



DESIGN  
IMPACT

# THE CLIFF EFFECT

NEW APPROACHES TO OVERCOMING SELF-SUFFICIENCY BARRIERS



## WHAT IS THE CLIFF EFFECT?

The “cliff effect” occurs when a household loses eligibility for public assistance programs once a family’s income surpasses the threshold set by the Federal Poverty Guidelines. In some cases, the value of a lost or reduced benefit can exceed an increase in wages. Families often find themselves working harder and earning more but unable to get ahead, ultimately creating a cycle of dependence. In addition, confusion surrounding the ‘cliff’ is common because eligibility requirements are quite complex and vary for each benefit.

## PROJECT BACKGROUND

In 2012, The Women's Fund of the Greater Cincinnati Foundation issued a critical report on the cliff effect. Their research indicated that many organizations working with low-income families were responding reactively, rather than proactively, to assist clients in financial crisis after a loss or reduction in benefits. They heard stories of individuals turning down raises and promotions or leaving jobs to avoid a change in benefits from both employers and employees.

Similarly, CityLink, a group of social service agencies in Cincinnati that provides integrated services, saw clients taking on additional hours or responsibility at work, only to unknowingly trigger a reduction in benefits, leaving them worse off than they were before. They realized there was a lack of knowledge and awareness around a complex set of regulations and parameters managed by multiple public assistance agencies.

Meanwhile, Design Impact, a non-profit social innovation firm, had documented similar recounts over the years through ethnographic research collected in the Discovery phase of the design thinking process. Over and over again, families shared how they were struggling to get by after a loss or reduction in benefits. They too heard stories of folks turning down promotions or raises to avoid a loss in benefits.

Design Impact, The Women's Fund, and CityLink decided to apply to United Way of Greater Cincinnati to use design thinking to explore this issue. Together, they asked: **How might we mitigate the impact of the cliff effect?**

## THE ORIGINAL IDEA

One idea that rose to the top initially was a readily available, easy-to-use, software-based tool to help benefit recipients, caseworkers and employers understand when the 'cliff' is imminent and proactively plan steps forward.

The team wondered if the tool and the data gathered through its use could help demonstrate the need for policy change and drive lasting reform with immediate local impact and implications for national scale.



Ideally, this proposed solution would:

- + **Simplify and increase access to information** by enabling benefit recipients to more easily understand the impact of a wage increase
- + **Use design to affect policy change** by demonstrating the negative impact of current benefit policies
- + **Help break the cycle of poverty** by allowing benefit recipients to proactively explore their options when the cliff is looming

However, the team also knew that no good project starts with solutions and assumptions, and instead begins with thorough research and discovery on the issue. Led by Design Impact, the team used the design thinking process to navigate the way forward.

## DESIGN THINKING

Design thinking is a process that employs empathy, creativity and rationality to define, explore and solve problems. The design thinking process focuses on understanding and building empathy with users, considering divergent possibilities and learning through action. The design process is iterative so that despite various phases of action, individuals are encouraged to continue questioning, uncovering information and testing ideas. The process includes Discovery, Synthesis, Ideation and Prototyping.



Design thinking considers the fact that the communities we design with have critical, but often hidden, assets that may hold the solutions to the problems we seek to solve. The inclusive nature of this process engages the voices of those that are often left out of the decision-making table. This focus on participatory practice ensures that all insights and ideas are steeped in truth and real-life experiences of the people most affected by the systems we are addressing in this project.

Employing a design thinking approach enabled the team to explore the validity of their proposed solution, while ensuring that those most affected by the loss of benefits would have a voice in final concept development.

# Discovery

## THE PROCESS

Design Impact, The Women's Fund and CityLink spent six months moving through a rich research process exploring the lives of benefit recipients, the experiences of caseworkers and the policies that surround public assistance in order to better understand the impact of the cliff effect.

Teams of two from Design Impact worked together to conduct over 15 empathic interviews, a design practice rooted in deep engagement with an issue that prioritizes relationships and fluid conversation.

