BENEFIT CLIFFS: EFFECTS ON EMPLOYMENT AND FAMILY STABILITY

SUZANNE HULTIN-EMPLOYMENT, LABOR & RETIREMENT PROGRAM, NCSL
MEGHAN MCCANN-CHILDREN AND FAMILIES PROGRAM, NCSL
Unemployment rate: 3.7%

Workforce Projections 2016-2026:
- Employment expected to grow by 11.5 million
- Unemployed persons per job opening 0.8
- Labor force expected to be older and more diverse

BUREAU OF LABOR STATISTICS, 2018
NATIONAL LABOR MARKET

*As of 7/29/2019
WHERE WILL THE JOBS BE?

Five out of 10 new jobs are in health and human services sectors.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent change, projected 2016-26</th>
<th>Employment change, projected 2016-26 (in thousands)</th>
<th>Median annual wages, May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar photovoltaic installers</td>
<td>104.9%</td>
<td>11.8</td>
<td>$39,240</td>
</tr>
<tr>
<td>Wind turbine service technicians</td>
<td>96.3%</td>
<td>5.6</td>
<td>$52,260</td>
</tr>
<tr>
<td>Home health aides</td>
<td>47.3%</td>
<td>431.2</td>
<td>$22,600</td>
</tr>
<tr>
<td>Personal care aides</td>
<td>38.6%</td>
<td>777.6</td>
<td>$21,920</td>
</tr>
<tr>
<td>Physician assistants</td>
<td>37.3%</td>
<td>39.6</td>
<td>$101,480</td>
</tr>
<tr>
<td>Nurse practitioners</td>
<td>36.1%</td>
<td>56.1</td>
<td>$100,910</td>
</tr>
<tr>
<td>Statisticians</td>
<td>33.8%</td>
<td>12.6</td>
<td>$80,500</td>
</tr>
<tr>
<td>Physical therapist assistants</td>
<td>31.0%</td>
<td>27.4</td>
<td>$56,610</td>
</tr>
<tr>
<td>Software developers, applications</td>
<td>30.7%</td>
<td>255.4</td>
<td>$100,080</td>
</tr>
<tr>
<td>Mathematicians</td>
<td>29.7%</td>
<td>0.9</td>
<td>$105,810</td>
</tr>
</tbody>
</table>
BENEFITS OF WORKING

- Financial security and independence
- Increased happiness, confidence and self-esteem
- Faster recovery from sickness
- Reduced risk of long-term illness
- Provides social outlet and builds network of relationships
ENGAGING WITH NON-TRADITIONAL WORKERS

Employment for People with Disabilities:
Labor Force Participation
• People with disabilities: 33.9%
• People without disabilities 77.8%

Reentry Population:
• 95% in state prisons will reenter society
• Economic stability (jobs), along with family and community support key to avoid recidivism

Military Spouses:
• 66% of military spouses are in the labor force
• 12% are unemployed and actively seeking work

Long-Term Unemployed, Underemployed, Dislocated Worker:
• Real unemployment rate at 7.2%
With New Challenges Comes New Opportunities

- New opportunities for rural workforce development
- New workers to enter the labor market
- Requires lifelong learning and constant upskilling
- Continual, regular engagement with stakeholders
WHAT ARE BENEFITS CLIFFS?

- More job openings than people actively seeking work. In that gap are the non-traditional, or hard to employ workers.
- Cliffs are a major barrier to entering, staying or advancing within the workforce.
- What are benefits cliffs, or the cliff effect?
  - When a sometimes small wage increase can lead to a drop in benefits or supports that exceeds the wage increase.
FIGURE 2: The Cliff Effect in Marion County
One Adult, One Preschooler, and One School age Child

Loss of SNAP  Loss of child care subsidies  Loss of Hoosier Healthwise Insurance

Annual Net Resources (annual)

Breakeven Line

Hourly Wages (Annual Earnings)

Source: National Center for Children in Poverty's Family Resource Simulator, Indiana 2011 (<www.nccp.org/tools/frs>). When eligible, the family receives the following work supports: federal and state tax credits, SNAP/food stamps, public health insurance, and a child care subsidy. Budget numbers are from NCCP Basic Needs Budget Calculator and the Self Sufficiency Standard for Indiana.
WHAT ARE THE CONSEQUENCES OF BENEFITS CLIFFS?

