

# Constraints on New Hampshire's Workforce Recovery

Impacts from COVID-19, Child Care and Benefit Program Design on Household  
Labor Market Decisions

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FINAL REPORT

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**NCCP**  
National Center for  
Children in Poverty  
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## About Econsult Solutions, Inc. (ESI)



Econsult Solutions, Inc. (ESI) provides businesses and public policy makers with consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience. Based in Philadelphia, ESI support clients nationwide.

ESI's government and public policy practice combines rigorous analytical capabilities with a depth of experience to help evaluate and design effective public policies and benchmark and recommend sound governance practices. ESI has assisted policy makers at multiple levels of government to design and evaluate programs that help citizens increase their economic security.

Ethan Conner-Ross, Rebecca DeJoseph, and Alix Sullivan were the primary ESI researchers on this study.

## About the National Center for Children in Poverty (NCCP)



The National Center for Children in Poverty (NCCP), founded within Columbia University and beginning in July 2019 located at Bank Street Graduate School of Education, is a nonpartisan public policy research center dedicated to promoting the economic security, health, and well-being of America's low-income families and children. NCCP uses research to inform policy and practice with the goal of ensuring positive outcomes for the next generation. It conducts research and policy analysis and uses existing evidence to identify effective, innovative strategies that can improve the lives of children and families experiencing economic hardship. The center provides accessible information and recommendations about research-informed policies and initiatives that can help families and communities support children's success from infancy through young adulthood.

NCCP reaches a large audience with its reports, online data tools, policy resources, technical assistance, and partnerships. This audience includes state and local policymakers, advocates, community leaders, researchers, and administrators in government agencies that use NCCP's research and analyses to make informed decisions about policies and programs that promote secure, nurturing families and thriving children. NCCP often partners with government officials, advocates, and other stakeholders to plan and carry out policy research and analysis—an approach that fully engages decision-makers and helps ensure that results will be used to strengthen policies and programs.

Key areas of the center's work include safety net policies, immigrant families, paid family leave, disability policies, early childhood mental health, early intervention, early care and education policies, and two-generation approaches. NCCP's online resources include the Family Resource Simulator, the Young Child Risk Calculator, the 50-State Policy Tracker, the 50-State Demographic Data Generator, Early Childhood State Policy Profiles, and the Basic Needs Budget Calculator.

Seth Hartig and Suma Setty were the primary NCCP researchers on this study.



## 5. Benefit Cliff Workforce Constraints: Deep Dive Analysis

### 5.1. Families with No Initial Earnings

#### Households with No Children

##### Healthcare Cliffs for Households with No Children with No Earnings

All 18,777 single adult households with no children will face a healthcare cliff during the simulation. Figure 5.1 below shows the number of benefit cliffs (inclusive of repeated cliffs) by program and risk type for this group. The difference between the total number of cliffs and the number of families facing cliffs indicate the instances when a single family faces multiple cliffs, including multiple cliffs attributed to a single program.

- Due to the substantial income increase needed for these households to reach a cliff, only 31 out of 19,440 cliffs are considered high risk. This is unlike their counterpart households with earnings, in which half of the healthcare cliffs are high risk (see Section 5.2 below).
- LIHEAP, housing, and SNAP cliffs are relatively rare in households of this type, totaling less than one percent of all cliffs.

Figure 5.1: Cliffs by Risk and Program Type, Households with No Children, No Earnings

	Healthcare	LIHEAP	Housing	SNAP	Total
Number of Families Facing Cliff	18,777	101	32	20	18,777
Risk Quartile					
1 (Low Risk)	1,032	39		3	1,074
2	12,274	13	46	35	12,368
3	6,103	51	3		6,157
4 (High Risk)	31				31
Total Number of Cliffs	19,440	103	49	38	19,630

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Eighty percent (15,698) of the 19,440 healthcare cliffs occur at or before households reach an earnings level of \$18,000, at which point a single household would reach the program cutoff for adults at 138% of the Federal Poverty Level. For these households, full-time employment paying roughly \$9 per hour (or \$18 an hour for half-time work) would render them ineligible for Medicaid. At this point, workers can either purchase health insurance through employers, purchase health insurance through healthcare marketplaces (subsidized by premium tax credits when employer coverage is unavailable or considered unaffordable) or forgo health insurance entirely. In the model used for this analysis, households are randomized as having access to employer coverage. It is also assumed that all individuals without access to employer insurance purchase health insurance from the healthcare marketplaces. As indicated above, the measure of healthcare expenses can be reduced either by Medicaid eligibility or premium tax

credits, so while the majority of healthcare cliffs are directly associated with Medicaid loss, some cliffs may also be due to significant changes in the value of sliding-scale premium tax credits.

Figure 5.2 below shows the share of cliffs for this household type attributed to healthcare that occur due to this program, and the share resulting from an interaction between healthcare and other programs.

- Eighty-six percent of the cliffs encountered coincide with the loss of healthcare benefits, with no interaction from the other five programs of interest.
- Approximately 13 percent of the cliffs encountered are due to a combination of healthcare and housing subsidy loss or reduction. Healthcare still accounts for the vast majority (83 percent) of the overall net resource loss in these combinations.

Figure 5.2: Number of Programs Contributing to Healthcare Cliffs, No Earnings

<b>Programs</b>	<b>Cliffs</b>	<b>% Healthcare Cliff<sup>137</sup></b>	<b>Average Cliff Size</b>	<b>Distance from Cliff</b>
Healthcare	16,703	100%	-\$1,099	\$20,753
<b>Two Programs</b>				
Healthcare+ Housing	2,493	83%	-\$1,064	\$18,264
Healthcare + SNAP	154	89%	-\$2,123	\$23,019
Healthcare + LIHEAP	80	87%	-\$1,110	\$18,600
<b>Three Programs</b>				
Healthcare + SNAP + LIHEAP	5	72%	-\$1,159	\$21,800
Healthcare + Section 8 + SNAP	5	74%	-\$1,591	\$19,200
<b>Total</b>	<b>19,440</b>	<b>98%</b>	<b>-\$1,228</b>	<b>\$5,061</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### Single Adult Households with Children

The 7,456 single adult households with children not currently in the labor force face 33,208 cliffs across all six programs of interest. With the exception of child care, none of these cliffs are considered high risk, primarily given the income needed to reach these cliffs. By contrast, increased child care costs are immediate when entering the labor force. For this reason, 71 percent of child care cliffs are considered high risk for these families.

<sup>137</sup> Here and throughout the rest of this section, “% [Program] Cliff” refers to the percent of the cliff magnitude for which that program is responsible out of the six programs of interest, rather than the percent of the overall magnitude including factors beyond the six programs of interest.

Figure 5.3: Cliffs by Risk and Program Type, Single Adult Households with Children, No Earnings

	Healthcare	Child Care	SNAP	TANF	Housing	LIHEAP	Total
Number of Families Facing Cliff	7,391	6,086	2,453	527	657	635	7,456
Risk Quartile							
1 (Low Risk)	7,675	1,028	1,096	550	590	567	11,506
2	6,188	988	1,625	824	171	94	9,890
3	7	2,050	18	6	3		2,084
4 (High Risk)		<b>9,728</b>					<b>9,728</b>
Total Number of Cliffs	<b>13,870</b>	13,794	<b>2,739</b>	<b>1,380</b>	<b>764</b>	<b>661</b>	33,208
Percent High Risk	0%	71%	0%	0%	0%	0%	29%
% of Total Cliffs, All Family Types	34%	60%	70%	93%	53%	56%	46%

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Because this household type comprises 46 percent of the total number of cliffs for all families not currently employed, this analysis will focus on cliffs encountered from every program of interest. With the exception of child care cliffs, all cliffs encountered will be analyzed regardless of risk level. The child care cliff analysis will focus on the 9,728 high risk cliffs for this family type.

#### Healthcare Cliffs for Single Adult Households with Children with No Earnings

The most common cliff for single adult households with children is the loss of healthcare benefits. However, roughly 61 percent of these cliffs have a risk quartile of 1 or 2 (lower risk), because a substantial earnings increase is needed to encounter these cliffs.

Figure 5.4 below shows the distribution of these households by their distance from a cliff, and the associated net resource loss. Four clusters emerge for families not currently employed:

- At \$24,000 and \$30,000 (138 percent of the FPL for a family of two or three respectively) an adult loses Medicaid while children lose Medicaid benefits at the latter earning levels of \$54,000 and \$68,000 (318 percent of the FPL).

Figure 5.4: Healthcare Cliffs Clusters, Single Adult Households with Children, No Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss	Average Net Resources at Cliff
\$24,000	3,443	-\$964	-\$4,895
\$30,000	2,131	-\$1,054	-\$1,172
\$54,000	3,484	-\$1,832	\$11,306
\$68,000	2,553	-\$2,932	\$17,767
Cliff Clusters	11,611	-\$1,674	\$5,632
Total Cliffs	13,870	-\$1,618	\$4,894
Percent of Total	84%		

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

It is important to note that when the adult loses Medicaid during the earlier (lower income) cliffs, the family's net resources are less than the breakeven amount (-\$4,895 and -\$1,172, respectively). In the later losses (at higher incomes), the family has a larger cliff amount but is above the breakeven line, on average. In other words, at these higher incomes, their earnings create enough of a buffer that despite experiencing these benefit cliffs, the model indicates that the family will be able to afford basic expenses without drawing on savings or loans. These benefit cliffs do not represent as catastrophic a blow as a benefit cliff that a family simply cannot afford.

Figure 5.5 below shows the share of cliffs for single adult families currently not working attributed to healthcare benefits as the only program of interest contributing to the cliff (with no interaction from the other five programs of interest), and the share resulting from an interaction between healthcare and other programs of interest.

