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A Bridge, Not a Barrier: Reforming the Safety Net to Reward Work

Interested Party Testimony
U.S. Senate Special Committee on Aging
U.S. Senate Bill 3583

Greg R. Lawson
Senior Research Fellow
The Buckeye Institute

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Submitted Testimony

Chairman Scott, Ranking Member Gillibrand, and Members of the Committee, thank you for the opportunity to testify regarding U.S. Senate Bill 3583, the **Upward Mobility Act of 2026**. I would especially like to thank Senator Jon Husted for his leadership on this important piece of legislation.

My name is Greg R. Lawson. I am a senior research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—based in Columbus, Ohio, whose mission is to advance free-market public policy in the states.

For decades, federal anti-poverty programs have tried to help Americans struggling to climb the economic ladder toward financial stability and independence. President Lyndon B. Johnson famously **waged** a "war on poverty" in the 1960s, and government-funded public assistance programs have proliferated ever since. Unfortunately, and despite the best intentions, these programs too often penalize assistance recipients who pursue work and career advancement opportunities, trapping them in an unintended cycle of government dependency.

The Upward Mobility Act takes prudent **steps** to address this perennial problem and the fragmented public benefits network that burdens beneficiaries and resists their success.

Many low-income Americans who receive public benefits commonly face so-called "benefit cliffs," which occur when slight increases in earned income means a loss of public assistance, such as childcare support, food, and housing subsidies. According to the Congressional Budget Office, the **risk** of losing those benefits discourages work effort among lower-income families.

A recent 21-state **survey**, for example, showed that 84 percent of respondents decline work or raises for fear of losing their public benefits. Rather than rewarding hard work, the current incentive structure can leave recipients and families worse off after earning a well-deserved raise or promotion. At The Buckeye Institute, we call this a "**success tax**" that wrongly punishes effort and discourages achievement. The problem, of course, is not that Americans who need assistance seek and receive it, but that Washington provides an assistance system that traps them at the bottom of the ladder instead of helping them climb it.

To address some of these challenges, Ohio has created the **Benefit Bridge program** to provide career planning, employment support, and financial incentives to help participants leave public assistance. The program **operates** in 13 counties, offers up to **$8,000** in incentives tied to employment goals, and is specifically designed to increase recipients' earnings and decrease their need for public assistance. From 2017 to 2023, program participants' median earnings nearly **doubled**, a remarkable success that encouraged Ohio to expand its **similar** Benefit Bridge Employer Pilot Program to provide grants to employers that support employees transitioning off public assistance.

But as a 2023 U.S. Department of Health and Human Services **report** emphasized, assistance recipients chronically face inconsistent eligibility rules, income thresholds, and phaseout schedules across an extremely fragmented public assistance system. Thus, even when states successfully address a benefit cliff in one program, families may still confront unexpected cliffs in

other programs. And states cannot resolve these challenges without greater flexibility from Washington.

Senator Husted's Upward Mobility Act offers a promising approach to addressing these structural problems. The bill establishes a five-year pilot program that would allow up to five states to voluntarily consolidate funding from 10 federal anti-poverty programs into a single, flexible funding stream. These programs include SNAP, Temporary Assistance for Needy Families (TANF), childcare assistance, housing and energy assistance, community development funding, and certain workforce development resources. Rather than requiring states to administer these programs through separate, conflicting eligibility structures, the bill allows states flexibility to develop a more coordinated system that rewards employment and earnings. Wisely, the bill **requires** that states be independently evaluated on the effectiveness of their programs in helping people achieve upward economic mobility.

This flexibility could allow Ohio, for example, to replace abrupt benefit cliffs with tapered assistance as household earnings rise. The Buckeye Institute has **argued** that an appropriately designed system could gradually reduce public assistance benefits by approximately 20 to 40 cents for each additional dollar earned. Under this approach, a worker receiving a raise would retain more of the additional income rather than face an immediate and devastating loss of public assistance. Individuals could accept promotions, work additional hours, and pursue higher-paying careers as they gradually move toward financial independence.

Additionally, the Upward Mobility Act incorporates measures that protect taxpayers. Federal funding for participating states would generally be based on prior spending levels for the covered programs, with adjustments for inflation, rather than providing access to an unrestricted funding source. States could redirect resources from duplicative administrative processes toward individualized case management, employment support, and more effective benefit structures.

Senator Husted's bill also **establishes** federal oversight through the U.S. Department of Health and Human Services, with state proposals evaluated against objectives such as reducing benefit cliffs, increasing employment and earnings, and improving economic self-sufficiency. Greater flexibility should come with meaningful accountability. Participating states should demonstrate that their reforms produce measurable improvements in employment, household earnings, and long-term financial independence. Consolidating program administration could foster opportunities to improve information sharing, strengthen eligibility verification, and reduce improper payments. **Arkansas** offers a relevant example through its integrated eligibility system, which coordinates eligibility redeterminations for Medicaid, SNAP, and TANF. The goal should not merely be to spend taxpayer dollars differently, but to produce better outcomes with the available resources.

Ohio is strategically well-poised to participate in the Upward Mobility Act's pilot program. Through its Benefit Bridge program, financial forecasting tools, and various employer partnerships, Ohio has already tested ways to reduce the public assistance penalties associated with career advancement. The Upward Mobility Act would help Ohio build upon these efforts and establish a more coordinated statewide approach. With The Buckeye Institute's

encouragement, the Ohio Department of Job and Family Services and the Ohio General Assembly are preparing for the bill's enactment by identifying overlapping eligibility requirements, improving coordination among state and county agencies, and establishing clear measures of economic mobility.

When paired with the ability to measure outcomes transparently, the legislation's five-state pilot structure offers Congress a prudent way to evaluate the effectiveness of these reforms before nationwide expansion. States have long **served** as policy laboratories, and the Upward Mobility Act would allow them to test different approaches and show Congress what works, what does not, and which reforms merit broader adoption.

America's public assistance programs should clear paths toward financial independence, not impose obstacles to achieving it. True programmatic **success** should be measured by how many people climb the economic ladder, not how many ladders the government funds. When a modest pay raise at work deprives low-income families of still-needed public benefits, the incentive structure holds them down instead of helping them up.

The Upward Mobility Act wisely replaces public benefit cliffs with a gradual transition toward self-sufficiency. It empowers states to develop innovative policy solutions. And it holds programs and policymakers more accountable as they spend taxpayer resources. The Buckeye Institute urges the Committee to advance this legislation for the benefit of recipients, states, and taxpayers.

Thank you for your time and attention. I will be happy to answer any questions the Committee may have.

About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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