

Understanding & Addressing the Cliff Effect in Hutchinson, Kansas

USA Lab: 15.S02 Bridging the American Divide

Alex Adamczyk, Ilona Balagula, Jack Bowers

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MIT Student Project Team



Alex Adamczyk, MBA '21



Jack Bowers, MBA'22



Ilona Balagula, MBA '21

Agenda

Project Overview

**Understanding the
Cliff Effect**

**Mapping the
Hutch/Reno
County Network**

Recommendations

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Project Objective

Understand **how the Cliff Effect presents itself** in Hutchinson, Kansas and **what opportunities exist** to better serve individuals experiencing the Cliff Effect

Project Approach

Define the Problem & Scope

- ✓ Gather additional information from HCF
- ✓ Align with HCF on action plan

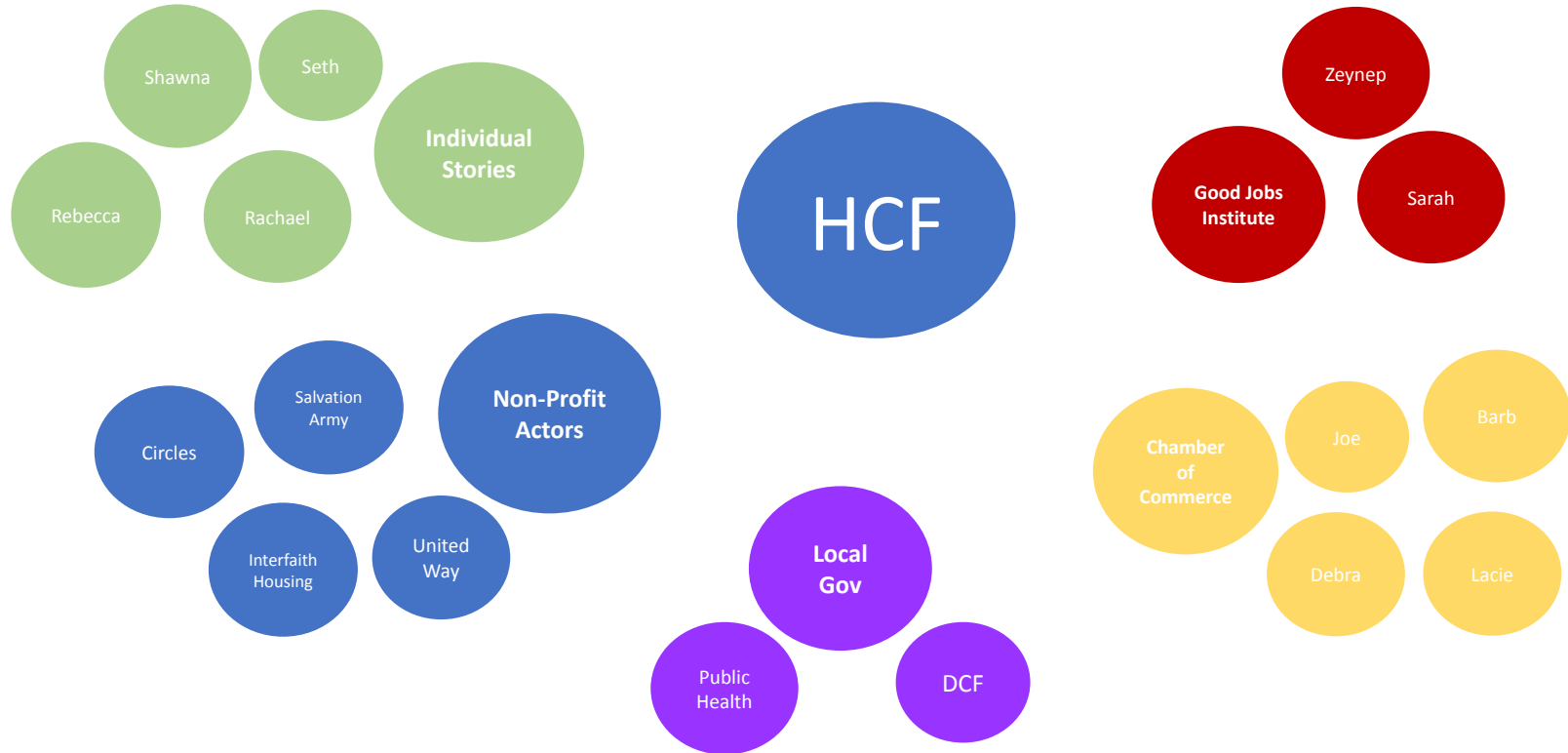
Conduct Primary & Secondary Research

- ✓ Initial secondary research on Cliff Effect
- ✓ Speak with nonprofit stakeholders via System Design Support Group
- ✓ Conduct interviews with 6 individuals facing Cliff Effect
- ✓ Secondary research on benefits ecosystem & solutions implemented in other localities
- ✓ Identifying add'l stakeholder interview opportunities