- Seventy-three percent of healthcare cliffs are based on changes in Medicaid eligibility or the premium tax credit, with an average cliff size of -\$2,275, with no interactions from other programs of interest. Because these cliffs are primarily faced later in the simulation when children in the household lose Medicaid, the average distance to encountering these cliffs is significant (more than \$58,000).
- Ten percent of cliffs (1,445) are due to a combination of reduction or loss of SNAP benefit and healthcare coverage. For these cliffs, roughly 86 percent of the magnitude in loss is due to the loss of the healthcare coverage with the remaining 14 percent due to reduction in SNAP benefit.
- Seven percent of cliffs (907) are due to a combination of loss of higher health expenses (from losing Medicaid or seeing reductions in premium tax credits) and reduction or loss of housing benefit. For these cliffs, roughly 86 percent of the magnitude in loss is due to the loss of healthcare coverage while the remaining 14 percent is due to reduction or loss of housing benefits.

Figure 5.5: Programs contributing to Healthcare Cliffs, Single Adult Households with Children, No Earnings

	Cliffs	% Healthcare Cliff	Average Cliff Size	Distance to Cliff
Healthcare	10,226	100%	-\$2,275	\$58,571
<b>Two Programs</b>				
Healthcare + SNAP	1,445	86%	-\$1,084	\$28,388
Healthcare + Housing	907	86%	-\$1,534	\$36,309
Healthcare + Child Care	198	87%	-\$992	\$28,389
Healthcare + TANF	58	77%	-\$1,240	\$30,121
Healthcare + LIHEAP	19	86%	-\$1,151	\$29,789
<b>Three Programs</b>				
Healthcare + SNAP + TANF	356	72%	-\$1,369	\$28,708
Healthcare + SNAP + Housing	192	74%	-\$1,359	\$29,859
Healthcare + SNAP + Child Care	155	82%	-\$1,143	\$31,155
Healthcare + Child Care + Housing	39	76%	-\$1,283	\$26,846
Healthcare + Child Care + TANF	28	55%	-\$1,648	\$24,857
Healthcare + TANF + Housing	8	69%	-\$1,313	\$28,500
Healthcare + SNAP + LIHEAP	6	78%	-\$1,415	\$26,500
<b>Four Programs</b>				
Healthcare + SNAP + Housing + TANF	68	68%	-\$1,553	\$28,765
Healthcare + SNAP + Child Care + TANF	67	72%	-\$1,486	\$31,478
Healthcare + SNAP + LIHEAP + TANF	34	66%	-\$1,721	\$30,353
Healthcare + SNAP + Child Care + Housing	19	71%	-\$1,350	\$28,421
Healthcare + Child Care + TANF + LIHEAP	2	62%	-\$1,970	\$27,000
<b>Five Programs</b>				
Healthcare + SNAP + Child Care + TANF + Housing	19	66%	-\$1,535	\$32,211
Healthcare + SNAP + Child Care + TANF + LIHEAP	16	65%	-\$1,734	\$30,000
<b>Total</b>	<b>13,870</b>	<b>95%</b>	<b>-\$1,970</b>	<b>\$50,407</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### Child care cliffs for single adult households with children with no earnings

Among the 7,456 single adult households with children and no earnings in New Hampshire, 81 percent (6,086) will face at least one child care cliff should they increase their earnings by entering the labor force. Of the 13,794 cliffs faced by these households, 71 percent are considered high risk (9,728 cliffs). As previously noted, the high cost of child care creates potentially prohibitive barriers to labor force entry.

Whenever a working family increases labor force participation, additional hours in the labor force can lead to a net resource loss. The same is true for single adult with children households whose adults are not currently in the labor force; however, the increased expenses for families newly entering the workforce are more dire because they are estimated to have negative net resources when they are unemployed, and for their net resources to remain negative at every child care benefit cliff they

experience. These child care cliffs represent families going deeper into debt, eating up more of their savings, or foregoing quality child care for options they can afford.

Figure 5.6 below shows the distribution of these households by their distance from a cliff, and the associated average and total net resource loss. Since all families of this type start at zero initial earnings, they each face cliffs at the same intervals of earnings levels, primarily depending on the number of children in the household:

- The majority of cliffs (76 percent) happen when the adult enters the labor force (at annual earnings of \$1,000 and \$4,000, respectively), with additional cliffs at \$5,000, \$9,000, and \$18,000 in earnings. The net resource loss at each cliff averages \$2,466.
- In addition to this incremental loss from the cliff, it is important to note that these families are already well below breakeven in terms of their net resources at any of these earnings levels, on average -\$21,339.

Figure 5.6: Distance from Child Care Cliff, Average Net Resource Loss and Total at Cliff, Single Adult Households with Children, No Earnings

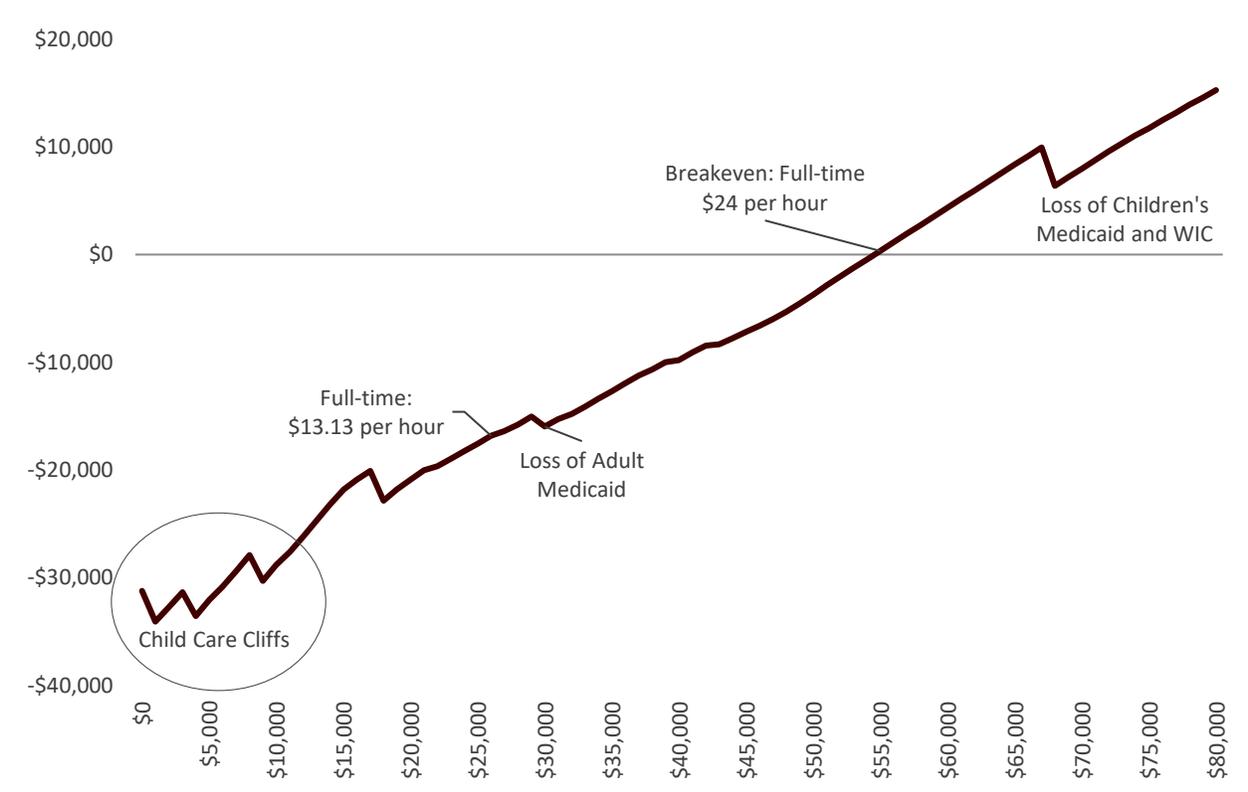
Distance from Cliff	Number of Cliffs	Average Net Resource Loss at Cliff (incremental)	Average Net Resource Total at Cliff
\$1,000	3,012	-\$1,798	-\$22,942
\$4,000	4,371	-\$2,661	-\$22,039
\$5,000	151	-\$1,639	-\$17,687
\$9,000	1,866	-\$2,587	-\$18,043
\$18,000	328	-\$5,683	-\$17,717
Total	9,728	-\$2,466	-\$21,339

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Since the majority of these cliffs (97 percent) occurs within the first \$9,000 of earnings, the barriers captured in this calculation could be addressed with sufficient earnings. At New Hampshire's 25<sup>th</sup> percentile wage of slightly over \$13 per hour, an individual working 15 hours a week would earn more than \$9,000 annually and bypass these calculated cliffs. However, unlike the households with children that had initial earnings (analyzed below), families without earnings would still be far from the breakeven point in total net resources with this level of earnings.

Figure 5.7 below illustrates the net resources for one of the approximately 6,000 households facing this scenario. For this single-adult, two-child family, entering the labor force at \$13 per hour would result in three child care cliffs if working less than 15 hours per week (circled below). Beyond these cliffs, the family would still be well below breakeven relative to typically necessary expenses. The breakeven level of net resources for this household is not reached until an annual salary of around \$48,000 (or \$24 per hour), a typical breakeven level for households of this type.

Figure 5.7: Single Adult Household with Two Children, No Initial Earnings



Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

While a small portion (7 percent) of these families participate in the CCDF program, the vast majority are not enrolled. Figure 5.8 below shows differentials in the location, number, and average net resource losses for these households based on whether they are enrolled in the CCDF program.

- The average net resource loss for households not enrolled in CCDF is around \$2,500, or 1.9 times the average among those families enrolled in the program.
- The greatest difference in loss magnitude occurs at the first cliff, where the average loss is \$1,909 for those not enrolled compared to \$421 for those enrolled.