Given the diversity of life experiences among the interviewees, topics of conversation included family dynamics, support systems, work histories, philosophies and habits, personal experiences with the benefits system and future goals. The interviews enabled the team to:

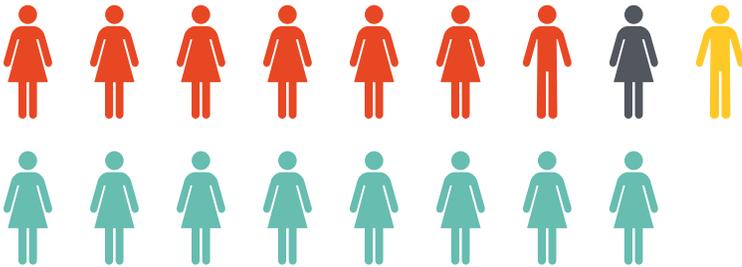
- + Understand the thoughts and motivations of those that have experienced/are currently experiencing a loss of benefits
- + Discover the differences in what people say and what they do
- + Identify the emotions that guide behavior
- + Reveal unmet needs

The team also facilitated a small focus group of four caseworkers. Using creative discovery techniques, they led the group through activities designed to better understand the actual process of navigating a loss in benefits.

In addition, The Women's Fund conducted extensive research into Ohio's public assistance policies to better understand how they impact low-income families and contribute to the cliff effect phenomena.



## RESEARCH METHODOLOGY



### DEMOGRAPHICS

- + **Gender:** Female
- + **Under 30:** 2, **30-40:** 4, **Over 40:** 2
- + **Neighborhood:** Winton Woods, Price Hill, Bond Hill, English Woods, Westwood, Colerain

### 8 Benefit Recipients

### 7 Caseworkers/Stakeholders

- + Freestore Foodbank
- + CityLink
- + St. Vincent de Paul
- + Cincinnati Works
- + Cincinnati Metropolitan Housing Authority
- + Hamilton County Jobs and Family Services

### 1 Employer

- + Nehemiah Manufacturing

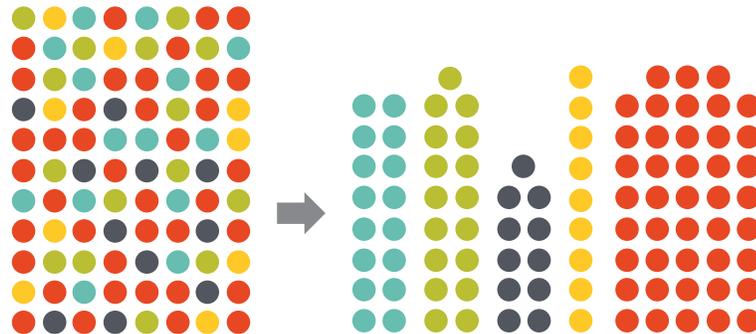
### 1 Policy Maker

- + Congressman Steve Chabot

# Synthesis

## RECOGNIZING PATTERNS IN THE DATA

One of the trickiest parts of the design process is to make sense of hundreds of data points that come out of Discovery with the intention of identifying key opportunities for innovation. This part of the process is often a bit messy and requires the group to stay positive, remain open to multiple possibilities and maintain the belief that the right avenues will emerge.



The team translated their notes and materials into insight statements, or statements that reflect deeper learnings on the issue.

These categories were translated into design opportunities through a process of creating “How might we?” statements. This process turns what feels like category lists containing a barrage of details about the problem into a focused but open discussion of the possibilities that new designs might offer. These statements set the team up for Ideation, the next stage of the design process.

During Synthesis, the team identified three major opportunity spaces:

1. How might we improve user experience in navigating the cliff effect?
2. How might we change perceptions and emotional responses associated with the cliff effect?
3. How might we influence and motivate policy makers to address the cliff effect?

## THE PIVOT

The research revealed that the most challenging obstacles in navigating a loss of benefits are emotional, rather than physical—mainly fear and frustration.

