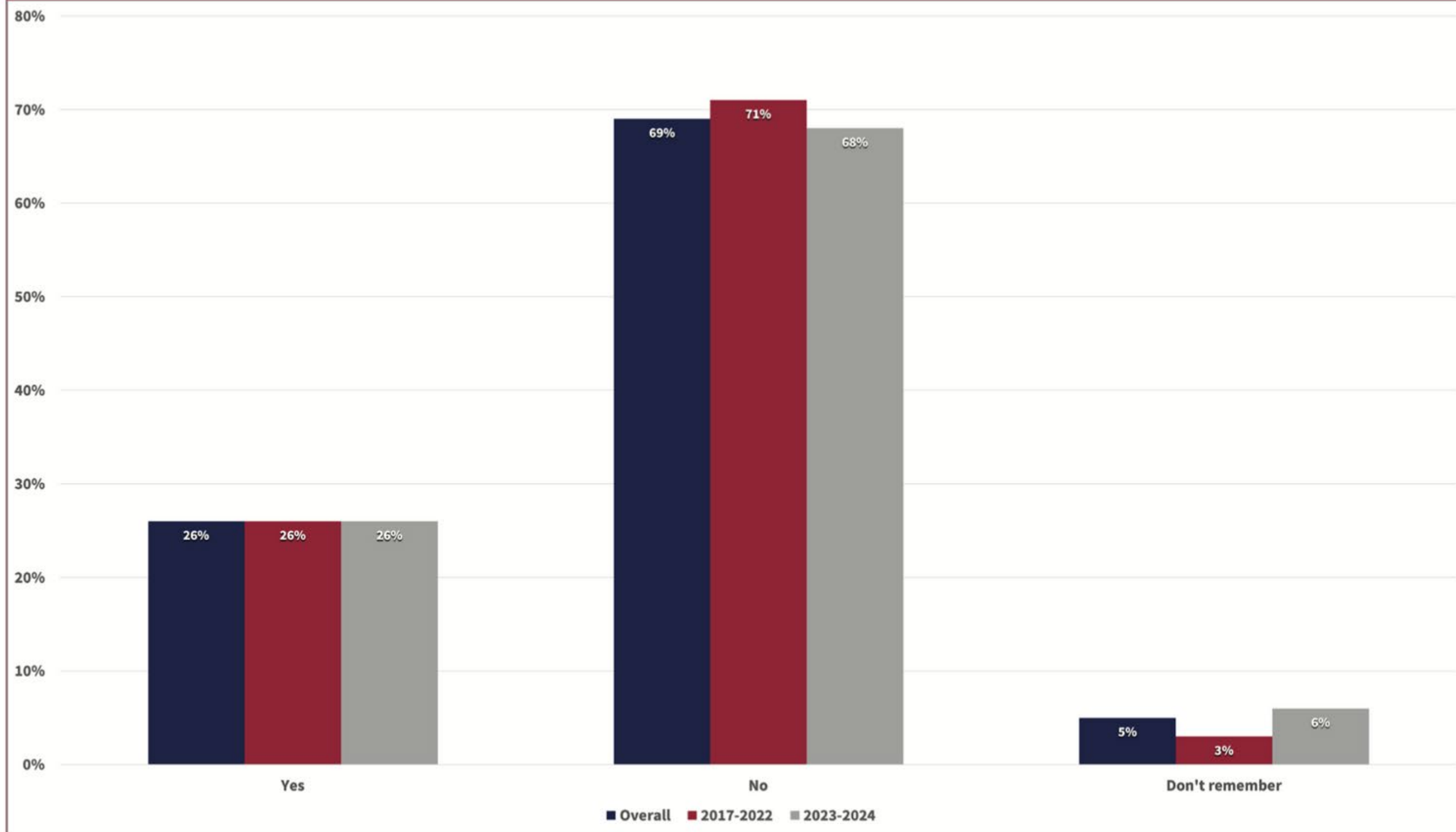
*Of the overall respondents who took the economic action on the left, x% of them identified the program on the top as their primary concern.*

	SNAP	Medicaid	CHIP	Child care assistance	Housing assistance	HEAT utility assistance	Cash or financial assistance	Other
Turned down a new job	58%	55%	12%	10%	10%	7%	3%	5%
Quit a job	35%	58%	9%	7%	14%	5%	0%	7%
Turned down a promotion	52%	64%	19%	7%	12%	10%	5%	2%
Turned down a raise	55%	67%	15%	9%	9%	15%	6%	0%
Worked fewer hours	60%	57%	11%	8%	12%	8%	3%	3%
Took a lower paying job	49%	66%	13%	4%	11%	4%	0%	6%
Did not pursue a new job, raise, promotion	50%	65%	11%	7%	9%	9%	2%	5%
Decided not to get married	58%	64%	13%	2%	18%	16%	7%	7%