- Businesses can’t meet their workforce needs (worker shortage)
- Family Economic Instability
- Slow Economic Mobility
- Disincentive to Work or Advance
"We see people who won’t take a promotion or who quit because they lose benefits. People who won’t take the opportunity to work full-time. This is detrimental to their long-term stability and to the business's stability, who deal with churn and turnover.”
— Tricia Canavan, CEO, United Personnel

"I hear from employers that folks can’t take on extra hours or a wage increase because they’re afraid of losing their housing, child care or other supports. We want to hand them a pole vault stick to get over the cliff.”
— Jeff McCue, Commissioner, Massachusetts Department of Transitional Assistance

“If I work more than 33 hours, I lose my day care. If I get a raise, I have to work less hours. I am stuck in public housing. Even working full time, by myself with two kids, I cannot afford a regular apartment. I could never afford to pay for everything by myself.”
— Sarah, Maine Parent

“It’s like being pushed over the cliff, not falling. You have to work to qualify, but then working too much can cost you your Care4Kids [child care]? The same goes for food stamps and HUSKY [health care], and with those we’re barely getting by [...] And because you’re not allowed to save anything up, to have money in your bank account, you have nowhere to land.”
— Connecticut Two-Gen Advisory Group Parent Participant
WHOLE FAMILY APPROACH TO JOBS PROJECT

- Partnership between NCSL and Administration for Children and Families (ACF), Region 1
- Funded by the W.K. Kellogg Foundation
- Working with six New England states
- Unique set of stakeholders:
  - Legislators
  - Executive Branch (human services, TANF, SNAP, Labor etc.)
  - Parents
  - Business
  - Philanthropy (national and local)
  - Community organizations
  - Others as identified by states
Two-generation approach to helping parents work and children thrive

Primary Policy Topics Addressed:
- Child Care (as workforce and work-support)
- Parent Engagement and Policy Impacting Young Parents
- Business Engagement
- Systems Change and Collaboration
- Benefits Cliffs
Priority of 4 states leaving the kick-off meeting

Ultimately, all 6 states have done something to address the cliff effect over the last 2 years

Regional Work Group:
- Included stakeholders from all 6 states
- Discussed federal-state interplay
- Identified barriers to state action
- Developed a menu of state and federal policy options to consider to prevent or mitigate the cliff effect
MOVING ON UP: HELPING FAMILIES CLIMB THE ECONOMIC LADDER BY ADDRESSING BENEFITS CLIFFS

1. MAPPING BENEFITS CLIFFS
   - Self-Sufficiency Standards
   - Benefits Calculators

2. ALIGNING ELIGIBILITY LEVELS
   - Asset Limits
   - Income Disregards
   - Alignment of Rules Across Programs

3. MAKING WORK PAY
   - Tax Credits for Working Families
   - Career Pathways

4. INCREASING FAMILY ECONOMIC SECURITY THROUGH ASSET DEVELOPMENT
   - Escrow Accounts
   - Individual Development Accounts

5. FOSTERING CULTURE AND SYSTEM CHANGES IN THE PUBLIC AND PRIVATE SECTORS
   - Employer Engagement
   - Cost-Benefit Analysis
   - Goal Setting, Career Planning and Coaching
   - Student Access to SNAP

Access the Cliffs Brief HERE!
Tackling the Cliff Effect

Amy Kershaw
Massachusetts Department of Transitional Assistance
"Whether it be through increasing the earned income tax credit to help 400,000 low income workers take more pay, or through workforce skills development to help folks compete for better jobs, the Baker-Polito Administration is working to bring economic independence to every corner of Massachusetts.

The Administration looks forward to continuing our work to provide a quality education and more job opportunities across the Commonwealth to make our state the best place to live, work, and raise a family and break the cycle of poverty in every zip code."

-- Governor Charlie Baker
“We always unfortunately have people that don’t want to work because they will lose their welfare or unemployment once hired” – Joe Amaral, Amaral Bus Company, Westport, MA

“I’d be happy to talk about next steps.” -- State Representative Paul Schmid, 8th Bristol District
Fall River legislators get rundown on new regulations to help get people off welfare

FALL RIVER — The answer blurred him, every time he heard it, but eventually he understood it was true, Joe Amaral said. Many of his employees were correct in turning down offers of more hours.

They couldn’t afford the extra money, Amaral said.

These are part time two drivers and bus monitors at Amaral Bus of Westport. Most earn little enough to qualify for food stamps, child care subsidies, and medical assistance, Amaral said.

