

Some households receiving public assistance—particularly those households needing childcare—may face a decrease in net available resources as a result of earning an additional dollar because of the combination of increased taxes and reduced public benefits. This is referred to as the benefit cliff. Resources decline if the additional dollar earned is due to a promotion, more hours worked, or an increase in the minimum wage. Chart 2 shows the change in resources available to a single parent with a two children (pre-K and first grade) as earnings increase. If the parent’s earnings increased from \$25,000 to \$45,000, the resources available to the household would decrease by roughly \$9,300.

Chart 2: Single Parent, Two Children, No Housing Subsidy