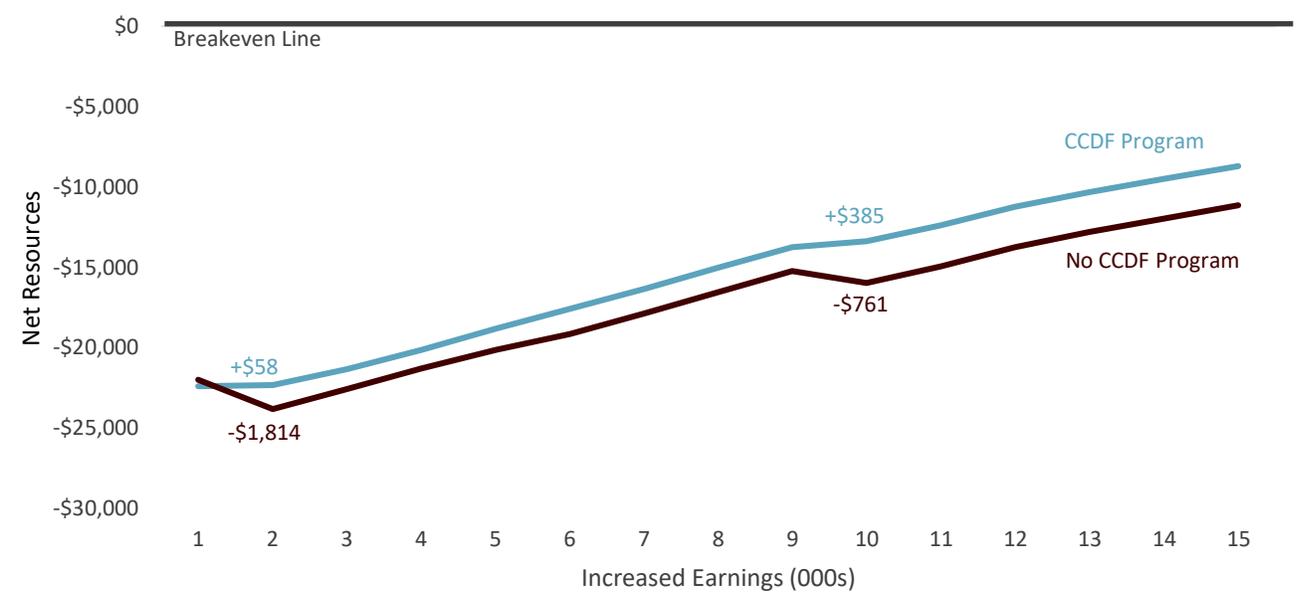
Figure 5.8: Difference in Child Care Cliff Magnitude, by CCDF Enrollment, No Earnings

Distance from Cliff	Enrolled in CCDF Program		Not Enrolled in CCDF Program		Diff in Cliff Magnitude
	Number of Cliffs	Average Net Resource Loss	Number of Cliffs	Average Net Resource Loss	
\$1,000	226	-\$421	2,786	-\$1,909	4.5
\$4,000	305	-\$1,864	4,066	-\$2,721	1.5
\$5,000	2	-\$191	149	-\$1,658	8.7
\$9,000	17	-\$1,281	1,849	-\$2,599	2.0
\$18,000	14	-\$3,987	314	-\$5,758	1.4
Total	564	-\$1,315	9,164	-\$2,536	1.9

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

To illustrate the difference in cliffs based on enrollment in the CCDF program, Figure 5.9 below shows the path of two single adult, non-working households with one child. While their overall progressions are extremely similar, the difference between the early childcare cliffs can be seen in the first \$9,000 of earnings. The family not enrolled in the CCDF program realizes two cliffs, one for -\$1,814 at \$1,000 in earnings and a second of -\$761 at \$9,000 in earnings. The family receiving the CCDF subsidies avoids both of these cliffs and is marginally better off than the previous earnings level. Thus, while the CCDF program does not shorten the distance needed for the family to reach breakeven, it does substantially lower the financial disincentive to working more hours. This initial workforce participation may, in many cases, be a necessary (though not sufficient) step for a worker to begin a path towards greater economic opportunity over time.

Figure 5.9: Paths of Similar Families based on CCDF Enrollment Status



Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### SNAP cliffs for single adult households with children, no earnings

Single adult households with children encounter 70 percent (2,739) of SNAP cliffs realized by families not currently employed, regardless of household type. Among these, no cliffs are considered to be high risk due to the income level needed to reach them.

Figure 5.10 below compares the distribution of these households by their distance from a cliff, and the associated net resource loss. Seventy-one percent (1,950 cliffs) are clustered around four income levels. This clustering is associated with the program's gross income limit of 185 percent FPL, which is around \$32,000 for a family of two, \$40,000 for a family of three, and \$48,000 for a family of four. Additional clustering around \$22,000 result not from SNAP gross income limits but from "combination cliffs." At this income level, the following occurs:

- Families continue losing SNAP benefits at a rate of about \$240-\$360 per every \$1,000;
- Single adults shift from working four days per week to five days per week in the model, resulting in a small but significant (\$261) increase in annual commuter costs among families without access to public transportation;
- Families have entered the phase-out period of the federal EITC (which for single filers descends at \$159 per every \$1,000 for single adult families with one child, and \$210 per every \$1,000 for single-adult families with two or more children);
- Families continue paying payroll tax at \$77 per every \$1,000; and
- Families may experience a stepwise decrease in LIHEAP, which, at this income level for a family of three (the federal poverty level for this family), will decrease in the range of \$84-\$210, depending on fuel type.

The total of the four non-LIHEAP changes in expenses listed above alone constitute a loss of \$848. When the family fuel type is such that LIHEAP losses at this point exceed \$152, the family will experience a negative change in net resources. Between the programs of interest (of which only SNAP and LIHEAP change at this income level), the cliff is recorded as a SNAP cliff because the loss of SNAP is larger than the loss of LIHEAP. Notably, a similar confluence of program losses and increased expenses do not frequently occur elsewhere among this group, as at lower incomes, EITC is not yet declining, and at higher incomes, no increases in transportation costs will be recorded because the model does not include working more than 5 days per week.

Figure 5.10: SNAP Cliffs, Single Adult Households with Children, No Earnings

<b>Distance from Cliff</b>	<b>Number of Cliffs</b>	<b>Average Net Resource Loss</b>	<b>Average Net Resources at Cliff</b>
\$22,000	312	-\$72	-\$2,372
\$32,000	818	-\$997	-\$2,906
\$40,000	566	-\$2,746	-\$1,330
\$48,000	254	-\$4,071	-\$4,201
Total Cluster	1,950	-\$1,757	-\$2,532
Total Cliffs	2,739	-\$1,935	-\$2,310
Percent of Total	71%		

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.11 below shows the share of high-risk cliffs for this household type attributed to SNAP that occur as the only program of interest contributing to the cliff, and the share resulting from an interaction between SNAP and other programs.

- Sixty-four percent of SNAP cliffs are based on changes in SNAP benefits (with no interaction from the other five programs of interest) with an average cliff size of -\$2,128.
- Thirteen percent of cliffs (353) are due to a combination of reduction or loss of SNAP and LIHEAP benefits. For these cliffs, roughly 59 percent of the magnitude in loss is due to the loss of the SNAP benefit and 41 percent due to the loss of LIHEAP.
- Eight percent of cliffs (206) are due to a combination of reduction or loss of SNAP and healthcare benefits. For these cliffs, roughly 84 percent of the magnitude in loss is due to the loss of the SNAP benefit while the remaining 16 percent is due to healthcare benefit loss.

Figure 5.11: Programs contributing to SNAP Cliffs, Single Adult Households with Children, No Earnings

	Cliffs	% SNAP Cliff	Average Cliff Size	Distance to Cliff
SNAP	1,754	100%	-\$2,128	\$36,735
<b>Two Programs</b>				
SNAP + LIHEAP	353	59%	-\$431	\$24,238
SNAP + Healthcare	206	87%	-\$2,484	\$37,005
SNAP + Child Care	185	94%	-\$2,814	\$40,238
SNAP + Housing	112	77%	-\$2,051	\$41,625
SNAP + TANF	6	97%	-\$2,893	\$45,000
<b>Three Programs</b>				
SNAP + Healthcare + LIHEAP	49	44%	-\$448	\$35,245
SNAP + Child Care + LIHEAP	23	49%	-\$368	\$23,478
SNAP + Child Care + Housing	17	70%	-\$1,689	\$43,941
SNAP + Child Care + Healthcare	15	87%	-\$2,396	\$37,867
SNAP + Healthcare + Housing	7	62%	-\$1,648	\$38,429
SNAP + LIHEAP + TANF	6	95%	-\$1,812	\$41,333
SNAP + Healthcare + TANF	2	96%	-\$5,531	\$55,000
SNAP + Child Care + TANF	1	85%	-\$2,801	\$45,000
<b>Four Programs</b>				
SNAP + Child Care + Healthcare + Housing	2	46%	-\$699	\$40,000
SNAP + Child Care + LIHEAP + TANF	1	85%	-\$3,676	\$54,000
<b>Total</b>	<b>2,739</b>	<b>91%</b>	<b>-\$1,935</b>	<b>\$35,552</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### TANF cliffs for single adult households with children with no earnings

Of the 1,477 TANF cliffs encountered by families not currently employed, 93 percent (1,380) are single adult families with children.

Figure 5.12 below shows the share of cliffs for this household type attributed to TANF occurring as the only program of interest contributing to the cliff (with no interaction from the other five programs of interest), and the share resulting from an interaction between TANF and other programs.

- Unlike all other programs analyzed for single adult with children households, there were very few cliffs (3.7 percent) in which TANF was the only program of interest contributing to the cliff.
- SNAP interactions (including all combinations with SNAP) with TANF contributed to 94 percent of cliffs (1,291), with 29 percent of cliffs caused by a combination of TANF, SNAP, and housing.

