Background

Earning More But Getting Poorer, The Cliff Effect in Arlington, VA

Poverty in Arlington

The 2019 Annual Median Income (AMI) for a household of 4 in Arlington is $121,000. This high AMI masks significant income and quality-of-life disparities from one neighborhood to the next. There are 28,000 individuals in households making 30% or less of the AMI ($36,000 for a household of 4). Childcare workers, hospital aides, office cleaners, construction and food service employees are a vital part of our diverse community fabric and economic sustainability. Of the 28,000 individuals, 6,280 are children.

People in poverty rely on a combination of earned income, public benefits, and community supports to survive. When these resources are unpredictable, they must choose which necessities to do without. Inconsistent access to nutritious food, medical care, safe housing, and childcare has detrimental effects on their health and well-being, as well as their children's.

The Cliff Effect refers to the drop off in eligibility for subsidies for health care, food, child care, transportation or housing that working low-income families experience with even a minor rise in earnings. The loss of the subsidies mean the worker has to refuse the raise or better-paying job/not accept the promotion or see their family worse off.

The specific way this scenario works out is unique to each household's size, income, children's ages, and other factors. "Sandra", the woman in this story, is a single Arlington mom with 2 children, ages 10 months and 4 years old. Hers represents a very typical situation amongst Arlington's working poor. Her story begins with the following circumstances:

- She has a section 8 housing voucher and lives in a 2-bedroom committed affordable unit
- She is a US citizen. She grew up in Arlington.
- She works one full-time job making $10/hour.
- Her children are in a licensed family day care home while she is at work.
- She receives the Virginia child care subsidy, SNAP and Medicaid.
- She uses her own car for transportation.
- She receives Earned Income Tax Credits and Child Care Credits.

For modelling purposes, her earnings increase at $5/hour increments every two years. Accordingly, her children age 2 years at each increment, changing her child care co-pays and subsidies. After each turns age 5, her children are in sliding scale income-based before and after care in school until each is age 12.

Sources: The eligibility amounts for each benefit in this scenario were determined by teams of County eligibility specialists for each subsidy area. Her income is based on local wage data and reflects workers in her income bracket. Her living expenses are based on Arlington Virginia cost of living data compiled by MIT. Urban Institute did the graphing, and the Urban-Brookings Tax Policy Center calculated her tax credits.

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