

Fixing North Carolina's "Benefits Cliffs"

Benefits cliffs force workers to choose between career progression and the benefits they need, undermining upward mobility and businesses' ability to hire and retain workers.

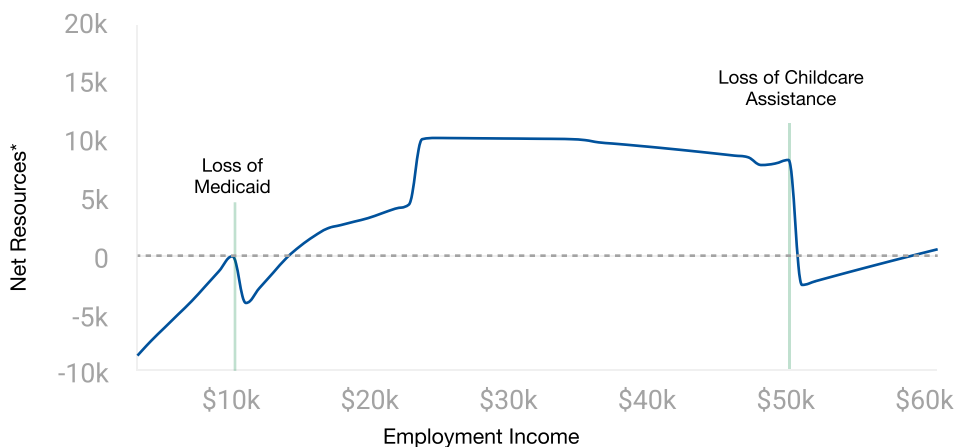
The Problem

North Carolina workers encounter benefits cliffs when a pay raise would leave them worse off financially. This happens when public assistance "drops off a cliff" at a certain income level. Workers may decline job offers, quit, or choose not to apply for jobs because a pay increase could trigger an even greater loss of benefits.

The Way Forward

A diverse coalition of North Carolina businesses and nonprofits is advocating for policymakers to address benefits cliffs so that workers can progress further in their careers and businesses can better hire and retain talent. To learn more and join our coalition, contact justin.taylor@goodwillsp.org.

Net Resources for a Family with Two Kids in Mecklenburg County



*Net resources are the sum of income and public assistance minus basic living expenses such as food, housing, childcare, transportation, and utilities.

For businesses already facing workforce shortages, inflation, and a looming economic downturn, benefits cliffs make hiring and retaining employees even harder. North Carolina lags the national labor force participation rate, which itself remains below pre-pandemic levels.¹ Employers are struggling to find talent, especially in fields like healthcare, where our state faces a significant nurse shortage.²



We are committed to promoting economic mobility for our 150,000 employees. We hope to guide policymakers in addressing benefits cliffs, which make it harder for families to rise out of poverty.”

Dr. Kinneil Coltman

Executive Vice President, Chief Community & Social Impact Officer, Advocate Health

Why Now?

Inflation and the lingering impact of the pandemic make benefits cliffs an even bigger problem for businesses and low-income workers in North Carolina.

The pandemic decimated the childcare industry, where employment lags pre-pandemic levels by 9.7%³ and costs are high. Basic childcare in North Carolina costs \$12,360/year⁴—76% more than in-state tuition at UNC-Chapel Hill (\$7,020/year).⁵ Meanwhile, food and gasoline prices in the South remain high.⁶ Food banks across the state are struggling.⁷ Working parents cannot afford to lose benefits for necessities like childcare.



Our research on the benefits cliff shows that some state and local incentives actually lead people to be reluctant to invest in themselves. This work can inform policymakers' and individuals' decision making in ways that help everyone to more fully participate in the U.S. economy."

Dr. Raphael Bostic

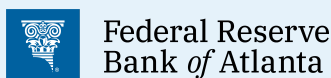
President and CEO, Federal Reserve Bank of Atlanta

"Goodwill is committed to building pathways that help people pursue the life they want to achieve, and we must find solutions to address the impact of benefits cliffs. We envision an equitable community for all and our hope is to help people remove as many barriers as possible so they can thrive."

Christopher Jackson

President and CEO, Goodwill Industries of the Southern Piedmont

A diverse coalition of organizations is working to fix benefits cliffs.⁸ Join us in advocating for a fair solution to this clear problem. To join, contact justin.taylor@goodwillsp.org or visit benefitscliffcommunitylab.org.



¹ BLS The Employment Situation December 2022

² Mercer US Healthcare Labor Market Whitepaper, 2021

³ ABC-11 Raleigh; October 23, 2022

⁴ NC Budget & Tax Center, 2022

⁵ UNC-Chapel Hill website; retrieved August 4, 2022

⁶ BLS; Consumer Price Index; South Region; June 2022

⁷ WBTV-3, Charlotte; July 22, 2022

⁸ Note: The Federal Reserve Bank of Atlanta (FRBA) and the Federal Reserve Bank of Richmond (FRBR) contribute research, data analysis, and tools to the public, including elected officials and partner organizations. FRBA and FRBR do not advocate for or against specific legislative or executive actions at the federal, state, or local levels.