



Addressing the Impact of Benefit Cliffs

Helping families overcome barriers to economic success

Interim Human Services Committee | Senator Judy Lee, Chair | June 30, 2022

NORTH
Dakota
Be Legendary.™

| Human Services

A person with long brown hair in a braid, wearing a white climbing helmet and a green t-shirt, is seen from behind as they climb a dark, craggy rock face. They are holding a blue rope with both hands. The sun is shining brightly from the top right, creating a lens flare effect. The background is a blurred view of the rock and some greenery.

STATES WORK ON
BENEFIT CLIFFS TO

Increase Family
Economic Security

+


Address workforce
shortages

BENEFIT CLIFFS MOST OFTEN AFFECT PEOPLE WITH EARNINGS IN THE "HARDSHIP GAP"

Systems were designed to support low-income individuals as they enter workforce & have limited earnings

"Hardship Gap"
 Earned Income is greater than poverty level but less than cost of living

Working but falling short of self-sufficiency even after supplementing wages with public benefits



Household Income*		...where programmatic Eligibility Ends	% of state population	Typically able to meet basic needs without assistance
20-50% of federal poverty level	12% of state median income	Temp Assistance for Needy Families (TANF) Medicaid (full coverage for the entire family)	10-12% of state population	No (0%)
100-140% of federal poverty level	25-35% of state median income	Head Start Medicaid (medically needy (aged/blind/disabled)) Medicaid (children ages 6-19) Medicaid (Expansion)		No (0%)
200-250% of federal poverty level	50-60% of state median income	Supplemental Nutrition Assistance (SNAP) Children's Health Insurance (CHIP) Low Income Home Energy Assistance (LIHEAP) Women Infants and Children (WIC) Earned Income Tax Credit (EITC) Free-Reduced Lunch (FRL) Housing Choice Voucher (Sec 8)	28-30% of state population	Maybe (20%)
350% of federal poverty level	85% of state median income	Child Care Assistance (CCAP)		Likely (50%)

**Income levels described in this table are intended to communicate estimated ranges of eligibility; they are not a precise accounting of each program's unique eligibility rules*

WHO IS THIS AN ISSUE FOR?

71% of jobs in the ND labor market pay an average wage of \$28/hour or less



Less than \$13 / hr	\$13 - \$20 / hour	\$20 - \$28 / hour	\$28 - \$35 / hour	>\$35 / hour
Waiter/Waitress Child care worker Dishwasher Bartender Cafeteria worker Short order cook Cashiers Veterinary Assistant	Pharmacy tech Home health PT assistant Hair stylist Retail Farmworker Restaurant cook Data entry EMTs & paramedics Carpet installers Maintenance workers Nursing assistant Laborer Substitute teacher Extraction helper	Carpenter Loan processor Legal secretary Correctional officers Auto service tech Surgical tech Roofer Lic Practical Nurse Dental assistant Firefighter Surgical assistant Clergy Social worker Police Hotel manager Truck driver	School counselor Rotary drill operator HR specialist Accountant Real Estate Sales PR specialist Counselor Registered Nurse Comp network specialist Construction supervisor Dental hygienist Architectural drafter Speech pathologist	Engineer Constr mgr Electrician Lineman Gen/Op mgr Loan officer Lawyer Sales Software dev Veterinarian Pharmacist Physician Dentist Psychologist
70,770 # of people employed in a job with average wage of <\$13/hour represents 10% of total jobs	219,490 31%	215,200 30%	90,740 13%	114,730 16%

Source: Job Service ND 2020 Employment and Wages by Occupation dataset | mean wage by occupation; 710,910 jobs included in wage summary