Figure 5.12: Programs Contributing to TANF Cliffs, Single Adult Households with Children, No Earnings

	Programs	% TANF Cliff	Average Cliff	Distance from Cliff
TANF	51	100%	-\$33	\$35,200
<b>Two Programs</b>				
TANF + SNAP	177	85%	-\$93	\$23,073
TANF + LIHEAP	34	71%	-\$100	\$28,824
TANF + Child Care	14	68%	-\$54	\$19,500
TANF + Healthcare	8	71%	-\$15	\$35,625
TANF + Housing	1	77%	-\$131	\$22,000
<b>Three Programs</b>				
TANF + SNAP + Housing	407	68%	-\$45	\$29,776
TANF + SNAP + LIHEAP	164	63%	-\$159	\$27,591
TANF + SNAP + Healthcare	101	65%	-\$60	\$35,941
TANF + SNAP + Child Care	74	80%	-\$98	\$28,838
TANF + LIHEAP + Child Care	27	53%	-\$153	\$20,037
TANF + Housing + Healthcare	4	54%	-\$150	\$34,750
TANF + LIHEAP + Healthcare	2	55%	-\$300	\$31,500
<b>Four Programs</b>				
TANF + SNAP + Child Care + Housing	189	66%	-\$62	\$31,106
TANF + SNAP + Child Care + LIHEAP	68	57%	-\$168	\$26,412
TANF + SNAP + Child Care + Healthcare	25	62%	-\$88	\$35,160
TANF + SNAP + Healthcare + LIHEAP	16	39%	-\$181	\$33,375
TANF + SNAP + Healthcare + Housing	5	54%	-\$186	\$31,000
<b>Five Programs</b>				
TANF + SNAP + Child Care + Housing + Healthcare	13	50%	-\$197	\$29,692
<b>Total</b>	<b>1,378</b>	<b>69%</b>	<b>-\$85</b>	<b>\$29,187</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Unlike other cliffs reviewed within this section, there is only one clustering of cliffs around an income level for TANF cliffs. At \$22,000 income, approximately 25 percent (346 cliffs) are encountered. Of these

346 cliffs, 290 have some sort of interaction with SNAP benefits, with 170 cliffs are produced from the interaction of SNAP and TANF benefits.

#### Housing cliffs for single adult households with children without earnings

Roughly 53 percent of housing cliffs for families not currently employed will be encountered by single adult households with children (764 cliffs). Of these cliffs, 77 percent have the lowest quartile of risk. Similar to SNAP, 59 percent of single adult households with children will encounter a cliff at \$22,000, \$32,000, or \$40,000 earnings levels.

Several identical factors occur at the \$22,000 income level as are described in the above SNAP section on this same income level, specifically the confluence of higher transportation costs, higher payroll taxes, and lower EITC amounts. In this case, however, the model does not confer any LIHEAP eligibility to families receiving housing subsidies. Rather, the amount of housing assistance families at this income level receive is declining at a rate of about \$300 per additional \$1,000 in earnings, and families that are also on SNAP see their SNAP benefits decline at about \$240 per \$1,000 at this earnings level.

Whether the cliff families face at this earnings level is classified as a housing cliff or a SNAP cliff depends on whether the decline in one is greater than the other. Due to SNAP's excess shelter deduction, the rate at which SNAP declines varies based on earnings, rent costs (inclusive of any reductions in rent due to housing assistance), and New Hampshire's SNAP-specific standard utility allowance schedule, but generally families with lower incomes face SNAP declines of up to \$240 per \$1,000, and families with higher incomes face SNAP declines of up to \$360 per \$1,000. For the housing cliffs at \$22,000, the increase in rent is higher than the decrease in SNAP, so the cliff is categorized as a housing cliff. As explained above, a family receiving both SNAP and housing assistance will experience losses in both programs as income rises. When the loss of SNAP at 185 percent is lower than \$300, that cliff will be attributable to housing at \$32,000 and \$40,000, even though the loss of eligibility for school meals is likely the primary reason why a cliff is encountered. (Because of the relationship between SNAP and school meal programs, we have not counted school meal programs as separate programs of interest.) WIC benefits also end at 185 percent FPL, likely accounting for a large portion of other combination cliffs at \$32,000 and \$40,000 attributable to housing in this analysis.

Figure 5.13: Housing Cliffs, Single Adult Households with Children, No Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss
\$22,000	78	-\$59
\$32,000	240	-\$265
\$40,000	132	-\$674
Total Cluster	450	-\$349
Total Cliffs	764	-\$451
Percent of Total	59%	

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.14 below shows the share of cliffs for this household type attributed to housing occurring only due to a change in housing program benefits (with no interaction from the other five programs of interest), and the share resulting from an interaction between housing and other programs.

- For 57 percent of housing cliffs, a loss or decrease in the housing program benefit is the only program of interest contributing to the cliff (with no interaction from the other five programs of interest).
- An interaction with SNAP program contributes, at least partially, to 78 percent of cliffs attributed to a combination of programs.
- Notably, TANF interactions with housing programs did not result in any cliffs primarily attributable to housing. This is likely due to the formula for federal housing programs counting TANF cash assistance as income, so that any declines in TANF cash assistance due to rising income result in a smaller increase (or even decrease) in a family's rent contribution compared to a non-TANF family experiencing that same increase in earnings.
- Housing cliffs also do not include any interactions with LIHEAP because the model assumes that anyone receiving housing assistance pays for their heating bill as part of their rent, and therefore are not eligible for LIHEAP assistance under New Hampshire's rules.<sup>138</sup>

Figure 5.14: Programs contributing to Housing Cliffs, Single Adult Households with Children, No Earnings

	Programs	% Housing Cliff	Average Cliff	Distance from Cliff
Housing	441	100%	-\$547	\$35,762
<b>Two Programs</b>				
Housing + SNAP	190	60%	-\$294	\$29,679
Housing + Healthcare	55	68%	-\$589	\$37,127
Housing + Child Care	11	65%	-\$419	\$32,909
<b>Three Programs</b>				
Housing + Healthcare + SNAP	32	43%	-\$247	\$32,938
Housing + Child Care + SNAP	20	46%	-\$65	\$34,850
Housing + Child Care + Healthcare	4	45%	-\$221	\$43,000
<b>Four Programs</b>				
Housing + Child Care + Healthcare + SNAP	11	35%	-\$28	\$36,909
Total	764	80%	-\$498	\$16,016

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

<sup>138</sup> It is possible that people receiving housing assistance pay their utility costs separate from the rent they pay landlords, but this is not common among HUD's Public Housing and Project-Based Section 8 programs. It is more common among HCVF residents, but for the purposes of simplicity it is assumed that all housing assistance recipients pay heat within their rent bill.

LIHEAP cliffs for single adult households with children with no earnings

Of the 1,265 LIHEAP cliffs encountered by families with no initial earnings, 52 percent (661 cliffs) are met by single adult households with children. Over 77 percent of these cliffs are considered low risk with no cliffs above average risk level.<sup>139</sup>

- Two LIHEAP clusters emerge driven by the program eligibility limit of 200 percent FPL at \$34,000 and \$43,000, accounting for 64 percent of cliffs.

Figure 5.15: LIHEAP Cliffs, Single Adult Households with Children, No Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss	Average Net Resources
\$34,000	243	-\$97	-\$3,152
\$43,000	181	-\$123	\$474
Total Cluster	424	-\$108	-\$1,604
Total Cliffs	661	-\$179	-\$790
Percent of Total	64%		I

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.16 shows the share of cliffs for this household type attributed to LIHEAP occurring primarily due to this program, and the share resulting from an interaction between LIHEAP and other programs.

- Approximately 28 percent of the LIHEAP cliffs are due to a loss of only the LIHEAP program (with no interaction from the other five programs of interest).
- Roughly half (331) are due to a combination of loss of healthcare and LIHEAP benefits. For these cliffs, the loss of LIHEAP is responsible for 76 percent of the cliff's average magnitude of -\$110.

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<sup>139</sup> As noted above, program enrollment for LIHEAP was not included in the New HEIGHTS database and therefore families were randomly assigned their participation in the program based on program eligibility and statewide take-up rates.

Figure 5.16: Programs contributing to LIHEAP Cliffs, Single Adult Households w/Children, No Earnings

	Cliffs	% LIHEAP	Average Cliff	Distance to Cliff
LIHEAP	183	100%	-\$300	\$34,317
<b>Two Programs</b>				
LIHEAP + Healthcare	331	76%	-\$110	\$36,831
LIHEAP + Child Care	110	74%	-\$146	\$38,773
LIHEAP + SNAP	10	62%	-\$496	\$31,800
<b>Three Programs</b>				
LIHEAP + Child Care + Healthcare	17	61%	-\$301	\$39,706
LIHEAP + Child Care + SNAP	1	38%	-\$66	\$46,000
<b>Four Programs</b>				
LIHEAP + Child Care + Healthcare + SNAP	9	30%	-\$70	\$32,111
Total	661	81%	-\$179	\$36,405

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### Two Adult Households with Children

There are 4,407 families of two adults with children with no initial earnings. These families encountered 17,583 cliffs in the simulation. Figure 5.17 below shows the number of benefit cliffs by program and risk type for this group.

- Nearly all households of this type (99 percent) face a potential healthcare cliff at some point during the simulation. However, 95 percent of these healthcare cliffs are considered to have below average risk, with only 5 percent having a high likelihood or significant magnitude.
- Approximately 68 percent of families will face a child care cliff, and of those cliffs, 34 percent are considered high risk.
- Only a small portion of families will face a net resource loss from SNAP (18 percent), LIHEAP (8 percent), housing (8 percent), and TANF (0.8 percent). In terms of cliffs, these programs make up less than 11 percent of all cliffs encountered by two adult households with children and no initial earnings.