The team began the discovery process expecting to meet benefit recipients who had declined a job or a raise due to the fact that they would be financially worse off as a result. Furthermore, they assumed people would specifically cite the difficulty of calculating the impact of additional wages on their income. However, not one person interviewed made a job/career decision based on the potential loss of benefits. In addition, most knew that their benefits would be reduced if they reported more income, but just knowing that did not prepare them for the loss.

What became clear was that there was a high level of emotional attachment and security associated with some benefits, most notably SNAP. The fear of losing those benefits outweighed any incremental gains in wages.

The difficulty of transitioning and adapting to an unfamiliar financial situation, such as budgeting for food or even spending money on food, was cited far more often than the need to understand how much their benefits would be reduced.

While the research did not find people who were financially worse off after a wage increase, most noted that even though they were making more they still *felt* worse off. They had progressed in their careers or furthered their education, but the path to financial independence never seemed to shorten. In addition, their experiences with the benefits system ranged from indifferent to very negative.

**The team began to understand that the cliff effect may not make recipients worse off after a wage increase; however, they are no better off despite their professional advancement, and that, in effect, *feels* like a loss.**

# Ideation

## IMAGINING WHAT'S POSSIBLE

Given the unexpected outcome of the Discovery phase, six representatives from The Women's Fund, CityLink and Design Impact chose to participate in a three-hour ideation session in order to provide new recommendations and concepts moving forward. Ideation is the phase of the design process where new ideas are generated. These ideas may be big, small, wild, or even just a twist on an old way of doing things. No matter what the ideas are, Design Impact believes that all ideas should stem directly from those individuals who are a focus of impact.

The purpose of the session was to:

- + Create an open and creative environment where all ideas and voices could be heard
- + Share distilled learnings from months of discovery work
- + Generate ideas in each of the three opportunity spaces

Together, the team generated hundreds of ideas, eventually refining them into five core concepts. These concepts take the top ideas scribbled on Post-it notes during Ideation and turn them into more polished frameworks that have greater clarity and punch.

*How might we improve user experience in navigating the cliff effect?*

*How might we change perceptions and emotional responses associated with the cliff effect?*

*How might we influence and motivate policy makers to address the cliff effect?*



1.



## JFS SUPPORT CENTER

*Reinventing the JFS experience — from the physical space to personal interactions with staff — to better serve families and celebrate local communities.*

When families visit the *JFS Support Center*, greeters welcome them warmly and direct them where to go. Each client receives a map/guide to JFS that is color-coded, has relevant contact information, and contains a checklist of what you'll need when you meet with each department. All JFS employees wear a name tag with the message, "How can I help you?" With colorful walls and décor, music playing in the background, clear directional signage, a coffee station for parents, and an activity center for children, families experiencing difficult times feel as if they've found a safe place to land. Welcome videos injected with humor explain the process that they can expect to go through, while inspirational posters on the walls celebrate past clients' successes. A gallery space celebrates local voices and perspectives through artwork, murals, and photovoice projects.

## Key Components

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- + JFS greeters
- + Color-coded map/guide
- + Welcome videos
- + Colorful walls, music, and signage
- + Coffee station for parents
- + Activity center for children
- + Community gallery space

## RELEVANT INSIGHTS

- + Experiences with the benefits system range from indifferent to very negative.
- + The benefits process can be inconsistent, unclear and unfair, making it difficult to navigate.
- + Even when people do follow the rules, they can still lose benefits due to situations out of their control—a paperwork mix-up or a letter sent to the wrong address.
- + People receiving benefits often face hostility, negative attitudes, stereotyping, and poor service when trying to access services.
- + There are misconceptions about how the benefits system works—some people believe that any job (full-time, part-time, etc.) results in a loss of all benefits.

2.