Those people would lose more money in assistance than they would earn in extra pay, Amaral said. They worried that making more might threaten their child care arrangement or housing.

On Nov. 1, that changes, according to Jeff McCue, commissioner of the state Department of Transitional Assistance.

McCue was at the Fall River Career Center Thursday morning, outlining the effects of new legislation, shaped in part by Rep. Paul Schmid, which will reduce the “cliff effect,” the dramatic loss of benefits that people on state assistance face when they go to work.

“All involved thought it was productive. We appreciate your work.”
The Public Assistance Realities

A complex tapestry of federal and state programs, processes, and eligibility standards that operate independently of one another and make systems impossible to navigate.

Individuals can participate in multiple programs and cliffs can build off one another. How can we mitigate combined losses to maximize our investments in our clients?
Addressing Cliff Effects

Federal/Regional Level
Whole Family Approach To Jobs

State Level
Learn to Earn

Agency/Program Level
TANF Reforms

This Photo
by Unknown Author is licensed under CC BY-SA
Federal/Regional Level Policy Work
Whole Family Approach to Jobs

Helping Parents Work and Children Thrive
An initiative of the Administration for Children and Families (ACF) Region 1, National Conference of State Legislatures (NCSL) and national and state funders designed to:
1. Help participating states develop program, policy and system solutions that support parents in achieving greater gains and economic stability and share best practices; and
2. Identify policy opportunities, lessons learned and challenges faced by states seeking to implement whole-family approaches to economic opportunity that benefit low-income parents.
MA State Level Policy Work
Learn to Earn Initiative (LTE)

Aligning across systems
Cross-Secretariat Working Group (K-12 Education, Higher Education Child Care, SNAP, TANF, Medicaid, Housing, Workforce Development) to analyze and map existing “safety net” benefit programs and develop policies to shift the focus to an incentive-based, career pathway focused set of supports that promote employment, wage growth and permanent exit from public benefits.

Putting ideas into action
Learn to Earn Pilot Grants
Developing and testing employment and training innovations for public benefit recipients connected directly to high demand industries (that pay family sustaining wages)

CommonCalc
On-line too for case managers and clients to understand the impact of work and earnings on public benefits; and plan for economic independence.
### Agency/Program Level Policy Work

#### Untangling TANF to Support Employment

Multi-Year policy reforms to simplify policies and address cliff effects

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• New assessment tools to promote client-centered engagement</td>
<td>• Simplify income test of eligibility</td>
<td>• Increase transportation support for employed clients</td>
<td>• Disregard earnings for first 6 months of employment</td>
<td>• Eliminate asset limit on first vehicle</td>
</tr>
<tr>
<td></td>
<td>• Pre-benefits job search</td>
<td>• Increase deductions for working families</td>
<td>• Provide employment opportunities for non-custodial parents</td>
<td>• Increase asset limit to $5,000</td>
<td>• Immediate access to child care for working relative caregivers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provide Transitional Support Services for cases closing for employment</td>
<td></td>
<td>• Eliminate benefit structure that penalizes “work required” clients</td>
<td>• Eliminate benefit structure that “penalizes” homeless families</td>
</tr>
</tbody>
</table>
Regardless of what level of government you work, we have to change how our public benefit systems treat earnings and employment...
Key Themes and Strategies

• Allow participants to keep more of what they earn (e.g., disregard earnings for a period of time, increase asset limits)

• Hold onto participants longer while they build work experience and increase wages (e.g., different up-front and back-end eligibility standards, extend certification periods or reporting requirements for income changes)

• Establish transition periods and manageable sliding fee scales following case closings for earnings/employment

• Work across public benefit systems to align and simplify rules
Contact Information

Amy Kershaw
Associate Commissioner
MA Department of Transitional Assistance
amy.kershaw@state.ma.us
Bridging the Benefits Cliff
<table>
<thead>
<tr>
<th>Tennessee DHS by the Numbers (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7 million</td>
</tr>
<tr>
<td>4,000</td>
</tr>
<tr>
<td>$2.8 billion</td>
</tr>
<tr>
<td>93%</td>
</tr>
<tr>
<td>20,000</td>
</tr>
<tr>
<td>900,000</td>
</tr>
</tbody>
</table>
Tennessee by the Numbers

