Simply being employed does not mean economic self-sufficiency for people living in Nevada. In fact, it may actually work against them.

Currently in Nevada, the social safety net for the working poor is not designed for individuals or families to take advantage of the opportunity to gradually increase earned income towards self-sufficiency. When a family's income gradually starts to increase, and they rise above the official poverty level, they begin to lose eligibility for tax credits, childcare subsidies, health care coverage, and access to SNAP even though they are not yet self-sufficient.

The most at risk are families with children. Even though a family is working, and earning more, the family cannot reach financial security because of the high costs of rents, childcare, food, transportation costs, and access to affordable health care. Single parents have the hardest time bridging the gap to self-sufficiency. Although parents may be working and earning more, their families cannot reach financial security. This gap is what is called the Cliff Effect.

SNAP has a federal gross income limit at 130 percent of the federal poverty line, a rule that creates a small but impactful benefit cliff which could cause a benefit loss for some households who increase their earnings above that level.

As an example, a household of three with income at 120 percent of the poverty line would lose about $200 a month in SNAP benefits if someone took a new job or got a raise that lifted their monthly income above the gross income limit (which is at 130 percent of poverty, or about $2,200 a month for a family of 3). This loss of SNAP benefits would cancel out the higher earnings and the household would be no better off. In some cases they could be worse off.

How Nevada Protects Against the Benefit Cliff for Families:
Nevada currently has an option to lift the gross income limit through "broad-based categorical eligibility." More than 30 states have taken advantage of the option thereby allowing benefits to phase out gradually for all working households. Using the same family of three as the example, a state that used the categorical eligibility option to adopt a higher gross income limit. The household's SNAP benefit would drop by only about $60 to $90 a month, so the household would still be better off with the higher paying job.

This state option to raise the gross income limit through broad-based categorical eligibility is the second protection in SNAP against a benefit cliff. Maintaining this option will allow more states to smooth SNAP's phase out and eliminate the relatively modest benefit cliff.

The third protection against a benefit cliff is its structural guarantee to make food assistance available to every household that qualifies under program rules and applies for help. SNAP households that leave the program because they find a job or get a raise and no longer qualify can count on SNAP being available if they need help again later.

Without this guarantee, a household that loses its job might have to wait until funding became available to resume benefits — as occurs now with childcare and other benefits that are constrained by funding limitations from serving all that are eligible. The fact that SNAP is an entitlement lowers the perceived risks of working, making it easier for low-income families to take a chance on a new job or promotion.

<u>Recommendations to protect against benefit cliff:</u>

Federal:

Ensure the 2018 Farm Bill protects broad-based categorical eligibility, allowing the states to protect SNAP clients from the unintended consequences of climbing the economic ladder.

Stabilize the monthly premiums for health insurance for families making $30,000 a year or less. This is especially important for children and seniors.

Restore tax breaks for graduate student loans.

Increase SNAP benefits for seniors from $15 to $30 dollars a month.

Maintain the Medicaid expansions for states that opted in.

State:

Tax credits for businesses that provide paid family leave
(AB266 – 2017)

Allow Employees to use accumulated paid or unpaid sick leave for the care of family members
(AB 395 – 2017)

Provide a fund for short-term load as an alternative to payday lenders
(AB 67 – 2017)

Provide employers who assist in the cost of daycare for any child of an employee to a credit against the modified business tax.
(SB147 – 2017)