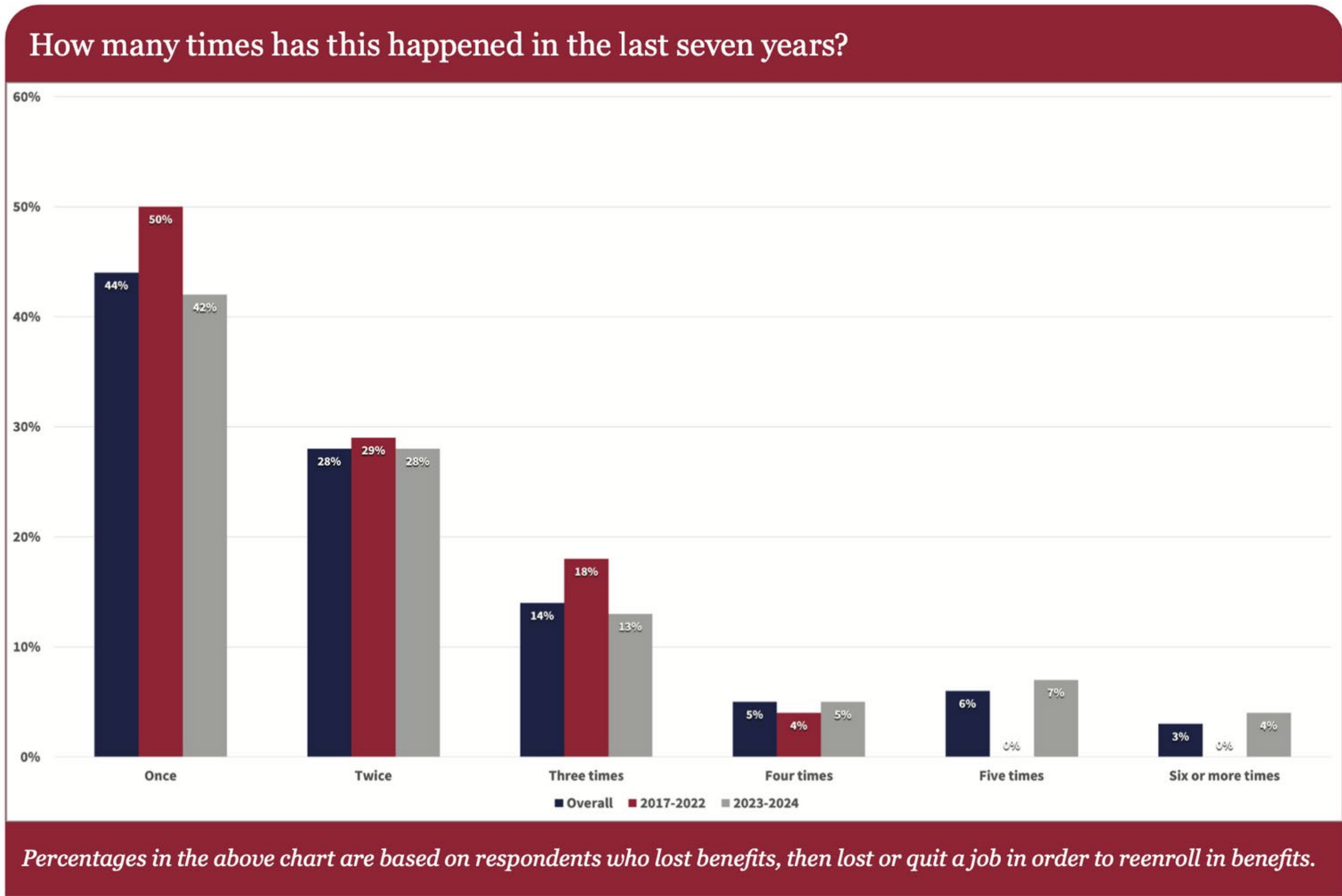
*Percentages in the above table are based on respondents who took each of the listed actions to avoid losing government assistance.*

# Key Findings- Safety Net Recidivism

In the last seven years, have you ever lost benefits due to earning too much, then lost or quit your job, then returned to using benefits?