## CELEBRATING SUCCESS

*Reframing the loss of benefits into a positive step forward through a comprehensive rebranding and outreach initiative.*

*Celebrating Success* is an initiative within JFS to reframe the loss of benefits into a positive step toward achieving personal goals and independence. When clients first enroll in benefits, they receive a welcome letter with a simple, well-designed printed piece that provides them with information about next steps, and a list of the various resources available in their neighborhood, such as food pantries, workforce development organizations, etc. Milestones, like a job promotion that results in a reduction of cash benefit, are celebrated with a handwritten card rather than a traditional notice letter. When families lose food stamps, they receive a Blue Apron-style box with fresh ingredients and easy, low-cost recipes, as well as a grocery store gift card and congratulatory handwritten note. All JFS correspondences are designed to feel personal and encouraging rather than cold and official.

## Key Components

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- + Beautiful and personal cards/correspondences of encouragement
- + Well designed printed piece with useful information and resources
- + Blue Apron-style box with low-cost recipes and gift card

## RELEVANT INSIGHTS

- + Even though people are aware that their benefits will decrease or end, they feel like they are being punished for doing better.
- + The biggest barrier in dealing with the Cliff Effect is not calculating it; it's the fear mindset of those experiencing it. The loss of benefits, even if supported by additional income, feels like a loss of security. When a mother received a promotion and lost her food stamps, her teenage daughter said, "But how are we going to buy groceries?"
- + Those facing the Cliff Effect are not typically surprised when they lose some or all of their benefits, but they are not prepared. The transition to managing their new financial situation can be less than 30 days.
- + Most people who work accept a promotion regardless of losing their benefits. However, there are no systems in place to help them fill the gaps when benefits are lost.
- + People do not want to be associated with public assistance.

3.



### TIME SAVERS

*Improving benefit recipients' user experience by addressing client-identified pain points, specifically, long wait times.*

*Time Savers* is an initiative within JFS to improve user experience. Rather than having to wait for hours for a scheduled appointment, clients can receive a text message when their appointment is ready (similar to waiting for a table at a restaurant), allowing them to do other things while they wait. In addition, a call back service is offered to clients that are able to schedule their meetings over the phone so that they don't have to wait on hold for long periods of time.

## Key Components

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- + Text message notifications for appointments
- + Call back service

## RELEVANT INSIGHTS

- + Long wait times can be frustrating for families, especially those with young children and/or inflexible job schedules. One mother was on hold so long that she decided to take the bus to JFS. She was still on hold when she arrived over an hour later.
- + Many clients report that JFS doesn't return phone calls. It can take weeks to schedule an appointment.

4.



## TOGETHER, ONE DAY AT A TIME

*Better supporting benefit recipients' journeys toward achieving personal goals and financial independence through peer-led cohorts.*

*Together, One Day at a Time* is a cohort for clients receiving public assistance that are experiencing similar milestones such as being recently enrolled in benefits, losing benefits due to an increase of income, etc. Each cohort meets once at month to offer support and celebrate successes. A former benefit recipient/mentor leads the meeting and provides clients with guidance on financial planning and problem solving. The achievement of personal goals, such as getting a new job or finishing a training program is celebrated among the group. A private Facebook page is set up for each cohort so that members can support each other and offer advice in between meetings.

## Key Components

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- + Monthly support group/cohort for benefit recipients
- + Peer mentor
- + Financial planning and problem solving guidance
- + Celebration of personal goals
- + Private Facebook page for each cohort

## RELEVANT INSIGHTS

- + Often people are more comfortable taking support from the system, but not from family or friends, and yet those who have made it through the Cliff Effect typically have strong support systems in place.
- + If benefit recipients don't see others achieving their goals, they do not realize it's a possibility for them.
- + People are not equipped to prepare and follow a budget over the long term. When raised in poverty, there is no frame of reference.
- + "We want you to survive, not thrive." Interviewee used the analogy of a grasshopper in a pickle jar to describe her situation. The lid had holes in it, but the grasshoppers are always at the bottom trying to climb the walls. People throw grass in to make them more comfortable, but they can't get out. People need someone to help them discover their talents, interests and capabilities.

5.



