

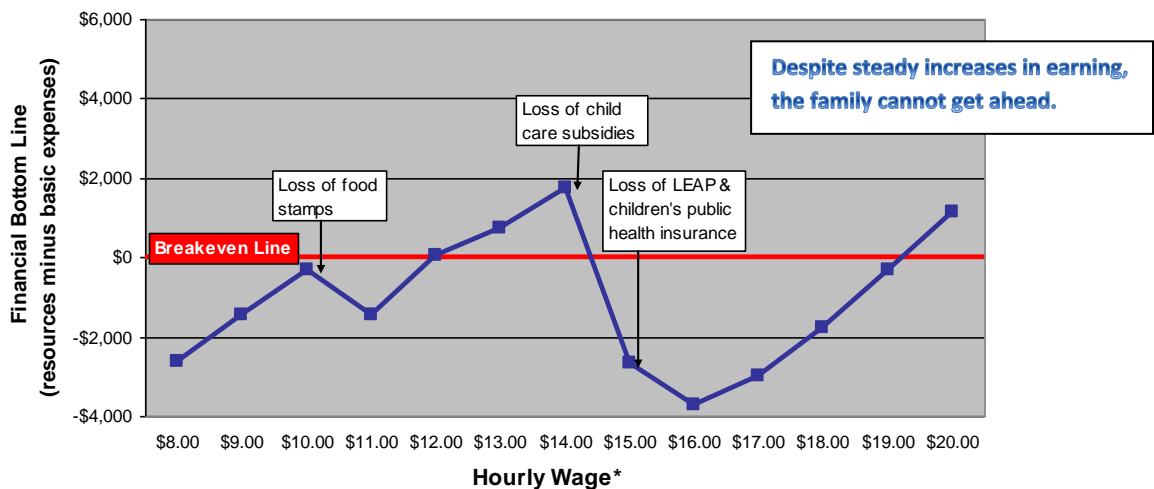
What is the “Cliff Effect”?



The Paradox for Low-Wage Workers

- Low-income families may qualify for “work support” benefits (e.g., earned income tax credits, Medicaid, child care assistance) that help cover the cost of basic necessities.
- HOWEVER, as earnings increase, families begin to lose these benefits.
- THE RESULT? Parents can earn more without improving their financial situation.

EXAMPLE: Denver County, CO: Single-Parent Family of Three Hits Cliffs as Earnings Increase



Note in particular that as wages double from \$8-\$16, the mom loses ground, moving farther from being able to make ends meet.

*Hourly wage: Assumes full-time work (40 hours/week, 52 weeks/year)

Work supports: Child care subsidy, food stamps, LEAP, public health insurance, and income tax credits

(Source: Preliminary NCCP analysis of raw data derived from the Family Resource Simulator)

Women sacrifice to keep their benefits, giving up:

- ✓ Promotions, raises and overtime.
- ✓ Relationships.
- ✓ Additional jobs.
- ✓ Education.

What you can do:

- Help educate your community
- Engage and advocate for change
- Donate funds to support our work to make systemic change now.

For more information visit wfco.org