Figure 5.17: Cliffs by Risk and Program Type, Two Adult Households with Children, No Earnings

	Child Care	Healthcare	SNAP	Housing	LIHEAP	TANF	Total
Number of Families Facing Cliff	2,990	4,359	800	331	352	35	4,407
Risk Quartile							
1 (Low Risk)	2,652	3,414	952	394	320	11	7,743
2	5,118	2,792	66	39	58	66	8,139
3	1,073	267			1	11	1,352
4 (High Risk)	317	32					349
Total Number of Cliffs	9,160	6,505	1,018	433	379	88	17,583
Percent High Risk	3%	0%	0%	0%	0%	0%	2%
% of Total Cliffs, All Family Types	40%	16%	26%	30%	30%	6%	25%

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

### Child care cliffs for two adult households with children with no earnings

Fifty-two percent of all cliffs encountered by this family type are child care cliffs. Given the work status of both parents (the model assumes that one parent can take care of children while the other increases labor force participation), participation in CCDF is extremely uncommon among this household type, with only one percent (43 households) enrolled in the program at the time the New HEIGHTS data was extracted for this analysis. The remaining 2,947 families encounter 8,979 child care cliffs at various earnings levels due to the increase in child care costs as one or both adults in the household enter the workforce.

Figure 5.18: Cliffs by Program Enrollment, Two Adult Households with Children, No Earnings

	Total	Not Receiving CCDF	Receiving CCDF
Families	2,990	2,947	43
Cliffs	9,160	8,979	181

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

## 5.2. Families with Initial Earnings

### Households with No Children

The 5,561 households with no children that this model analyzes face potential benefit cliffs from healthcare, LIHEAP, housing, and SNAP programs. Figure 5.19 below shows the number of benefit cliffs (inclusive of repeated cliffs) by program and risk type for this group.

- Nearly all of the cliffs are primarily healthcare cliffs (resulting from loss of the Medicaid or reductions in the premium tax credit), which represent high-risk cliffs for nearly half (2,773 out of 5,759) of households of this type.
- LIHEAP, housing, and SNAP cliffs are relatively rare in households of this type.

Figure 5.19: Cliffs by Risk and Program Type, Households with No Children, Earnings

	Healthcare	LIHEAP	Housing	SNAP	Total
Number of Families Facing Cliff	5,545	84	21	9	5,561
Risk Quartile					
1 (Low Risk)	243	6	3	0	239
2	732	29	12	2	782
3	2,011	38	12	6	1,975
4 (High Risk)	<b>2,773</b>	14	13	2	<b>2,792</b>
Total Number of Cliffs	5,759	87	40	10	5,896

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### High-risk healthcare cliffs for households with no Children with Earnings

These high-risk cliffs are primarily driven by proximity, with a large concentration (93 percent) of these households within an earnings increase of \$8,000 (or a raise of \$4 per hour for a full-time worker) experiencing a loss of Medicaid coverage. Should these families lose this benefit, their marginal wage increases do not offset the cost of the benefit lost.

Figure 5.20 below shows the distribution of these households by their distance from a cliff and the associated net resource loss.

- On average, these families would experience a net resource loss of \$1,001 from their bottom line by accepting an increased wage of \$1,000 (a marginal tax rate of 200 percent).
- Most at-risk are households (368) within \$1,000 of this benefit cliff, with an average loss of more than \$977 in net resources.<sup>140</sup>
- A smaller grouping of households is \$9,000-\$15,000 away from losing healthcare benefits. While further away, the potential net resource loss for these households is double of those losing healthcare at an earlier earnings level (-\$2,253).

<sup>140</sup> Note that a loss in net resources of \$962 implies that a household gaining \$1,000 in resources would see a cost increase of \$1,962, in this case through the private provision of health care to replace the loss of Medicaid.

Figure 5.20: High-Risk Healthcare Cliffs, Households with No Children, Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss
\$1,000	368	-\$977
\$2,000	411	-\$959
\$3,000	356	-\$1,041
\$4,000	275	-\$1,008
\$5,000	341	-\$956
\$6,000	308	-\$1,037
\$7,000	298	-\$1,011
\$8,000	213	-\$1,046
=<\$8,000	2,570	-\$1,001
\$9,000-\$15,000	162	-\$2,253

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.21 below shows the share of high-risk cliffs for this household type attributed to healthcare (with no interaction from the other five programs of interest), and the share resulting from an interaction between healthcare and other benefit programs.

- Eighty-four percent of the cliffs potentially encountered are due to the loss of healthcare benefits (with no interaction from the other five programs of interest).
- Approximately 14 percent of the high-risk cliffs potentially encountered are due to a combination of healthcare and housing subsidy loss or reduction. Healthcare still accounts for the vast majority (84 percent) of the overall net resource loss in these combinations.

Figure 5.21: Number of Programs Contributing to High-Risk Healthcare Cliffs, Earnings

Programs	Cliffs	% Healthcare Cliff	Average Cliff Size	Distance from Cliff
Healthcare	2,326	100%	-\$1,209	\$5,053
<b>Two Programs</b>				
Healthcare + Housing	379	84%	-\$1,239	\$4,873
Healthcare + SNAP	20	90%	-\$2,778	\$7,700
Healthcare + LIHEAP	44	91%	-\$1,416	\$5,909
<b>Three Programs</b>				
Healthcare + SNAP + LIHEAP	3	80%	-\$1,370	\$4,667
Healthcare + Section 8 + SNAP	1	75%	-\$1,335	\$4,000
Total	2,773	98%	-\$1,228	\$5,061

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

## Single Adult Households with Children

The 9,411 single adult households with children analyzed face benefit cliffs across each of the six focus programs. Currently employed single adult households with children encounter the largest portion of cliffs among all family types for all programs other than child care.

Figure 5.22 below shows the number of benefit cliffs (inclusive of repeated cliffs) by program and risk type for this group:

- **Healthcare:** The vast majority of these households (99 percent) will face at least one healthcare cliff; however, only 19 percent are considered to be at high risk of losing this benefit.
- **Child Care:** While a lower number of families in this household type (20 percent) will face a child care cliff, for those that do, 50 percent will be high risk cliffs.
- **SNAP:** Around 20 percent of single adult household with children families will face a SNAP cliff. While only 34 percent of these cliffs are considered high risk, families in this household type realize approximately 57 percent of all SNAP cliffs for families with earnings.
- **LIHEAP:** There are 1,085 LIHEAP cliffs for 1,056 families, of which 176 are considered high risk. Of all family types with earnings, single adult households with children comprise of 57 percent of cliffs.
- **Housing:** There are 679 housing cliffs for 563 families, of which 173 are considered high risk. Of all family types with earnings, single adult households with children encounter 45 percent of housing cliffs.
- **TANF:** There are 325 TANF cliffs encountered by 93 families, of which 30 are considered high risk. Of all family types with earnings, single adult households with children encounter 83 percent of SNAP cliffs.

Figure 5.22: Cliffs by Risk and Program Type, Single Adult Households with Children, Earnings

	Healthcare	Child Care	SNAP	LIHEAP	Housing	TANF	Total
Number of Families Facing Cliff	9,341	1,924	1,907	1,056	563	93	9,411
Risk Quartile							
1 (Low Risk)	4,471	315	102	194	76	50	5,208
2	4,288	680	567	383	196	159	6,273
3	2,960	896	641	332	234	86	5,149
4 (High Risk)	<b>2,664</b>	<b>1,865</b>	<b>668</b>	176	173	30	5,576
Total Number of Cliffs	14,383	3,756	1,978	<b>1,085</b>	<b>679</b>	<b>325</b>	22,206
Percent High Risk	19%	50%	34%	16%	25%	9%	25%
% of Total Cliffs, All Family Types	40%	16%	57%	<b>57%</b>	<b>45%</b>	<b>83%</b>	33%

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Values bolded in Figure 5.22 above will be further analyzed in the following sections in order to understand where these cliffs occur and further investigate the interactions between programs for working single adult with children households. For healthcare, child care and SNAP, analysis will focus on high-risk cliffs, while LIHEAP, housing and TANF analyses will focus on all cliffs, since high risk cliffs are

limited; however, single adult households with children represent a large share of all households with cliffs within each of these programs.

#### Healthcare cliffs for single adults with children with earnings

The most common cliff for single adult households with children is the loss of healthcare benefits. Roughly 61 percent of these cliffs have a risk quartile of 1 or 2, indicating a substantial earnings increase is needed or the potential cliff itself is relatively shallow in terms of overall net resource loss. However, 2,664 cliffs for these households are considered high risk. Similar to families without children, high-risk healthcare cliffs are driven primary by proximity rather than magnitude, with 89 percent of high-risk cliffs occurring within the first \$10,000 increase in earnings.

Figure 5.23 below shows the distribution of these households by their distance from a cliff and the associated net resource loss.

- There are 262 households of this type within an earnings increase of \$1,000 (or a raise of \$0.50 per hour) of losing healthcare benefits, a cliff that would cost them roughly -\$1,289 in net resources.

Figure 5.23: High-Risk Healthcare Cliffs (Distance), Single Adult Households with Children, Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss
\$1,000	262	-\$1,126
\$2,000	255	-\$1,155
\$3,000	292	-\$1,249
\$4,000	261	-\$1,212
\$5,000	241	-\$1,184
\$6,000	270	-\$1,325
\$7,000	263	-\$1,266
\$8,000	257	-\$1,339
\$9,000	144	-\$1,627
\$10,000	123	-\$1,839
=<\$10,000	2,368	-\$1,289
>\$10,000	296	-\$2,882

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

The remaining 296 high risk cliffs are faced by families with an increase of \$11,000 to \$40,000 in earnings. While substantial increases in earnings are needed to reach these potential cliffs, families risk losing an average of \$2,882 in net resources, more than double the magnitude of loss compared to nearer cliffs.

Figure 5.24 below shows the share of high-risk cliffs for this household type attributed to healthcare as the only program of interest contributing to the cliff, and the share resulting from an interaction between healthcare benefits and other programs.