## BRING JFS TO THE PEOPLE

*Improving access to the services, information, and tools families need to manage their benefits both in their neighborhoods and online.*

In order to improve user experience and meet people where they are, local neighborhood libraries, community centers, or even mobile trucks are used as JFS outposts where people can register for benefits, drop off paperwork, and/or ask questions once a month. In addition, a live online chat service is available for clients after hours to respond to questions and/or refer clients to auxiliary services.

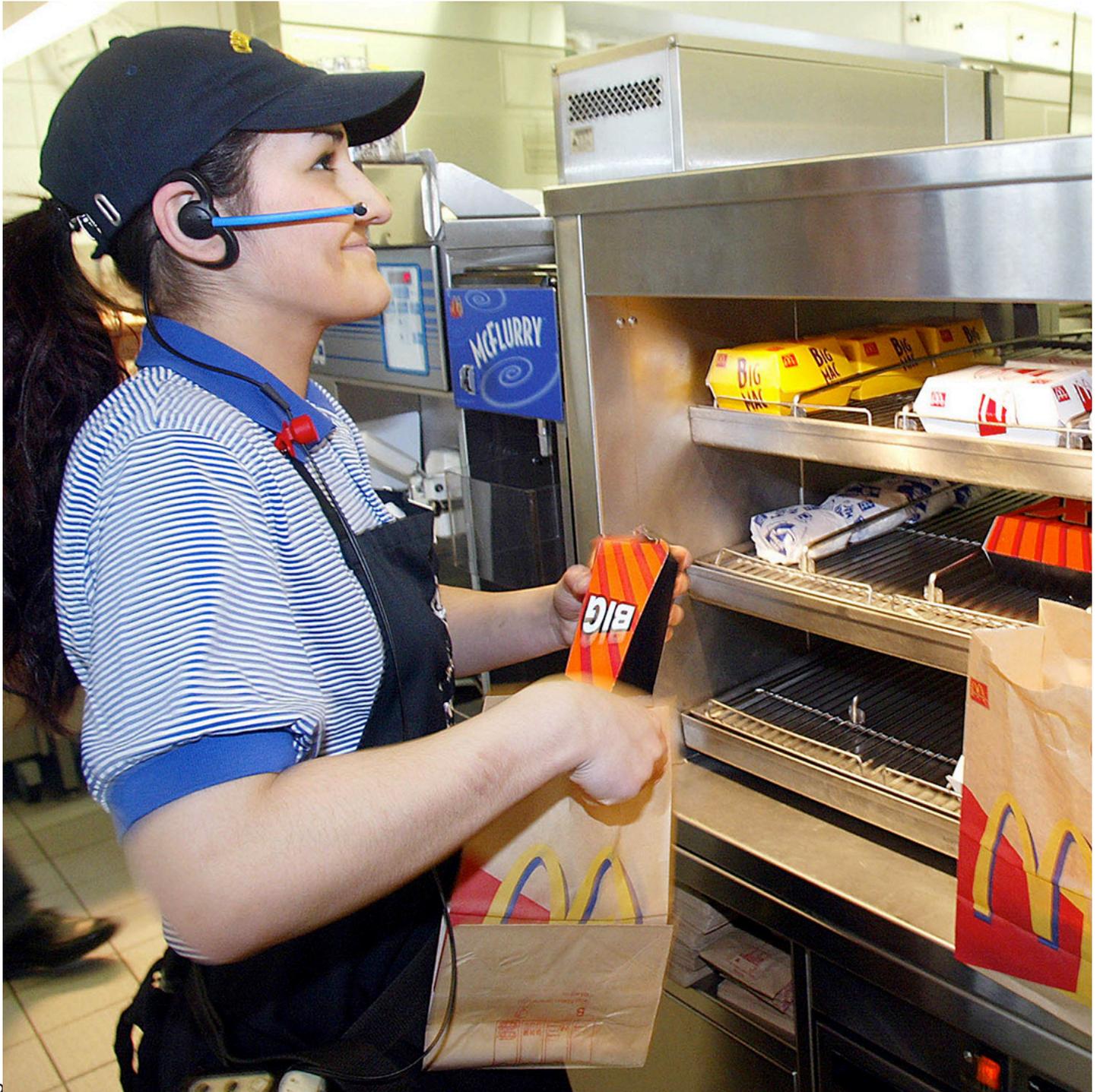
## Key Components

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- + JFS community outposts
- + After-hours customer chat service