Develop Recommendations

- ✓ Synthesize interview findings
- ✓ Identify and develop recommendations for how to address Cliff Effect in Hutch

Perspectives of local stakeholders deepened our understanding of the Cliff Effect & the path forward



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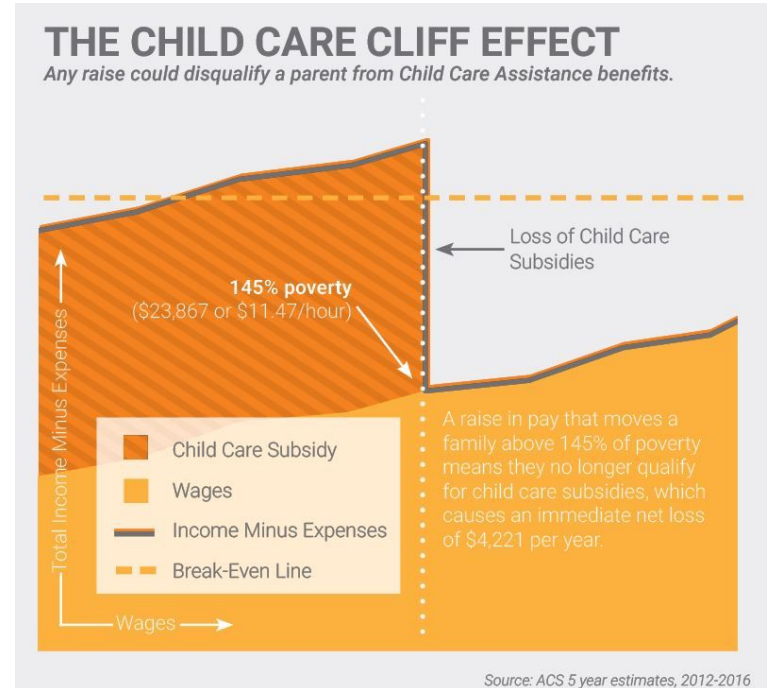
Recommendations

The cliff effect affects individuals working their way out of poverty

“The Cliff Effect occurs when a pay raise at work triggers a disproportionate loss of government assistance.

Even a small raise can “push people off the cliff” when it comes to benefits.

Suddenly ineligible for subsidized food, housing, healthcare, or childcare, the family is worse off than before receiving the raise.”
- Circles USA



Source: OpporUNITY

The cliff effect has a outsized impact on vulnerable populations, despite hard work and progress

A Cliff Area Profile

Transitioning from Instability to Stability

Lower financial literacy

Looking for Support Systems

Particularly difficult for Single Parents

The Impact of Career Progression

Enter the workforce at a minimum wage, entry level position



Hard work merits multiple raises, pushing into \$15-\$20/hr range



Hit opportunity ceiling, lacking further progress without huge investment

Individual stories revealed similarities in experiences with securing basic needs, and with unexpected challenges that arise

Securing Basic Needs



Food Security

- Unsuccessful attempts **deter people from asking for help again**
- **Shame & stigma** associated with food stamps



Childcare

- Solutions that **don't rely on costly centers**
- **Limited availability** of local providers



Housing

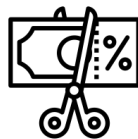
- **Lack of stability** in housing trajectory
- **HUD not as reliable resource** in Hutch as other orgs, like Interfaith Housing



Medical

- Challenges navigating insurance, **especially with children**
- System requires **self-advocating**

Unexpected Challenges



Wage Garnishments

- Debt collection system **increasingly more harsh**
- Garnishments can be up to **55% of wages**



EITC & Income Taxes

- Combo of **losing EITC and navigating income tax** for the first time



Medical

- Medical needs can have **compounding effect on debt** (e.g. payday loans)



Loss of Support Systems

- Many people **lose prior social and emotional support systems** as climb out of poverty
- **Difficult to establish** new support system

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Hutch's partner ecosystem focuses on individuals in crisis mode and exiting poverty, with opportunity to support those working to maintain stability

Crisis Mode



Fund to support individuals in crisis mode in Reno County



Pathways of Hope is a one year program helping remove obstacles to climbing out of poverty



State level health programs helping individuals in crisis mode



Provide support & funding to organizations addressing crisis mode issues



Committed to & Working Towards Stability



12-week training program & year-long mentorship with local allies



Provides housing assistance, financial education & individual empowerment.



Provides state-level food assistance & childcare services

FOOD BANK OF RENO COUNTY

Emergency meals for individuals in the community



Provide support & funding to organizations helping individuals work towards financial stability



Maintaining Stability & Working Towards Full Confidence



Continued relationship with allies in the community



Provides housing assistance, financial education & individual empowerment.