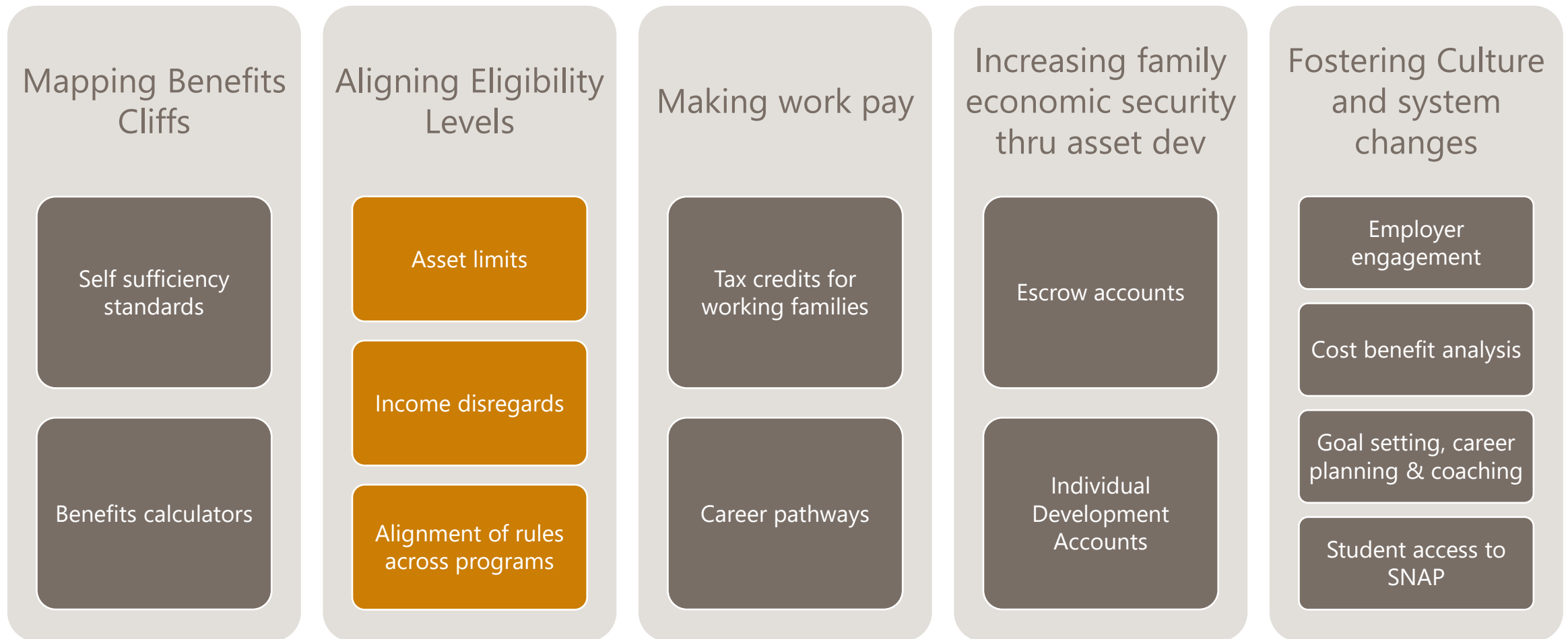
HCR3013

Comparison of the 2021 state median income (SMI) and the federal poverty level

Household Size	Federal Poverty Level		30% SMI		60% SMI		100% SMI	
	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage
1	\$ 12,880	\$6.19	\$ 16,238	\$ 7.81	\$ 32,475	\$ 15.61	\$ 54,125	\$ 26.02
2	\$ 17,420	\$8.38	\$ 21,233	\$ 10.21	\$ 42,467	\$ 20.42	\$ 70,778	\$ 34.90
3	\$ 21,960	\$10.56	\$ 26,230	\$ 12.61	\$ 52,460	\$ 25.22	\$ 87,433	\$ 42.04
4	\$ 26,500	\$12.74	\$ 31,226	\$ 15.01	\$ 62,452	\$ 30.03	\$ 104,087	\$ 50.04
5	\$ 31,040	\$14.92	\$ 36,222	\$ 17.41	\$ 72,444	\$ 34.83	\$ 120,740	\$ 58.05
6	\$ 35,580	\$17.11	\$ 41,219	\$ 19.82	\$ 82,437	\$ 39.63	\$ 137,395	\$ 66.06
7	\$ 40,120	\$19.29	\$ 42,155	\$20.26	\$ 84,310	\$ 40.53	\$ 140,517	\$ 67.56
8	\$ 44,660	\$21.47	\$ 43,092	\$ 20.72	\$ 86,184	\$ 41.43	\$ 143,640	\$ 69.06