### RELEVANT INSIGHTS

- + JFS caseworkers may not be able to fully advise clients about the loss of benefits because they themselves do not understand the Cliff Effect and the wrap around services that may be available. They operate in silos.
- + Women feel frustrated around benefit applications and recertification because they do not account for irregular work schedules and inconsistent child support payments. The benefit system is designed around a stable, predictable work schedule when very few women hold those kinds of jobs.
- + Long wait times can be frustrating for families, especially those with young children and/or inflexible job schedules. One mother was on hold so long that she decided to take the bus to JFS. She was still on hold when she arrived over an hour later.
- + Many clients report that JFS doesn't return phone calls. It can take weeks to schedule an appointment.



## NEXT STEPS AND RECOMMENDATIONS

After concluding their research, team members were invited to attend a presentation produced by the University of Cincinnati Economics Center for The Women's Fund. Their preliminary findings outlined the disincentives and opportunity costs for working mothers in Hamilton County. Their research aligned to the team's own findings in two key areas:

1. The financial cliff resulting from the loss of SNAP benefits or childcare is less dramatic than originally thought in Hamilton County
2. Gross resources remain generally flat despite significant increases in income

Based on the alignment of the qualitative and quantitative findings, the team recommends the continued exploration of how to best develop, deploy and leverage the concepts generated from the ideation sessions in order to support and incentivize those striving towards achieving their goals of self-sufficiency.

## APPENDIX OF INSIGHTS

### *How might we improve user experience in navigating the cliff effect?*

- + Even though people are aware that their benefits end, they are still blindsided when they do.
- + Women feel degraded by an inefficient, convoluted and long certification process.
- + Even when people do “follow the rules,” they still lose benefits due to human error and inefficiency, e.g. lost benefits because of name mix up.
- + The benefits process is inconsistent, unclear and unfair, making it difficult to navigate.
- + Benefits are calculated using an oversimplified view of a person and their needs resulting in recipients not receiving enough to cover basic needs.
- + People receiving benefits face hostility/negative attitudes, stereotyping and poor service when trying to access services from government agencies.
- + Caseworkers may not be able to fully advise clients about the loss of benefits because they themselves do not understand the cliffs and wrap around services that could help.
- + Even after a mother checked to see how a new job would affect her childcare, she was given bad information and her childcare was pulled.
- + There is confusion among professionals regarding benefits calculations.
- + Women feel frustrated around benefit applications and recertification because they (benefit policies) don't account for irregular work schedules and inconsistent child support payments.
- + People will accept exploitative jobs because they are desperate to make ends meet, resulting in working hard but making very little money. *Example:* Interviewee depended on a temp agency to provide transportation to a job site in Indiana. When she arrived, she was told that she was only needed for 2 hours. She had to wait 5.5 hours for the return shuttle and had to pay for transportation. She only got paid 2 hours for an 8-hour day.
- + Word of mouth and referrals are the best ways to reach people. Need low-tech solutions based on existing relationships.

- + Most people make decisions based on anecdotal stories around the “cliff effect.”
- + There is little (30 days) to no transition period between receiving benefits and losing them.