Opportunity to **further build out support system** for individuals working to maintain financial stability, which is **when the Cliff Effect hits the hardest**

Challenges in addressing the Cliff Effect in Hutch appear on the individual & community level, as well as within the local labor market

Individual

- Lack of understanding of Cliff Effect, until experiencing it
- Increased risk of backsliding into poverty
- Lack of support & understanding from employers
- Difficulty navigating the state benefits system

Community

- Lack of understanding among community members who haven't personally experienced poverty
- Distributed non-profit network, making it harder for individuals to know where to seek help for Cliff Effect

Local Labor Market

- Entry-level jobs include overtime and unstable hours with below living wage
- Higher-paying jobs require additional education, which can be difficult to obtain with limited broadband

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Three pathways identified to help address the Cliff Effect in Hutch

Solution Workstreams:

- 1. Nonprofit Stopgap Measures**
Educational resources, immediate impact opportunities for the current stakeholders in Hutch
- 2. Public Policy Recommendations**
A prioritized list of strategic priorities for Hutch leaders to bring to the State level
- 3. Private Industry Outreach**
Expanding relationships with employers and building the good jobs business case

Improved coordination across non-profits can better prepare recipients for the Cliff Effect

Increase Education about the Cliff Effect

1. Expand Cliff Effect in Circles of Hope curriculum
2. Incorporate Cliff Effect into Interfaith curricula
3. Community Awareness - listening sessions w/ individuals who've experienced Cliff Effect

Develop Pipeline to Online Higher Education

1. Supplement local programs with high-quality, online Associates and Bachelors level programs

Continue Strengthening Relationships Across the “Ladder” of Services

1. Build a connection from Kansas DCF to Pathways and Circles
2. Strengthen accountability and interconnectedness through further adoption of IRIS systems

Explore Making the Resilience Reno County Program Permanent Cliff Effect Support

1. Identify sources of long-term funding
2. Develop eligibility requirements to offset the Cliff Effect

Policy changes are necessary to fully eliminate the Cliff Effect

Advocate to Kansas DCF for More Off-Boarding Resources

1. Co-create with DCF to adapt existing programs to mitigate the Cliff Effect
2. Identify DCF rules that exacerbate the Cliff Effect

Advocate for Federal Benefits to Measure the Cliff Effect Holistically

1. Federal programs should account for how the off-ramps from multiple benefits intersect with each other
2. Compounding effect across programs traps individuals in the Cliff Effect

Expand S-CHIP Health Insurance to age 26

1. Children with S-CHIP health insurance lose access when they turn 18, Affordable Care Act extended dependant private health insurance to 26

Advocate for Raising the Minimum Wage to a Living Wage

1. Single most common recommendation across the ecosystem, by far
2. Only solution that would completely eliminate the Cliff Effect

The Good Jobs Strategy can help businesses move workers beyond the Cliff Effect while improving profits

Alliance Between Hutchinson Chamber of Commerce & Good Jobs Institute

1. Identify opportunity for series of workshops educating local businesses about the Good Jobs Strategy
2. Encourage Chamber of Commerce to engage broad range of local businesses from variety of industries and current levels of wages

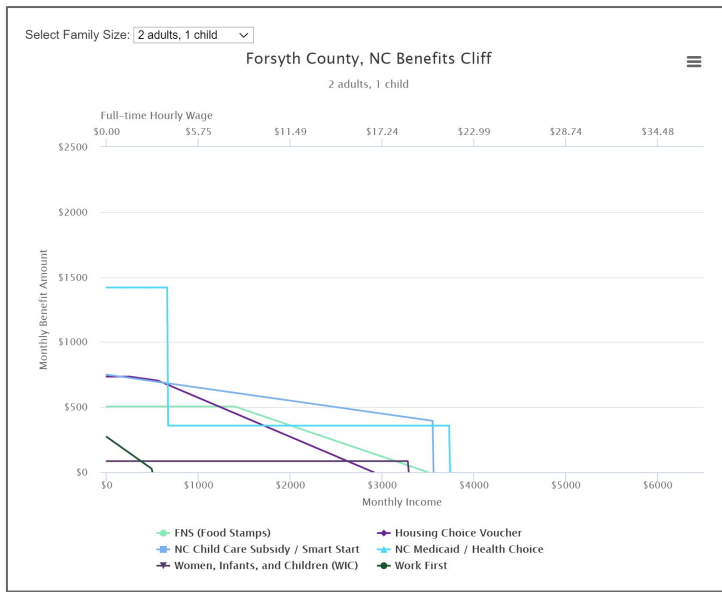
Foster Connections Between Nonprofits & Businesses With Low-Wage Workers

1. Create opportunities for workers with lived experience with the Cliff Effect to share their stories with local business leaders
2. Allows nonprofits to increase awareness of their programs & benefits

Appendix

Forsythe County Cliff Effect Resources

Customizable Benefits Cliff Calculator



User Journey for Individual Facing Cliff Effect



Source: Benefits Cliff in Forsythe County Microsite