ND HAS TAKEN ADVANTAGE OF THE FEDERAL FLEXIBILITIES AVAILABLE TO US

NEXT FRONTIER: TANF MODERNIZATION EFFORTS || ASSETS || CREDITS



HCR3013

The process used to update income and asset limits for public assistance programs and the frequency of updates

	Income limit in ND	Income limit based on	Frequency of update to income limits	Asset limit	Asset limit based on	Frequency of update to asset limits	Avg # participating in program
CCAP	85% SMI*	State Law	Annually on 10/1	\$1 Million	Federal Law	N/A	2,780 children ages 0-13 per month (1,600 families)
LIHEAP	60% SMI*	Federal Law	Annually on 10/1	N/A	N/A	N/A	12,700 households per season
TANF	22-25% FPL	State Law	Last update 2015	\$3,000 - HH of 1 \$6,000 – HH of 2 \$25/additional member	State Law	Last update 2001	945 families per month
SNAP	Gross Inc - 130% FPL Net Inc - 100% FPL*	Federal Law	Annually on 10/1	\$3,750 – HH w/elderly or disabled member \$2,500 for all others	Federal Law	Annually on 10/1	48,000 people per month (23,000 households)

* = At federal max

HCR3013

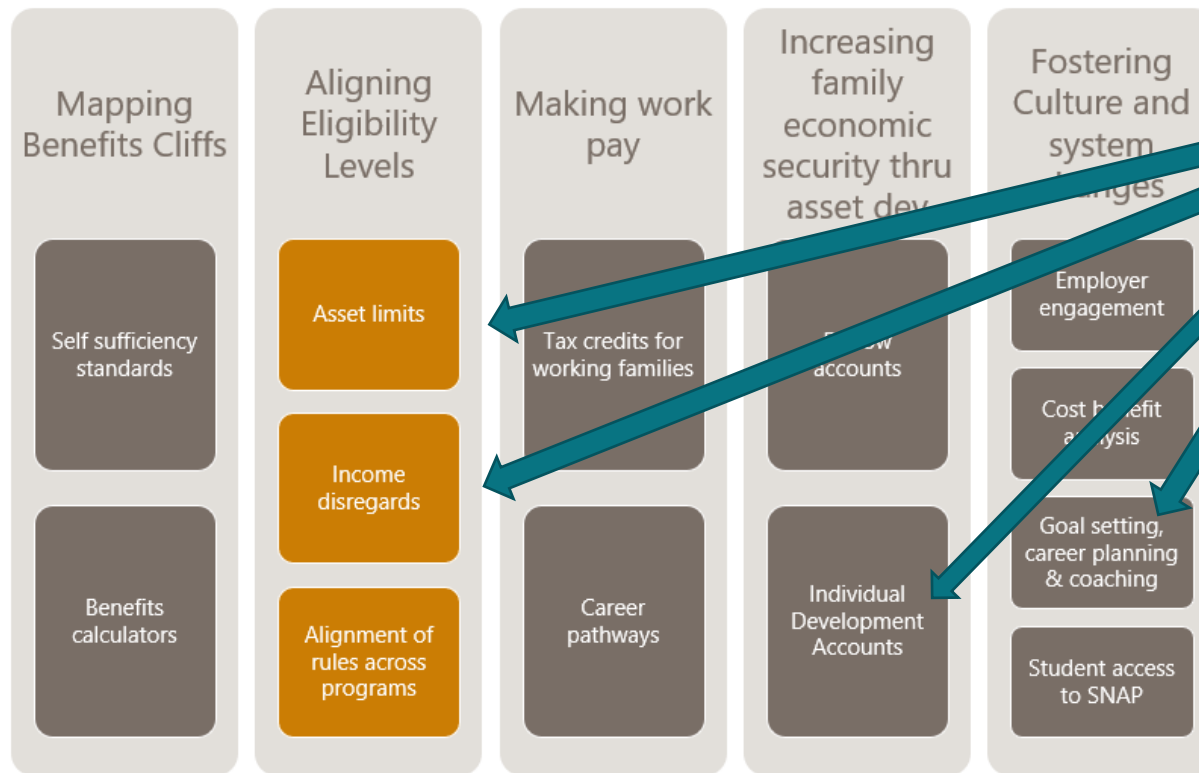
The flexibility of the department to set income and asset limits for programs

