



Three stories show how benefits cliffs trap people in low-wage jobs or on public assistance

by: Jennifer Wilding

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Misconceptions and stereotypes imply that people who receive public assistance benefits are looking for handouts, do not want to work, or do not want better jobs. Often, though, they can lose hundreds or thousands of dollars of public assistance benefits if they take a job that earns even 10 cents an hour more. The gap between what they'll gain as a result of higher pay, and the public assistance benefits they'll lose, is called a [benefits cliff](#). As a [new article in Fed Communities](#) shows, the benefits cliff penalizes people for working towards economic self-sufficiency. People facing the benefits cliff are simply doing the math, and that math isn't adding up.

'Public benefits can be a lifeline for families in need, but the fear of losing them without a sure pathway to a stable, better paying job can hold people back,' said Steven Shepelwich, senior community development advisor at the Federal Reserve Bank of Kansas City. Shepelwich is [working with other Reserve Banks](#) to help workers navigate benefits cliffs.

[Public assistance benefits](#) can come in many forms. The most common benefits people receive include housing, food, childcare, health care, disability support, cash assistance and tax credits. Losing public assistance benefits when their income goes up incentivizes some workers to stay in lower-paying jobs. It discourages others who are willing to work from joining the workforce.

How do benefits cliffs create issues in our economy? Follow the journey of three individuals working to overcome benefits cliffs in hopes of achieving financial stability in the latest story from [Fed Communities](#), produced in partnership with the [Federal Reserve Bank of Atlanta](#), the [Federal Reserve Bank of Boston](#), and the [Federal Reserve Bank of Kansas City](#).

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Jennifer Wilding, a community development specialist for the Kansas City Fed, provides communications, engagement, and research for the community development department. Wilding recently served as a beat reporter for [Fed Communities](#), the Federal Reserve System initiative about the Fed's work in communities. She edits the Kansas City Fed's community development newsletter, "[Community Connections](#)" and takes on special projects. Before joining the Kansas City Fed in 2018, she was executive director of Consensus KC, a nonprofit consulting firm specializing in public policy and civic engagement. Wilding holds a B.A. in urban affairs from the University of Missouri-Kansas City. She has served as president of the University of Missouri-Kansas City Arts & Sciences Alumni Board, as secretary of the YWCA of Greater Kansas City, and on the board of the National Audio Theatre Festivals. Her hobby is letterpress printing, using a 1,500-pound cast-iron press from the late 1800s. Highlights of her work include: [Disconnected: Seven lessons on fixing the digital divide](#). A layperson's guide to putting broadband, devices and training within reach of a community. [Focus groups with unemployed individuals](#) and with people from nonprofits that serve them, held in Chicago, Detroit, Denver and Kansas City. **About the Federal Reserve Bank of Kansas City** The Federal Reserve Bank of Kansas City is one of 12 regional Reserve Banks that, along with the Board of Governors in Washington, D.C., make up our nation's central bank. We work in the public's interest by supporting economic and financial stability. The Kansas City Fed's territory includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. Our headquarters is in Kansas City, with branch offices in Denver, Omaha and Oklahoma City. The Kansas City Fed Community Development Department promotes economic development and public understanding that leads to progress for lower-income individuals and communities. Our focus areas include community development investments, digital inclusion, small business / entrepreneurship, and workforce development.