- Fifty-eight percent of healthcare cliffs are based on changes in healthcare benefits (with no interaction from the other five programs of interest) with an average cliff size of -\$1,459. These cliffs are relatively close to being encountered, at an average increase in income of \$6,000 annually leading to these cliffs.
- Fourteen percent of cliffs (384) are due to a combination of reduction or loss of SNAP and healthcare benefits. For these cliffs, roughly 86 percent of the magnitude in loss is due to the loss of the healthcare benefits with the remaining 14 percent due to reduction in SNAP benefit.
- Seven percent of cliffs (191) are due to a combination of reduction or loss of healthcare and housing benefits. For these cliffs, roughly 85 percent of the magnitude in loss is due to the loss of healthcare benefits while the remaining 15 percent is due to reduction or loss of housing benefits.

Figure 5.24: Programs contributing to Housing Cliffs, Single Adult Households with Children, Earnings

	Cliffs	% Healthcare Cliff	Average Cliff Size	Distance to Cliff
Healthcare	1,654	100%	-\$1,459	\$6,009
<b>Two Programs</b>				
Healthcare + SNAP	384	86%	-\$1,095	\$4,914
Healthcare + Housing	191	85%	-\$1,417	\$5,749
Healthcare + Child Care	105	84%	-\$1,167	\$4,752
Healthcare + LIHEAP	3	89%	-\$1,206	\$3,000
Healthcare + TANF	3	77%	-\$1,223	\$7,333
<b>Three Programs</b>				
Healthcare + SNAP + Child Care	159	81%	-\$1,229	\$5,277
Healthcare + SNAP + Housing	78	74%	-\$1,375	\$5,205
Healthcare + Child Care + Housing	24	74%	-\$1,373	\$5,083
Healthcare + SNAP + TANF	20	73%	-\$1,409	\$7,700
Healthcare + Child Care + TANF	5	55%	-\$1,740	\$8,600
Healthcare + SNAP + LIHEAP	1	78%	-\$1,399	\$2,000
Healthcare + TANF + Housing	1	72%	-\$1,498	\$7,000
<b>Four Programs</b>				
Healthcare + SNAP + Child Care + Housing	26	73%	-\$1,466	\$4,538
Healthcare + SNAP + Child Care + TANF	8	72%	-\$1,519	\$7,250
Healthcare + SNAP + Child Care + LIHEAP	1	29%	-\$82	\$3,000
Healthcare + Child Care + Housing + TANF	1	70%	-\$1,602	\$4,000
<b>Total</b>	<b>2,664</b>	<b>93%</b>	<b>-\$1,375</b>	<b>\$5,710</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### Child care cliffs for single adults with children, with earnings

Of the 9,411 households comprised of single adult earners with children, roughly 20 percent (1,924 families) will face at least one cliff related to child care. Importantly, these cliffs from child care costs arise in two distinct ways:

- The first type of cliff occurs when the family loses their CCDF benefit or experiences an increase in their family contribution for participating in CCDF (when a family moves to a higher “step” in New Hampshire’s CCDF program, explained below), thus reducing net benefits and increasing the overall cost of care.
- The second type of cliff occurs when a family increases their hours of work, and by doing so, increases their child care costs from additional earnings.<sup>141</sup> This can occur for families both participating in the CCDF program and those that do not.

Figure 5.25 below shows an overview of the incidence and magnitude of cliffs of each of these types. Meaningful cliffs of each of these types are revealed by the simulation:

- Of the 1,924 single adult households with earnings facing child care cliffs, 902 are receiving some level of CCDF subsidy.<sup>142</sup> Over the course of the simulation, these families face 2,441 total cliffs—averaging 2.7 cliffs per household with a \$572 average resource loss.
- In contrast, the 1,022 families that are not receiving a CCDF subsidy will face only 1,315 cliffs during the course of the simulation (roughly 1.3 per household). However, the average net resource loss will be a significantly higher impact of \$2,903.

Figure 5.25: Characteristics of Single Adult Households facing Child Care Cliffs, by CCDF Enrollment, Earnings

	All Families	Not Receiving CCDF	Receiving CCDF
Number of Families	1,924	1,022	902
Number of Cliffs	3,756	1,315	2,441
Average Number of Cliffs	1.95	1.29	2.71
Average Magnitude of Cliff	-\$1,388	-\$2,903	-\$572
Average Initial Earnings	\$15,575	\$8,140	\$19,580

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

These large discrepancies in both the number and magnitude of cliffs are caused by two primary factors. The CCDF uses a step progression, meaning that as the 902 households receiving benefits increase their earnings, the benefit is gradually reduced. Within this structure, the families enrolled in the program will face multiple, anticipated benefit reductions as their earnings increase. Some of these benefit reductions will result in cliffs like those shown above, while some are lesser than the additional income earned, and thus do not result in benefit cliffs (though still may be significant when considered as a marginal effective tax on increased earnings).

For those families not enrolled in the CCDF program, the large average magnitude of the cliff (-\$2,903) quantifies mathematically a theme that has been repeated throughout this analysis: child care is a significant barrier to work. Of the 1,022 families facing cliffs without the subsidy, 99 percent are families in which the primary wage earner is working part-time. Should one of these families consider increasing

<sup>141</sup> In this simulation, any part-time earner’s hours are increased to 40 hours prior to increasing wages.

<sup>142</sup> 1,340 single adults with children households received CCDF benefits, of which 928 faced cliffs.

their labor market participation, they will quickly be disincentivized, as any additional earnings from increased hours would make them worse off when accounting for the increase in child care costs.

Figure 5.26 below compares the incidence of potential high-risk cliffs for households of this type based on whether they are enrolled in the CCDF program.

- Families enrolled in the CCDF program will face a greater number of cliffs (2,441) compared to those not enrolled (1,315).
- While there is a smaller overall volume of cliffs for non-enrolled families, 84 percent of these cliffs are considered to be high risk compared to only 31 percent of cliffs for those enrolled in the CCDF program.

Figure 5.26: High-Risk Cliffs by Program Enrollment, Single Adult Households with Children, Earnings

	Total	Not Receiving CCDF	Receiving CCDF
Households Facing Cliffs	1,924	1,022	902
All Cliffs	3,756	1,315	2,441
High Risk Cliffs	1,380	1,108	757
Percent High Risk	37%	84%	31%

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

While the probability of being faced with a high-risk cliff is much larger for the population not receiving CCDF, the similar count of high-risk cliffs for the two groups warrants further comparison of the underlying differences in these cliffs and the characteristics of the families facing them.

Figure 5.27 below compares the distribution of these households by their distance from a cliff and the associated net resource loss. This comparison reveals the following differences:

- Thirty-eight percent of high-risk cliffs for families not enrolled in CCDF are within \$1,000 of additional earnings away from a cliff, which would result in an average net resource loss of more than \$3,802. By comparison, only 23 percent of high-risk cliffs for families enrolled in CCDF are within \$1,000 of additional earnings, and these cliffs would result in an average net resources loss more than three times lower than their counterpart (-\$1,813).
- Families within \$1,000 of additional earnings from a cliff and not enrolled in CCDF earn an average salary of just \$4,968, with the vast majority of these households working part-time. In comparison, those families within \$1,000 of a cliff that are enrolled in CCDF earn an average salary of approximately \$17,147.
- This disparity indicates that the cliffs faced by non-CCDF households serve as a far greater impediment to workforce participation than those faced by families enrolled in CCDF, indicating household decision making that is consistent with the underlying incentives.
- The highest risk cliffs for non-CCDF households represent an aggregate potential loss of \$3.5 million in net resources, an average of roughly \$3,150 across 1,108 potential cliffs faced by non-

participant households. In comparison, the aggregate potential net resource loss for the for the households within the CCDF program facing 757 cliffs are roughly \$554,000.

Figure 5.27: High-Risk Cliffs by Program Enrollment, Single Adult Households with Children, Earnings

Distance from Cliff	Not Enrolled in CCDF Program			Enrolled in CCDF Program		
	Number of Cliffs	Average Net Resources	Average Earnings at Cliff	Number of Cliffs	Average Net Resources	Average Earnings at Cliff
\$1,000	416	-\$3,802	\$4,968	173	-\$1,183	\$17,147
\$2,000	188	-\$2,538	\$8,955	136	-\$546	\$24,173
\$3,000	79	-\$2,514	\$12,852	100	-\$429	\$29,720
\$4,000	74	-\$2,412	\$14,791	99	-\$360	\$29,458
\$5,000	54	-\$2,541	\$14,863	107	-\$446	\$32,261
\$6,000	53	-\$2,675	\$15,317	62	-\$628	\$30,072
\$7,000	44	-\$2,946	\$17,956	32	-\$985	\$31,919
\$8,000	30	-\$2,672	\$17,044	25	-\$1,342	\$30,729
\$9,000	50	-\$3,143	\$17,969	11	-\$1,605	\$33,775
\$10,000	26	-\$3,203	\$21,036	4	-\$1,583	\$40,664
\$11,000	29	-\$2,875	\$21,499	2	-\$1,758	\$17,583
\$12,000	23	-\$3,145	\$23,517	2	-\$2,672	\$39,049
\$13,000	11	-\$3,444	\$21,883	1	-\$2,869	\$15,959
\$14,000	11	-\$3,175	\$27,920			
\$15,000	6	-\$3,089	\$25,053	2	-\$2,738	\$23,269
\$16,000	4	-\$4,980	\$20,282			
\$17,000	2	-\$4,439	\$27,111	1	-\$4,135	\$58,841
\$18,000	5	-\$6,532	\$25,774			
\$19,000	1	-\$6,767	\$48,098			
\$22,000	1	-\$5,640	\$40,706			
\$27,000	1	-\$6,597	\$28,275			
Total	1,108	-\$3,152	\$11,250	757	-\$732	\$26,443
Aggregate Loss		-\$3,492,551			-\$554,437	

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### SNAP cliffs for single adults with children with earnings

SNAP represents neither the most common (healthcare) nor the highest risk (child care) cliff for single adult households with children in the workforce. However, of the 3,446 cliffs encountered by families with earnings, 57 percent (1,978 cliffs) are met by single adult households with children. Within the SNAP program, 1,907 single adult households with children face 1,978 cliffs throughout the simulation.