	Max federal income threshold	State program's income threshold	Other flexibilities available
CCAP	85% SMI	60% SMI at Initial Application 85% SMI at Review (Graduated Phase Out)	Federal law and state administrative rules allow for an income threshold up to 85%
LIHEAP	60% SMI or 150% FPL, whichever is higher	60% SMI	
TANF	N/A	Based on Standard of Need	Admin Rule defines "standard of need" (shelter, food, clothing, personal needs, household supplies, and fuel and utilities)
SNAP	Gross Income - 130% FPL Net Income – 100% FPL	130% FPL – Gross Income 100% FPL - Net Income	Broad Based Categorical Eligibility, which allows for income up to 200% FPL and removes asset test

FPL = Federal Poverty Level

SMI = State Median Income

RE-IMAGINING TANF PRESENTS AN OPPORTUNITY TO HELP ND FAMILIES FIND FIRMER ECONOMIC FOOTING



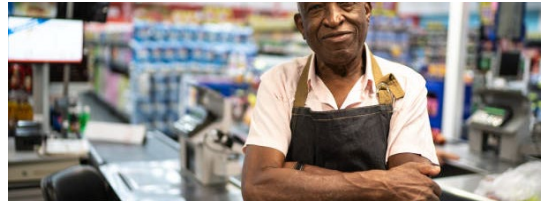
STATES CAN PURSUE A RANGE OF BOTH SHORT- AND LONG- TERM SOLUTIONS

SHORT TERM



- Phase out benefits slowly
- Extend certification periods
- Use sliding fee scales

✓ Budgeting tool to facilitate household planning



- Raise eligibility limits
- Change exit/loss of eligibility standards to enable a longer stay on benefits while working

- ✓ Maintain Child Care Assistance at 85% SMI
- ✓ Increase TANF standard of need
- ✓ Targeted savings strategies tied to employment



- Provide monetary incentives for continued employment
- Allow more earned income to be retained

