



The Upward Mobility Act: A state solutions framework for benefit cliffs

Written by Nic Dunn | March 2026

Introduction

America's social welfare system is intended to provide needed, temporary stabilization to families striving to escape poverty, while helping them move back into stable employment and self-reliance. But for far too many families, the system makes it economically rational to turn down opportunities to earn more and instead remain on public assistance programs. Congress can pass legislation that empowers states to test innovative solutions to these perverse incentives, within clear guardrails with measurable outcomes that boost work and independence.

Problem #1: Benefit cliffs discourage work and earnings

A benefit cliff occurs when a family on public assistance programs (like SNAP, Medicaid, and TANF cash assistance) increases their earned income and triggers benefit reductions from one or more programs that cancel out or even exceed the new earnings, making the family worse off or stuck in the same place.

Key stats:

- 22% of U.S. low-wage workers on public assistance programs have intentionally limited their earnings (through things like refusing raises or reducing hours) to avoid triggering a benefit cliff.¹
- A single parent with one child in Washington, D.C. would see no net improvement if her income increased from \$11,000 to \$65,000 due to benefit cliffs.²
- 62% of Utah's safety net participants felt stuck in a low-income job, believing earning more would trigger

a benefit cliff that would negate their progress. 43% intentionally limited their earnings.³

- In Illinois, a \$1,000 wage increase, from \$54,000 to \$55,000, would result in a family losing over \$25,000 in child care benefits.⁴
- A single parent with one child in Georgia, whose annual income increases by \$1,000 from \$23,000 to \$24,000, could lose more than \$500 a month in SNAP benefits.⁵

Problem #2: Safety net silos stifle reform

The major programs that comprise the safety net were created at different times, serving different purposes, with insufficient cross-program vision or coordination to effectively help struggling families back into work and independence. Their oversight – and thus potential for reform – is fragmented across multiple federal entities.

Key points:

- SNAP is overseen by the US Department of Agriculture.⁶
- TANF⁷ and child care⁸ are overseen by the Administration for Children and Families.
- Housing assistance is overseen by the Department of Housing and Urban Development.⁹

“Navigating multiple administrative systems can be time consuming. Some working parents view fragmented program rules as complicated and difficult to navigate, and programs may not be designed to support upward economic mobility,” according to an HHS report.¹⁰

The solution: Empowering State Innovation through The Upward Mobility Act

The combined challenges of benefit cliffs and the unnavigable siloed structure of the safety net require cross-program, pro-work reforms, that are tested with clear outcome measures before widespread adoption. State pilots are the most effective way to test new solutions.

The Upward Mobility Act allows five states to opt-in to blend funding streams from up to ten different programs (including SNAP, TANF, Section 8, child care, and more) to create pilot programs that simplify both the navigation and administration of safety net programs, in a way that eliminates work disincentives caused by benefit cliffs.

Key outcome/accountability measures:

- Independent third-party evaluation of pilots
- Reduced benefit cliffs
- Increased work and earnings
- State-produced detailed evaluation plans, with ACF oversight
- Funding capped at prior year levels, with inflation adjustments

Conclusion

State innovation is an underleveraged tool in the fight against poverty and our nation's shared commitment to strengthening the American Dream for the countless

families who strive to escape poverty. The Upward Mobility Act acknowledges the perverse incentives the social safety net creates through benefit cliffs, recognizes the fragmentation of the system as a barrier to both successful navigation for families and effective cross-program reform for federal policymakers, and leverages state experiments to address both. The reforms enacted in this bill take an essential step toward restoring the American social welfare system to its aspirational intent and preserving America as the land of opportunity for all.

Footnotes:

¹ [The Impact of Benefits Cliffs and Asset Limits on Low-Wage Workers: New Evidence from a Nationally Representative Survey; Washington University Center for Social Development](#)

² [Mitigating Benefits Cliffs for Low-Income Families: District of Columbia Career Mobility Action Plan as a Case Study; Federal Reserve Bank of Atlanta](#)

³ [Strengthening the American Dream: Addressing benefits cliffs to empower safety net participants to pursue work and opportunity; Sutherland Institute](#)

⁴ [Exploring Benefit Cliffs in Illinois: CCAP as a Case Study; University of Chicago and Atlanta Fed](#)

⁵ [Calculated using Federal Reserve Bank of Atlanta Career Ladder Identifier and Financial Forecaster](#)

⁶ <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program>

⁷ <https://acf.gov/ofa/programs/temporary-assistance-needy-families-tanf>

⁸ <https://acf.gov/occ/fact-sheet>

⁹ <https://www.usa.gov/agencies/u-s-department-of-housing-and-urban-development>

¹⁰ [Participation in the U.S. Social Safety Net: Multiple Programs, 2019; Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services](#)



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