



# S.244 (Persaud) / A.2497 (Davila)

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<b>BILL</b> <b>S.244 (Persaud) / A.2497 (Davila)</b>
<b>SUBJECT</b> <b>Relates to establishing a benefits cliff task force</b>
<b>DATE</b> <b>February 11, 2025</b>
<b>SUPPORT</b>

The Business Council supports S.244 (Persaud) / A.2497 (Davila), which relates to establishing a fiscal cliff task force to conduct a study on fiscal cliffs in the state's public assistance programs.

The legislation proposes the fiscal task force analyze and address the abrupt reduction or termination of public assistance benefits that individuals experience when they earn slightly more income. This phenomenon, often referred to as the "benefits cliff," discourages individuals from advancing in their careers, seeking higher wages, or increasing their hours, as doing so can result in the sudden loss of crucial support such as food assistance, childcare subsidies, housing aid, or healthcare coverage. The task force will examine the structure of these benefits programs, assess the unintended consequences of their eligibility criteria, and recommend policy solutions to ensure that working individuals are not financially penalized for earning more.

The task force will be composed of nineteen members, including appointees from the Senate, Assembly, and Governor's Office, along with representatives from key state agencies such as the Office of Temporary and Disability Assistance, Department of Health, and Department of Labor. Their study will focus on major public assistance programs where the fiscal cliff effect is most pronounced, including SNAP, HEAP, Medicaid, child care subsidies, school tax relief (STAR), cash benefits, housing assistance, and effective tax rates. By evaluating these programs together, the task force will be able to identify how different policies interact and where cumulative barriers exist that make it harder for individuals to transition from public assistance to financial independence.

Public assistance programs are designed to provide temporary, necessary support to help families and individuals meet basic needs. However, when a small increase in earnings results in a disproportionate loss of benefits, individuals can find themselves worse off financially than they were before. This reality discourages workforce participation and limits upward mobility. By

studying the effects of these programs collectively, rather than in isolation, the task force will be able to determine where policy adjustments are needed to smooth transitions and create a more supportive pathway to self-sufficiency.

The findings of the task force will be compiled into a preliminary report submitted to the Governor and Legislature by January 1, 2027, followed by a final report on September 1, 2027, which will include policy recommendations and proposed legislative changes. Addressing the benefits cliff is critical not only for individual economic stability but also for workforce development and economic growth in New York State.

This task force will lead to long-term benefits of improving public assistance policies, increasing workforce participation, and reducing reliance on state-funded support programs for New Yorkers. As more individuals are able to maintain financial stability while transitioning to higher earnings, the state will see higher tax revenues, increased consumer spending, and reduced social service expenditures.

For these reasons, The Business Council supports S.244 (Persaud) / A.2497 (Davila).