✓ Establish a ND Earned Income Tax Credit

LONG TERM



- Increase job-training & skill development
- Expand educational funding

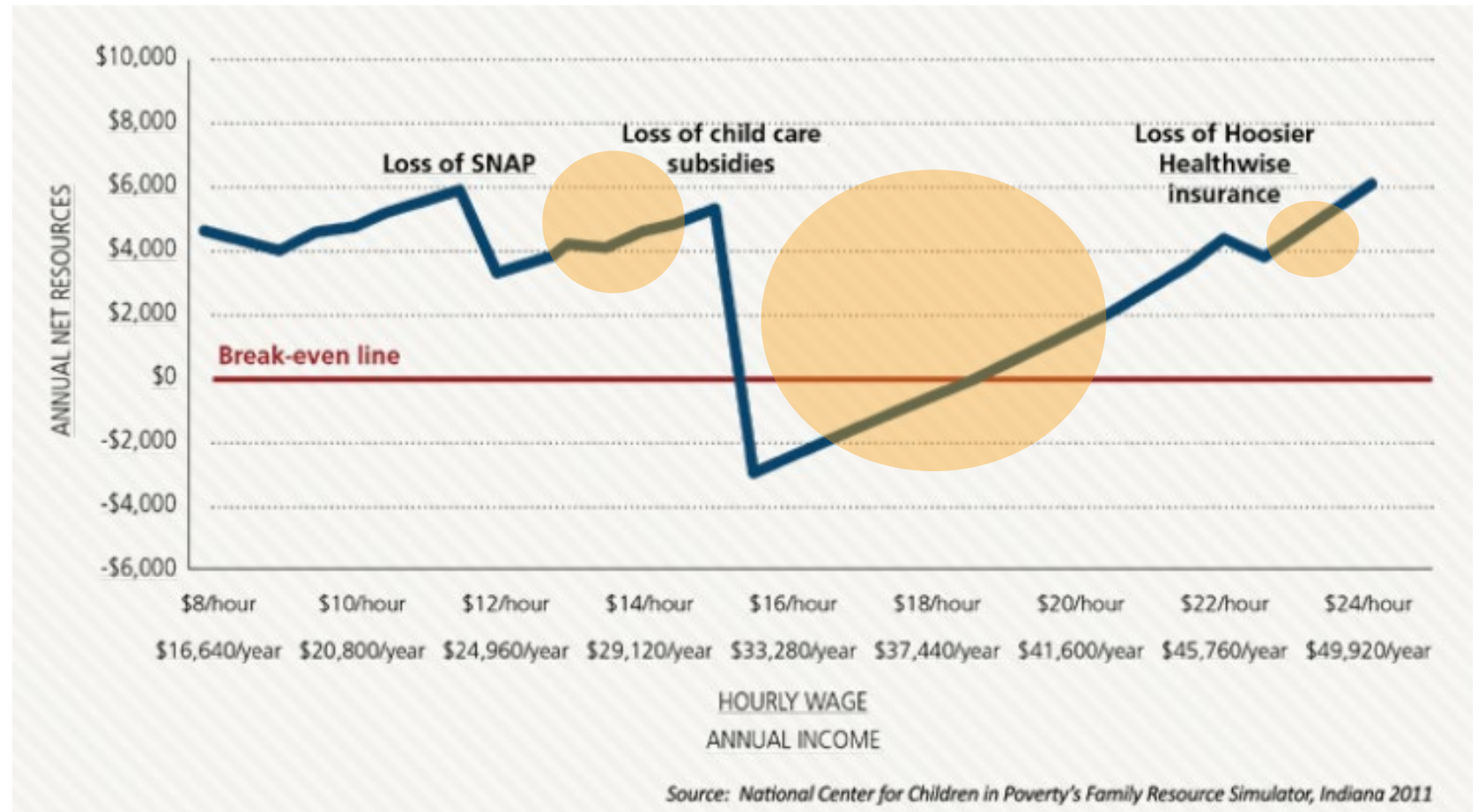
✓ Scholarships aligned to high demand career pathways

BIGGEST STRESSOR OCCURS WHEN EARNED INCOME RESULTS IN LOSS OF CHILD CARE ASSISTANCE

For working parents, the loss of eligibility for childcare assistance is universally the most difficult cliff to bridge

44% of U.S. families with children under 13 year old could potentially afford the full price of center-based childcare without having to sacrifice their budget for other basic needs such as housing, food, health care, and transportation.