### *How might we change perceptions and emotional responses associated with the cliff effect?*

- + Many people cannot afford to get a job — access to childcare or transportation for interviews.
- + A woman went to CityLink not to get help finding a job, but to seek out a “cheerleader”— someone to tell her she could do better after going through some difficult times.
- + The cliff transcends a simple economic equation; it affects the lives of people, creating unhealthy stress and other problems.
- + Without connections, caseworkers have a difficult time filling the gaps. If they can’t do it, how can recipients?
- + Most people who want to work accept a promotion regardless of losing their benefits.
- + Benefit recipients “hate spending money on food.” “Paying cash for food was hard.” “I got a new job and when we lost food stamps, my daughter said, ‘how are we going to buy food?’
- + Even though people know they’ll lose benefits, they still feel duped when they learn they have lost benefits for earning more.
- + Points of contact are fragmented and isolated with no support structure in place.
- + “We want you to survive, not thrive.” Interviewee used the analogy of a grasshopper in a pickle jar to describe her situation. The lid had holes in it, but the grasshoppers are always at the bottom trying to climb the walls. People throw grass in to make them more comfortable, but they can’t get out. People need someone to help them discover their talents, interests and capabilities.
- + Often, people will take help from the system, but not family or friends.

- + Those who have “made it through” the cliff effect have strong support systems in place. *Example:* Caseworker previously receiving benefits never turned down a raise because she had family, friends and her church community to help fill the gaps.
- + For a person who believes they are doing everything right, the cliff effect makes them feel that they cannot get ahead.
- + Even when income increases, recipients still feel like they are in a crunch.
- + The biggest barrier in dealing with the cliff effect is not calculating it, it’s the fear mindset of those experiencing it.
- + If you do not see people like you succeeding in management or higher positions, it’s difficult to see yourself there.
- + People are not equipped to prepare and follow a budget over the long term. When raised in poverty, there is no frame of reference for this sort of thing.
- + If benefit recipients don’t see others rising out of dependence, they don’t realize that is a possibility.
- + Benefit recipients restated many times. “I’m not your typical benefit recipient,” even though she had food stamps twice in the past. People do not want to be associated with public assistance.
- + Many people living in poverty do not see themselves as poor
- + People are afraid to lose food stamps—they represent security and a type of currency.
- + People take non-reportable side-jobs so that they can make ends meet without losing benefits.
- + With few exceptions, people don’t want to be on welfare.
- + Many people on government assistance are NOT basing decisions around life or work on benefits. They are making decisions in order to better themselves and their families.

### *How might we influence and motivate policy makers to address the cliff effect?*

- + Constituents view tax dollars and charitable donations differently.
- + Congress is aware of the impact of the cliff effect and they have discussed transitional

benefits (i.e. maintain benefits for the first year and then reduce them gradually until you no longer need them).

- + Democrats and Republicans often view solutions to the cliff from different perspectives.
- + Religious beliefs trump evidence-based best practices in law making.
- + There is broad bi-partisan support to make work supports more effective.
- + Raising the minimum wage could actually throw thousands of families into cliff territory.
- + Families should always be better off when a parent's earnings increase.
- + Some low-income workers consider the cliff effect before accepting a raise, effectively acting as a barrier to employment.
- + Caseworkers may advise their clients to go against what the caseworks values are and not take a job because the benefit loss would be detrimental.
- + A caseworker reported that many of their clients looking for jobs are not receiving benefits.
- + Even someone "off the system" with a full-time job (for 16 years) has to make trade-offs. "Still fighting to get out of poverty."
- + When SNAP benefits are lost, poor health, developmental delays and food insecurity are more likely to increase.
- + Often low income women work in "caring professions" so the cliff effect stress not only affects her, but her employer, the seniors she serves and the economy.
- + The Cliff Effect is most apparent in childcare — If you are making 145% of the FPL, you pay 26% of your childcare costs. When you make 146% of the FPL, you pay 100%.
- + The women on the top rungs of the working poor are often the worst off.
- + Single mothers are terrified of the gray area where they don't qualify for benefits but are not yet making enough money to afford rent.
- + Full-time work and supports almost close the gap between resources and expenses, allowing families to just barely make it.
- + Even people who aren't receiving benefits have a hard time making ends meet.
- + Eliminating the 'cliff' means less work supports will be paid in the long run.
- + People living in poverty can't build any type of nest egg because of asset limit testing (\$100 savings bond example).



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