



S.182 (Persaud) / A.4317 (Davila)

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<p>BILL</p> <p>S.182 (Persaud) / A.4317 (Davila)</p>
<p>SUBJECT</p> <p>Increases the federal poverty level requirement for recipients where it concerns the one-time disregard of earned income</p>
<p>DATE</p> <p>February 11, 2025</p>
<p>SUPPORT</p>

The Business Council supports S.182 (Persaud) / A.4317 (Davila), which relates to increasing the federal poverty level requirement for recipients where it concerns the one-time disregard of earned income.

This legislation aims to amend the Social Services Law by increasing the federal poverty level (FPL) threshold for the one-time, six-month earned income disregard from 200% to 400%. This adjustment seeks to mitigate the "benefits cliff," where individuals lose essential benefits upon modest income increases, thereby encouraging sustained employment and financial independence.

The bill specifically seeks to allow this six-month grace period for individuals who are participating in a program operating through the federal Workforce Innovation and Opportunity Act (WIOA) or any public assistance employment training or skills certification program. These programs are designed to equip individuals with job skills that lead to long-term career stability, and this bill ensures they are not penalized for transitioning into higher-paying jobs.

The bill proposes to amend subparagraph 8 of paragraph a of subdivision 8 of Section 131-a of the Social Services Law to:

- Raise the income eligibility limit for the six-month earned income disregard from 200% to 400% of the FPL.
- Direct the Commissioner of the Office of Temporary and Disability Assistance (OTDA) to seek any necessary federal waivers to implement this change.

Currently, the 200% FPL threshold equates to an annual income of approximately \$29,160 for an individual, which is near the earnings of a full-time minimum wage worker in New York State. This low threshold discourages individuals from pursuing higher-paying employment opportunities due to the abrupt loss of benefits—a phenomenon known as the "benefits cliff."

By increasing the threshold to 400% of the FPL (approximately \$58,320 for an individual), the bill allows individuals to accept better-paying jobs without the immediate fear of losing essential benefits. This change promotes economic

mobility, reduces dependency on public assistance, and aligns with New York State's commitment to supporting pathways out of poverty.

Furthermore, we commend New York State for permanently implementing the six-month earned income disregard. This policy has provided a critical buffer period for individuals transitioning into the workforce, allowing them to stabilize their finances before the gradual reduction of benefits. The proposed increase to the income disregard cap builds upon this success, offering a more robust support system for working individuals striving for self-sufficiency.

While there may be initial costs associated with extending eligibility to those earning up to 400% of the FPL, these costs will be outweighed by long-term economic benefits. Expanding income disregards encourage workforce participation, increasing state tax revenues as individuals earn more and contribute more to payroll and income taxes. Additionally, as workers gain financial stability and reduce reliance on public assistance programs, the state will see a decline in expenditures on programs such as SNAP, Medicaid, and TANF.

Economic research has shown that policies mitigating the benefits cliff reduce workforce attrition rates and improve job retention, leading to a stronger, more stable labor force. Increased earnings among workers at the lower and middle-income levels also generate higher consumer spending, further stimulating New York's economy.

By ensuring that individuals participating in WIOA programs and other workforce training initiatives are given a fair opportunity to transition into stable employment without losing essential benefits, New York will foster a more resilient and upwardly mobile workforce.

For these reasons, The Business Council supports S.182 (Persaud) / A.4317 (Davila).