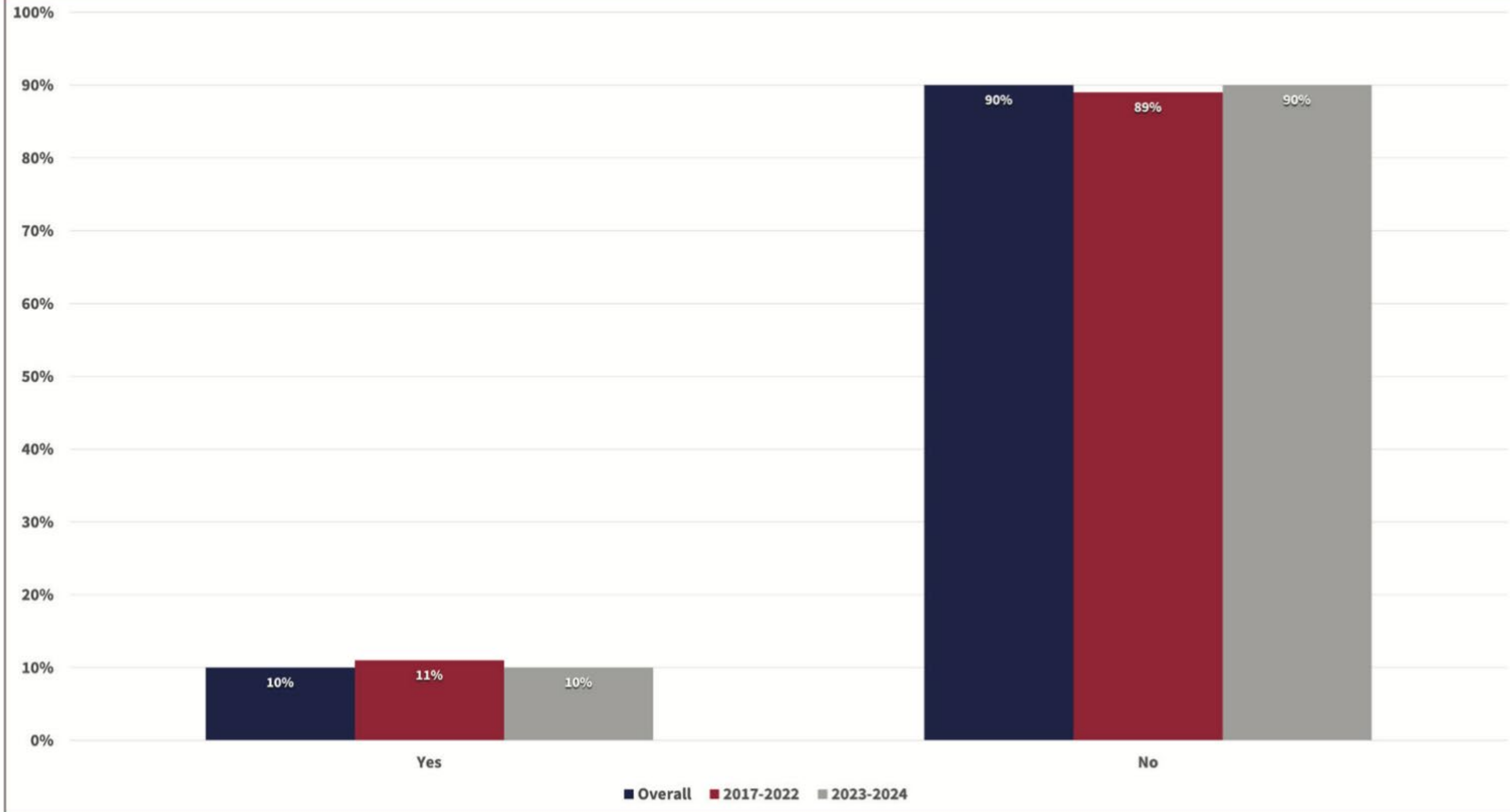


# Key Findings- Safety Net Recidivism



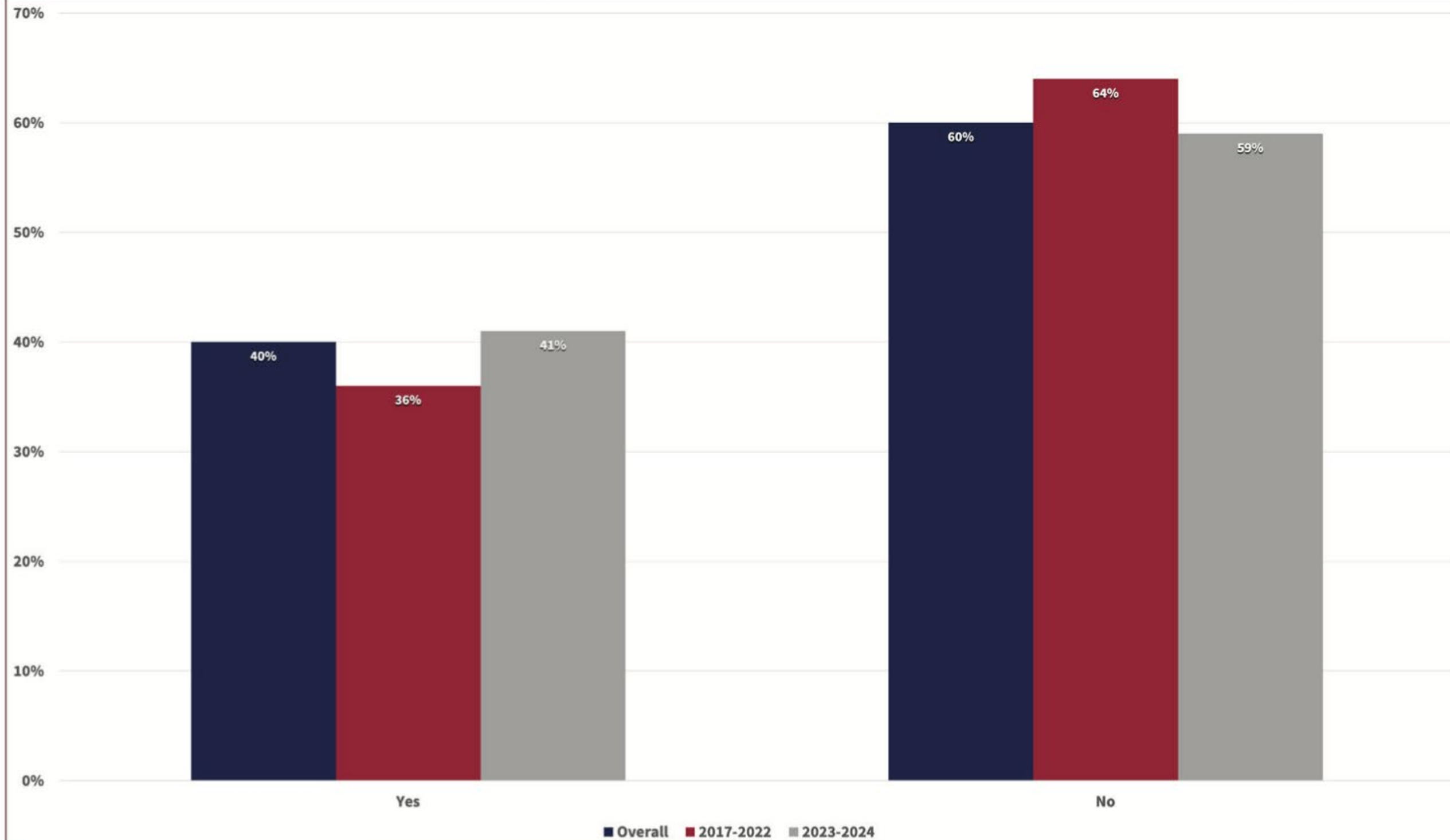
# Key Findings- Awareness of Alternatives

Are you aware of other programs or subsidies available to those who lose government assistance?