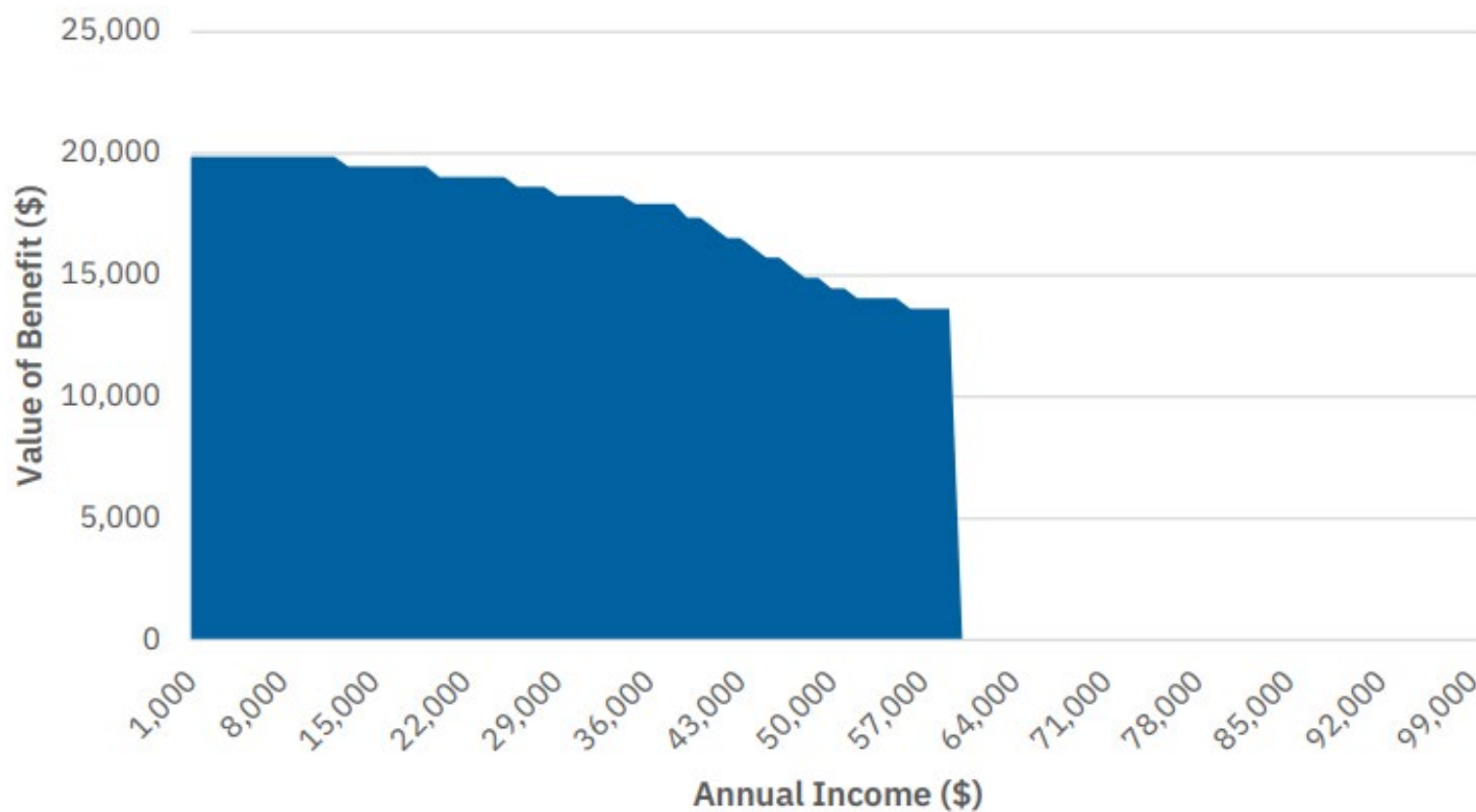
-Atlanta Fed Paper Series No 01-21, p. 6



BIGGEST STRESSOR OCCURS WHEN EARNED INCOME RESULTS IN LOSS OF CHILD CARE ASSISTANCE

For working parents, the loss of eligibility for childcare assistance is universally the most difficult cliff to bridge

Figure 1: CCDF Subsidy by Employment Income



Source: Florida case study described in Atlanta Fed Community & Economic Development Discussion Paper Series No 01-21, p. 11



Contact Information

Jessica Thomasson
Executive Policy Director, DHS

Michele Gee, Director
Economic Assistance Division

600 E Boulevard Ave,
3rd Floor, Judicial Wing
Bismarck, ND 58505

Phone: 701-328-1633
Toll Free: 800-755-2716
ND Relay TTY: 800-366-6888
E-mail: dhseap@nd.gov

Helping lower income **North Dakotans** who are
struggling to make ends meet
by **connecting** them **to resources** that can **help**
meet their **basic needs**.

