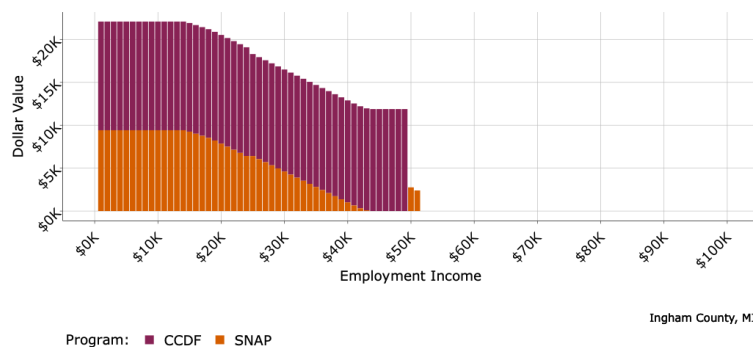




The Upward Mobility Act

Problem: In Michigan, a single mom with two kids whose income increases from \$49,000 to \$50,000 would lose \$11,887 in child care benefits.

Current federal public assistance programs, like SNAP and TANF, create a benefits cliff. **Benefits cliffs happen when a small increase in income leads to a significant or complete loss of federal benefits, leaving families financially worse off than they were before a wage increase.** Benefits cliffs discourage Americans from reaching self-sufficiency and financial independence, and can trap individuals in low-wage jobs, all at the expense of the taxpayer.



Solution: The *Upward Mobility Act* would take the first and most consequential step towards promoting upward mobility and higher earnings, reducing government dependence, and eliminating benefit cliffs. The bill creates a pilot program that would allow five states, on an opt-in basis, to **combine funding from multiple federal anti-poverty programs into a single, flexible funding stream** to eliminate benefit cliffs. The bill would boost upward mobility for low-income individuals and families, improve program efficiency, and reduce bureaucracy. How it works:

1. Creates the Upward Mobility Pilot Program

The *Upward Mobility Act* creates a pilot program for states to combine funding from 10 anti-poverty programs and design solutions **that help families move up the economic ladder**. States would receive waivers from federal rules regulating these programs, with remaining oversight authority transferred to the Administration for Children and Families (ACF), which would distribute the pilot project funding to the states. Funding previously dedicated to regulatory compliance, administrative requirements, or ineffective programmatic functions could be used for individual case management, collaboration with local and non-government actors, and benefit structures that eliminate benefit cliffs and boost employment and earnings.

Programs Included: SNAP, TANF, Section 521 Rural Rental Assistance Payments, Section 8 Tenant-Based Assistance, Public Housing Capital and Operating Funds, Child Care and Development Funding, LIHEAP, Community Development Block Grant, WIOA Dislocated Workers Funding

2. Requires Selected States to Demonstrate Results

The bill directs the ACF to back projects that show real progress in helping people become self-sufficient. That means rewarding projects that are most likely to reduce benefit cliffs, reduce direct assistance through higher levels of employment and earnings among beneficiaries, reduce poverty, eliminate marriage penalties, and promote upward mobility. Independent evaluators would measure each state's results against the goals the state sets for itself in these areas.

3. Deficit Neutral

Pilot funding is capped at the prior year's spending levels for the 10 programs with annual inflation adjustments. States can also test limited projects covering at least 10% of their program funding. This model ensures that taxpayer dollars are invested effectively, protects against fraud, and encourages states to reinvest savings from reduced dependency into smarter operations and infrastructure.