# Key Findings- Awareness of Subsidized Health Insurance

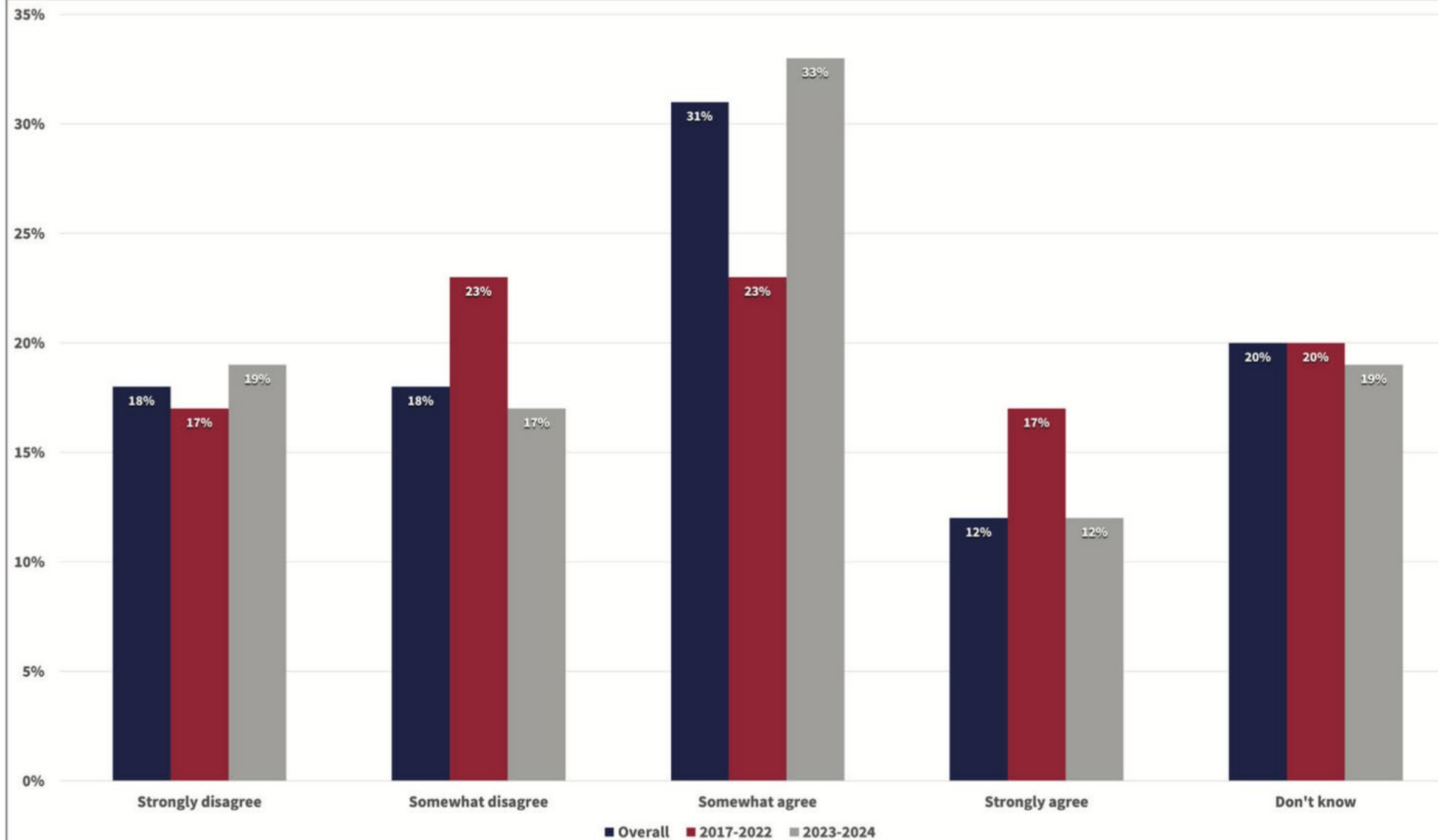
Are you aware of subsidized health insurance on Healthcare.gov that may be available to those concerned with losing medical benefits?



Percentages in the above chart are based on respondents who have enrolled in Medicaid and/or CHIP from 2017 to 2024

# Key Findings- Attitude toward Subsidized Health Insurance

Please rate how much you agree or disagree with this statement: “Transitioning from Medicaid to subsidized health insurance through Healthcare.gov is easy, affordable, efficient, and is a suitable next step after losing eligibility for Medicaid.”



Percentages in the above chart are based on respondents who are aware of subsidized health insurance on Healthcare.gov that may be available to those concerned with losing medical benefits.

# Takeaways from Survey Findings

1

## IS IT ACTUALLY HAPPENING?

**Yes**- almost half (43%) of respondents have changed their economic behavior by **intentionally limiting their earned income** to avoid triggering a benefit cliff.

2

## UNDER WHICH PROGRAMS?

**Medicaid** and **SNAP** are the programs most commonly cited by respondents worried about triggering a benefit cliff.

3

## ARE THEY AWARE OF ALTERNATIVES?

Overall, respondents have a **poor awareness of alternatives** and are relatively split on attitudes toward subsidized health coverage on the federal exchange.

# Talking Points for Reform Effort

**1**

Lead with the families' desire to work and escape poverty (not the policy complexities)

**2**

Describe benefit cliffs as barriers standing in the way of families trying to participate in free enterprise

**3**

Champion reform as simply an effort to clear their path

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Full paper and more analysis from Sutherland's Work &  
Opportunity Initiative available here:

<https://sutherlandinstitute.org/work-and-opportunity/>