Among these cliffs, 668 (34 percent of cliffs) are considered to be high risk. Figure 5.28 below compares the distribution of these households by their distance from a cliff, and the associated net resource loss.

- High-risk cliffs are relatively evenly distributed by proximity; however, patterns do emerge in the average earnings level of families as they reach a cliff, which clusters between \$31,000-\$44,000.

- This clustering is associated with the program's gross income limit of 185 percent FPL, which is around \$32,000 for a family of two and \$40,000 for a family of three.

Figure 5.28: High-Risk SNAP Cliffs, Single Adult Households with Children, Earnings

Distance from Cliff	Number of Cliffs	Average Net Resource Loss	Average Earnings at Cliff
\$1,000	43	-\$1,332	\$32,765
\$2,000	32	-\$1,644	\$33,463
\$3,000	49	-\$1,604	\$33,927
\$4,000	60	-\$1,929	\$35,494
\$5,000	49	-\$1,302	\$32,898
\$6,000	47	-\$2,028	\$35,826
\$7,000	39	-\$2,128	\$36,668
\$8,000	48	-\$2,217	\$36,901
\$9,000	36	-\$2,830	\$39,305
\$10,000	28	-\$2,886	\$38,385
\$11,000	32	-\$2,718	\$41,602
\$12,000	29	-\$3,736	\$42,194
\$13,000	30	-\$3,317	\$41,568
\$14,000	18	-\$4,064	\$41,585
\$15,000	19	-\$4,015	\$45,149
\$16,000	24	-\$4,144	\$43,324
\$17,000	15	-\$4,305	\$43,111
\$18,000-\$37,000	70	-\$5,720	\$48,322
Total	668	-\$2,761	\$38,527

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.29 below shows the share of high-risk cliffs for this household type attributed to SNAP that occur due to this program (with no interaction from the other five programs of interest), and the share resulting from an interaction between SNAP and other programs.

- Sixty-two percent of SNAP cliffs are cliffs in which none of the other five programs of interest decline, with an average cliff size of -\$2,126. The high average cliff size for SNAP is due partially to SNAP's cutoff at 185 percent FPL, and partially to the loss of eligibility for free school meals that families maintain as long as they are receiving SNAP. The resulting estimated increase in family food costs can contribute to or be solely responsible for the loss of net resources exceeding \$1,000.
- Sixteen percent of cliffs (326) are due to a combination of reduction or loss of SNAP benefit and increase in child care costs. For these cliffs, roughly 94 percent of the magnitude in loss is due to the loss of the SNAP benefit with the remaining 6 percent due to child care cost increases.

- Seven percent of cliffs (145) are due to a combination of reduction or loss of SNAP and healthcare benefits. For these cliffs, roughly 84 percent of the magnitude in loss is due to the loss of the SNAP benefit while the remaining 16 percent is due to healthcare benefit loss.
- The largest average loss in net resources (-\$4,182) is when there is an interaction of SNAP and healthcare reductions combined with increased child care costs.

Figure 5.29: Programs contributing to SNAP Cliffs, Single Adult Households with Children, Earnings

	Cliffs	% SNAP Cliff	Average Cliff Size	Distance to Cliff
SNAP	1,232	100%	-\$2,126	\$19,455
<b>Two Programs</b>				
SNAP + Child Care	326	94%	-\$2,911	\$18,494
SNAP + Healthcare	145	84%	-\$2,123	\$17,972
SNAP + LIHEAP	86	70%	-\$1,275	\$13,256
SNAP + Housing	75	76%	-\$2,509	\$22,867
SNAP + TANF	2	96%	-\$3,957	\$47,500
<b>Three Programs</b>				
SNAP + Healthcare + LIHEAP	36	46%	-\$549	\$16,639
SNAP + Child Care + Housing	27	74%	-\$1,742	\$17,778
SNAP + Child Care + Healthcare	14	87%	-\$4,182	\$22,357
SNAP + Child Care + LIHEAP	14	65%	-\$1,455	\$17,714
SNAP + Child Care + TANF	1	84%	-\$2,954	\$27,000
SNAP + Healthcare + Housing	6	61%	-\$1,536	\$15,167
SNAP + Healthcare + TANF	1	38%	-\$21	\$15,000
SNAP + LIHEAP + TANF	1	94%	-\$657	\$30,000
<b>Four Programs</b>				
SNAP + Child Care + Healthcare + Housing	7	65%	-\$1,778	\$16,571
SNAP + Child Care + Healthcare + LIHEAP	3	48%	-\$503	\$8,333
SNAP + Child Care + LIHEAP + TANF	1	59%	-\$556	\$27,000
SNAP + Healthcare + LIHEAP + TANF	1	32%	-\$5	\$12,000
<b>Total</b>	<b>1,978</b>	<b>93.6%</b>	<b>-\$2,202</b>	<b>\$18,979</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### LIHEAP cliffs for single adults with children with earnings

Of the 1,920 LIHEAP cliffs encountered by families with earnings, 57 percent (1,085 cliffs) are met by 1,056 single adult households with children. Only 176 cliffs are considered to be high risk. After TANF, the LIHEAP program has the second lowest average magnitude (-\$153) of cliffs when considering all families with earnings.<sup>143</sup>

Figure 5.30 below shows the share of cliffs for this household type attributed to LIHEAP (with no interaction from the other five programs of interest), and the share resulting from an interaction between LIHEAP and these other programs.

<sup>143</sup> As noted above, program enrollment for LIHEAP was not included in the New HEIGHTS database and therefore families were randomly assigned their participation in the program based on program eligibility and statewide take-up rates.

- Approximately half of the LIHEAP cliffs are due to the combined loss of the LIHEAP program and other programs outside of the six programs of interest in this report. As indicated above, while LIHEAP can never alone account for the loss of over \$1,000 in subsidies with an increase of \$1,000 in earnings, the reductions due to payroll taxes, the earned income tax credit, premium tax credits, SSI, subsidies from school meal programs can all decrease as earnings rise, and transportation costs, can combine with the loss of LIHEAP to lead to a loss of \$1,000 or more with an increase in earnings. Notably, TANF and housing program interactions with LIHEAP did not result in any LIHEAP cliffs.
- Roughly 23 percent (305 cliffs) are due to a combination of loss of healthcare and LIHEAP benefits.
- The largest average loss in net resources (-\$565) is when there is an interaction of SNAP and LIHEAP reductions. However, there are only ten cliffs resulting from these program interactions.
- There are six cliffs as a result of the combination of LIHEAP, child care, healthcare, and SNAP. The average magnitude of this cliff is relatively small (-\$57). The six households facing these combination cliffs encounter, on average, 9.5 cliffs over the course of the simulation.

Figure 5.30: Programs contributing to LIHEAP Cliffs, Single Adult Households with Children, Earnings

	Cliffs	% LIHEAP	Average Cliff	Distance to Cliff
LIHEAP	545	100%	-\$118	\$18,639
<b>Two Programs</b>				
LIHEAP + Healthcare	305	77%	-\$131	\$18,151
LIHEAP + Child Care	192	74%	-\$140	\$16,005
LIHEAP + SNAP	10	66%	-\$565	\$23,800
<b>Three Programs</b>				
LIHEAP + Child Care + Healthcare	23	61%	-\$232	\$17,261
LIHEAP + Child Care + SNAP	3	48%	-\$152	\$28,000
LIHEAP + Healthcare+ SNAP	1	61%	-\$380	\$33,000
<b>Four Programs</b>				
LIHEAP + Child Care + Healthcare + SNAP	6	30%	-\$57	\$21,000
Total	1,085	87%	-\$132	\$18,106

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.31 below shows the earnings levels of families facing a potential LIHEAP cliff.

- Nearly all cliffs (1,082) are reached when the family earns between \$36,000 and \$43,000, with the majority of cliffs occurring between \$38,000 and \$40,000. This clustering is driven by the LIHEAP program eligibility limit of 200 percent FPL.

Figure 5.31: LIHEAP Cliffs, Single Adult Households with Children, Earnings

Earnings at Cliff	Number of Cliffs	Average Net Resource Loss
\$36,000	36	-\$105
\$37,000	62	-\$144
\$38,000	226	-\$121
\$39,000	253	-\$139
\$40,000	257	-\$140
\$41,000	120	-\$129
\$42,000	63	-\$150
\$43,000	65	-\$119

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### Housing cliffs for single adults with children with earnings

There are 679 housing cliffs for 573 single adult households with children, of which 173 are considered high risk. The cliffs encountered by these families account for nearly half (45 percent) of all housing cliffs for families with earnings (1,495 total).

Figure 5.32 below shows the share of cliffs for this household type attributed to only housing assistance programs (from the six programs of interest), and the share resulting from an interaction between housing assistance programs and the other programs of interest.

- Approximately 56 percent of housing cliffs are due to the decrease in a housing program benefit combined with other programs outside of the six programs of interest in this report. As described above, declines in housing can never on their own result in a net resource loss exceeding \$1,000, owing to its gradual decline. Notably, TANF interactions with housing programs did not result in any cliffs primarily attributable to housing. This is likely due to the formula for federal housing programs counting TANF cash assistance as income, so that any declines in TANF cash assistance due to rising income result in a smaller increase (or even decrease) in a family's rent contribution compared to a non-TANF family experiencing that same increase in earnings. Housing cliffs also do not include any interactions with LIHEAP because the model assumes that anyone receiving housing assistance pays for their heating bill as part of their rent, and therefore are not eligible for LIHEAP assistance under New Hampshire's LIHEAP rules.<sup>144</sup>
- Roughly 20 percent (138 cliffs) are due to a combination that includes loss of both SNAP and housing benefits.
- The largest average losses in net resources (-\$637) is when there is an interaction of housing and healthcare losses as well as an interaction between housing and child care (-\$623) dips. However, there are only 49 and 10 cliffs resulting from these program interactions, respectively.