*Per Capita Income: https://www.deptofnumbers.com/income/tennessee/

# Tennessee by the Numbers

## Typical Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>1 Adult</th>
<th>1 Adult 1 Child</th>
<th>1 Adult 2 Children</th>
<th>1 Adult 3 Children</th>
<th>2 Adults (1 Working) 1 Child</th>
<th>2 Adults (1 Working) 2 Children</th>
<th>2 Adults 1 Child</th>
<th>2 Adults 2 Children</th>
<th>2 Adults 3 Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>$2,994</td>
<td>$4,413</td>
<td>$6,644</td>
<td>$8,812</td>
<td>$5,489</td>
<td>$6,832</td>
<td>$8,822</td>
<td>$8,822</td>
<td>$10,741</td>
</tr>
<tr>
<td>Child Care</td>
<td>$0</td>
<td>$5,975</td>
<td>$8,575</td>
<td>$11,176</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$5,975</td>
<td>$8,575</td>
</tr>
<tr>
<td>Medical</td>
<td>$2,208</td>
<td>$6,821</td>
<td>$6,478</td>
<td>$6,560</td>
<td>$5,371</td>
<td>$6,478</td>
<td>$6,560</td>
<td>$6,478</td>
<td>$6,560</td>
</tr>
<tr>
<td>Housing</td>
<td>$6,983</td>
<td>$9,723</td>
<td>$9,723</td>
<td>$12,955</td>
<td>$7,889</td>
<td>$9,723</td>
<td>$9,723</td>
<td>$9,723</td>
<td>$9,723</td>
</tr>
<tr>
<td>Transportation</td>
<td>$4,623</td>
<td>$8,424</td>
<td>$9,905</td>
<td>$11,459</td>
<td>$8,424</td>
<td>$9,905</td>
<td>$11,459</td>
<td>$11,459</td>
<td>$11,329</td>
</tr>
<tr>
<td>Other</td>
<td>$2,824</td>
<td>$4,697</td>
<td>$5,099</td>
<td>$5,935</td>
<td>$4,697</td>
<td>$5,099</td>
<td>$5,935</td>
<td>$5,099</td>
<td>$5,935</td>
</tr>
<tr>
<td>Required annual income</td>
<td>$22,369</td>
<td>$45,640</td>
<td>$52,900</td>
<td>$64,834</td>
<td>$36,314</td>
<td>$43,343</td>
<td>$48,428</td>
<td>$50,152</td>
<td>$58,199</td>
</tr>
</tbody>
</table>

*Typical Expenses: http://livingwage.mit.edu/states/47*
Tennessee by the Numbers

Children in Poverty*

Tennessee ranks 40th in the nation for children in poverty

Poverty Rate†

Tennessee ranks 41st in the nation for poverty

*2018 Health Rankings: https://www.americashealthrankings.org/explore/annual/measure/ChildPoverty/state/TN

†Poverty in Tennessee: https://www.welfareinfo.org/poverty-rate/tennessee/
2Gen Approach

- Education
- Economic Support
- Social Capital
- Health and Wellbeing

2 Generation Approach
2Gen Approach: Education
2Gen Approach: Education

TENNESSEE Promise

TENNESSEE Reconnect
2Gen Approach: Economic Support
2Gen Approach: Economic Support

*Children enrolled in Smart Steps as of July 2019*
2Gen Approach: Health and Wellbeing

- Personal/Environmental Health
- Meeting Life Goals
- Parenting Skills
- Infant Health and Development

Nurse-Family Partnership

Department of Human Services
2Gen Approach: Social Capital

- Early Childhood Education
- Post-Secondary Education
- Economic Literacy
- Workforce Development
- Health
- Prison In-Reach
2Gen Approach: The Bridge Less Traveled

- Non-Traditional Partnerships
- 2 Gen Application
- The Store
2Gen Video
Bridging the Cliff: Tennessee’s Approach

2 Gen Approach

TANF Increase
TANF Increase

- Increased the TANF allotment for the first time since 1996.
Bridging the Cliff: Tennessee’s Approach

- 2 Gen Approach
- TANF Increase
- Transition Benefits
Transition Benefits

- Extended benefits for six months after a family starts working to help them transition off the program.

- As of July 2019 a total of 157 work incentive payments have been issued.
Bridging the Benefits Cliff
STATE LEGISLATIVE PERSPECTIVE

- Tennessee State Senator Becky Massey
QUESTIONS?

NCSL Contact
Meghan McCann
Senior Policy Specialist
Meghan.McCann@ncsl.org
303-856-1404
Access the Cliffs Brief HERE!