<sup>144</sup> It is possible that people receiving housing assistance pay their utility costs separate from the rent they pay landlords, but this is not common among HUD's Public Housing and Project-Based Section 8 programs. It is more common among HCVF residents, but for the purposes of simplicity have assumed that all housing assistance recipients pay heat within their rent bill.

- There are 47 cliffs as a result of the combination of housing, child care, healthcare, and SNAP. The average magnitude of these cliffs is relatively small (-\$60).

Figure 5.32: Programs contributing to Housing Cliffs, Single Adult Households with Children, Earnings

	Programs	% Housing Cliff	Average Cliff	Distance from Cliff
Housing	381	100%	-\$614	\$15,984
<b>Two Programs</b>				
Housing + SNAP	138	62%	-\$421	\$15,768
Housing + Healthcare	49	67%	-\$637	\$13,878
Housing + Child Care	10	66%	-\$623	\$20,400
<b>Three Programs</b>				
Housing + Healthcare + SNAP	26	43%	-\$153	\$13,538
Housing + Child Care + SNAP	24	44%	-\$83	\$20,625
Housing + Child Care + Healthcare	4	45%	-\$45	\$11,250
<b>Four Programs</b>				
Housing + Child Care + Healthcare + SNAP	47	35%	-\$60	\$17,723
Total	679	80%	-\$498	\$16,016

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

Figure 5.33 below shows the earnings levels of families facing a potential housing cliff.

- Ninety-seven percent of housing cliffs are reached when the family earns between \$32,000 and \$44,000 (see Figure 5.33 below), with the majority of cliffs occurring between \$34,000 and \$35,000. As above, all these cliffs are “combination cliffs,” in that housing assistance on its own can never decline by more than \$1,000 on its own. In this light, it is not surprising that these incomes coincide with the income limits of SNAP (185 percent FPL in New Hampshire), reduced-price school meal eligibility for families not on SNAP (also 185 percent FPL, nationally), and free school meal eligibility for families not on SNAP (130 percent FPL, nationally).
- Average net resource loss increases as income increases, a result of how other programs that decline as earnings increase are designed – for instance, the percentage of income that parents pay for participating in New Hampshire’s CCDF program rises with income, and the value of the premium tax credit similar decreases disproportionately with income as parent premiums constitute a higher proportion of income as income rises.

Figure 5.33: Housing Cliffs, Single Adult Households with Children, Earnings

Earnings at Cliff	Number of Cliffs	Average Net Resource Loss
\$32,000	27	-\$307
\$33,000	68	-\$357
\$34,000	206	-\$452
\$35,000	110	-\$489
\$36,000	76	-\$480
\$37,000	64	-\$485
\$38,000	35	-\$514
\$39,000	11	-\$475
\$40,000	28	-\$548
\$42,000	18	-\$816
\$44,000	13	-\$1,011

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### TANF cliffs for single adults with children with earnings

For families with earnings, there are 390 TANF cliffs encountered. Of these, 83 percent (325 cliffs) are encountered by single adult households with children.

Figure 5.34 below shows the share of cliffs for this household type attributed to TANF occurring due to this program (with no interaction from the other five programs of interest), and the share resulting from an interaction between TANF and other programs of interest.

- Unlike all other programs analyzed for single adult with children households, there are very few cliffs (6.5 percent) in which TANF was the only program of interest to cause the cliff (with no interaction from the other five programs of interest).
- Only 24 cliffs are produced through the combination of TANF and one other program. Healthcare and housing resulted in no cliffs when only interacting with TANF. Interaction with SNAP produced the largest number of cliffs (14 cliffs) while child care produced both the closest (\$7,667) and largest magnitude (-\$170).
- SNAP (in any combination) contributed to 89 percent (289 cliffs) of the TANF cliffs, with 37 percent of cliffs causing by a combination of TANF, SNAP, and housing.

Figure 5.34: Programs contributing to TANF Cliffs, Single Adult Households with Children, Earnings

	Programs	% TANF Cliff	Average Cliff	Distance from Cliff
TANF	21	100%	-\$103	\$10,810
<b>Two Programs</b>				
<b>TANF + SNAP</b>	<b>14</b>	<b>83%</b>	<b>-\$85</b>	<b>\$16,500</b>
TANF + Child Care	6	58%	-\$170	\$7,667
TANF + LIHEAP	4	67%	-\$99	\$14,000
<b>Three Programs</b>				
<b>TANF + SNAP + Housing</b>	<b>120</b>	<b>67%</b>	<b>-\$41</b>	<b>\$23,125</b>
TANF + SNAP + LIHEAP	33	62%	-\$139	\$16,818
TANF + SNAP + Child Care	27	79%	-\$58	\$20,074
TANF + SNAP + Healthcare	16	65%	-\$47	\$19,125
TANF + Child Care + LIHEAP	3	52%	-\$225	\$8,667
TANF + Child Care + Housing	2	60%	-\$183	\$12,500
<b>Four Programs</b>				
<b>TANF + SNAP + Child Care + Housing</b>	<b>43</b>	<b>65%</b>	<b>-\$51</b>	<b>\$20,419</b>
TANF + SNAP + Child Care + LIHEAP	30	57%	-\$148	\$17,633
TANF + SNAP + Child Care + Healthcare	4	63%	-\$81	\$16,500
TANF + SNAP + Healthcare + Housing	1	38%	-\$128	\$24,000
TANF + SNAP + Healthcare + LIHEAP	1	55%	-\$280	\$19,000
<b>Total</b>	<b>325</b>	<b>69%</b>	<b>-\$77</b>	<b>\$19,400</b>

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

It is not surprising that the majority of these cliffs occur in combination, and that about half (163 out of 325) occur when a family is receiving TANF, SNAP, and housing. As indicated above, these programs independently carry marginal tax rates of up to 50 percent, up to 36 percent, and up to 30 percent, respectively. Because TANF cash assistance counts as income for both SNAP benefit and housing assistance calculations, and SNAP benefit calculations may be adjusted depending on the housing assistance a family receives, the combined impact of marginal tax rates across these three programs is not strictly additive, but when TANF, SNAP, and housing are considered in combination, they result in a combined marginal tax rate of about 78 percent on earnings across the entirety of income levels in which both programs gradually phase out. A small increase as a result of increased child care need or other taxes or expenses outside of the programs of interest could easily tip a family's marginal tax rate above 100 percent and thereby result in a benefit cliff.

### Two Adult Households with Children

Families comprised of two adults with children make up the largest portion of households with earnings (10,535 households) and face more cliffs on average (3.32) and in total (35,089) than any other

household type. Figure 5.35 below shows the number potential benefit cliffs (inclusive of repeated cliffs) by program and risk type for this group.

- Nearly all (96 percent) households of this type face a potential healthcare cliff at some point during the simulation. However, 61 percent of these healthcare cliffs are considered to have below average risk, with only 20 percent having a high likelihood or significant magnitude.
- Approximately 64 percent of families will face a child care cliff, with the majority of these cliffs considered high risk.
- Only a small portion of families will face a net resource loss from SNAP (10 percent), LIHEAP (5 percent), housing (4 percent), and TANF (0.2 percent). In terms of cliffs, these programs make up less than seven percent of all cliffs encountered by two adult households with children.

Fifty-two percent of all cliffs encountered by this family type are child care cliffs. Of the 18,518 child care cliffs, 65 percent (12,121 cliffs) are considered high risk. Further, more than three-quarters (79 percent) of high-risk cliffs for this family type are related to child care expenses. For these reasons, this analysis will focus on the 12,121 high-risk child care cliffs for two adult households with children.

Figure 5.35: Cliffs by Risk and Program Type, Two Adult Households with Children, Earnings

	Child Care	Healthcare	SNAP	Housing	LIHEAP	TANF	Total
Number of Families Facing Cliff	6,721	10,093	1,057	462	557	17	10,535
Risk Quartile							
1 (Low Risk)	779	5,426	218	112	114	11	6,660
2	2,040	3,092	359	196	197	28	5,912
3	3,578	2,760	431	184	165	15	7,133
4 (High Risk)	<b>12,121</b>	2,764	255	106	102	6	15,354
Total Number of Cliffs	18,518	14,042	1,263	598	578	60	35,059
Percent High Risk	65%	20%	20%	18%	18%	10%	44%
% of Total Cliffs, All Family Types	81%	39%	37%	40%	30%	15%	53%

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

#### Child care cliffs for two adult households with children

Like the single adult with children households discussed above, two adult households with children face child-care related cliffs both from the potential loss of benefits through the CCDF program and from increased child-care costs based on labor force participation changes. However, participation in CCDF is far less common among this household type, with 98 percent of high-risk cliffs among this household type emerging for families that do not receive CCDF subsidies (see Figure 5.36).

Figure 5.36: High-Risk Cliffs by Program Enrollment, Two Adult Households with Children, Earnings

	Total	Not Receiving CCDF	Receiving CCDF
Families	5,819	5,651	168
High Risk Cliffs	12,121	<b>11,832</b>	289

Source: New HEIGHTS (2020), NCCP (2020), ESI (2020)

While the CCDF program's off-ramps reduce the overall magnitude of cliffs for those enrolled, the program is not widespread in scope and limited to those that initially earn under 220 percent FPL. Although families can continue to receive child care scholarship assistance if their incomes increase, up to a limit of 85 percent of state median income, only approximately 3,700 families with a total of 5,000 children are served through the CCDF program (out of roughly 55,000 children in New Hampshire in need of child care).

Accordingly, the majority of cliffs for this household type occur when families increase their labor force participation and incur additional child care costs. Child care considerations for two adult households are more complex to analyze than those of single adult households, which face cliffs primarily as the single earner increases from part-time to full-time employment. Two adult families with children have a multitude of potential employment scenarios (one parent working part-time, one parent working full-time, both parents working part-time, both parents working full-time, and one parent working full-time with the other working part-time). As the cost of child care is directly related to hours worked, families with higher levels of labor force participation will have higher costs, all else equal.

