



Addressing the Impact of Benefit Cliffs

Helping individuals and families overcome barriers to economic success
Interim Human Services Committee | Senator Judy Lee, Chair | August 9, 2022

NORTH
Dakota
Be Legendary.™

Human Services

A photograph of a person wearing a bright red jacket and a grey hat, lying face down on a stone wall or cliff edge. The person is looking out over a vast, grey, overcast ocean. The stone wall is made of rough, grey stones and has some green moss or grass growing on it. The background shows a distant, flat horizon under a cloudy sky.

BENEFIT CLIFF

Sudden and often unexpected decrease in public benefits that can occur with a relatively small increase in earnings

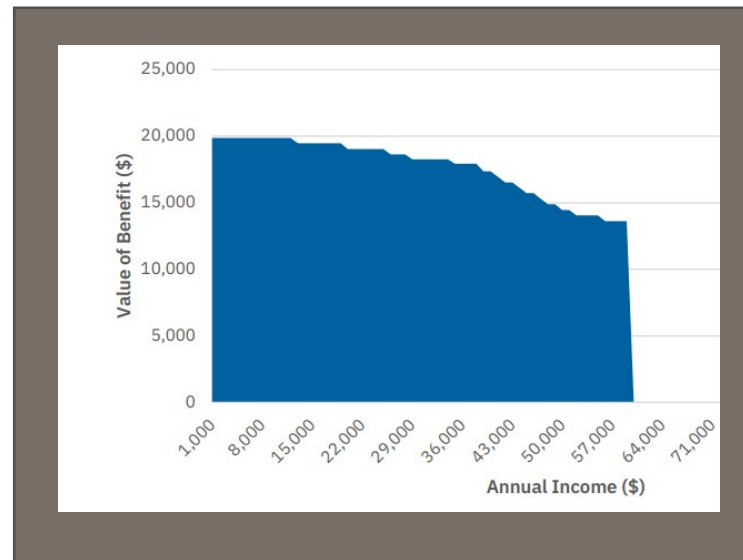
REVIEW OF EXISTING POLICIES

ND policies largely maximize available federal flexibilities

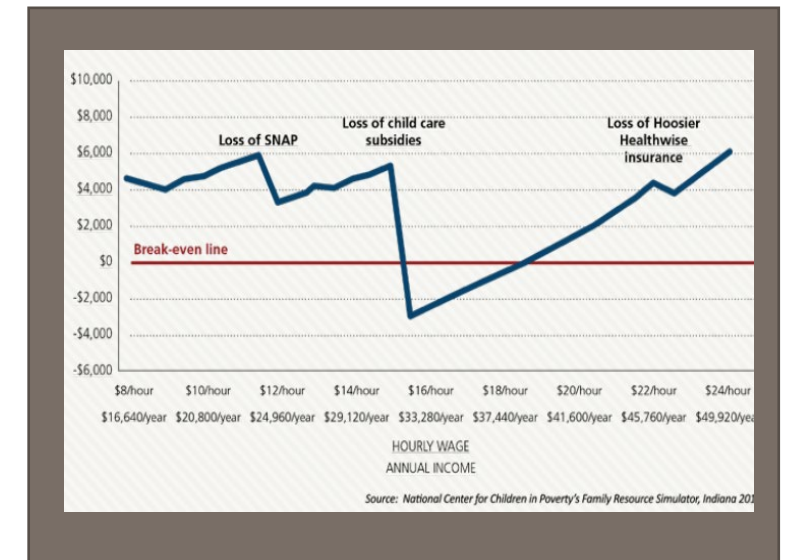
	Max federal income threshold	State program's income threshold
CCAP	85% SMI	60% SMI at Initial Application 85% SMI at Review (Graduated Phase Out)
LIHEAP	60% SMI or 150% FPL, whichever is higher	60% SMI
TANF	N/A	Based on Standard of Need
SNAP	Gross Income - 130% FPL Net Income - 100% FPL	130% FPL - Gross Income 100% FPL - Net Income

FPL = Federal Poverty Level
SMI = State Median Income

Loss of Child Care Assistance is the most difficult cliff to bridge



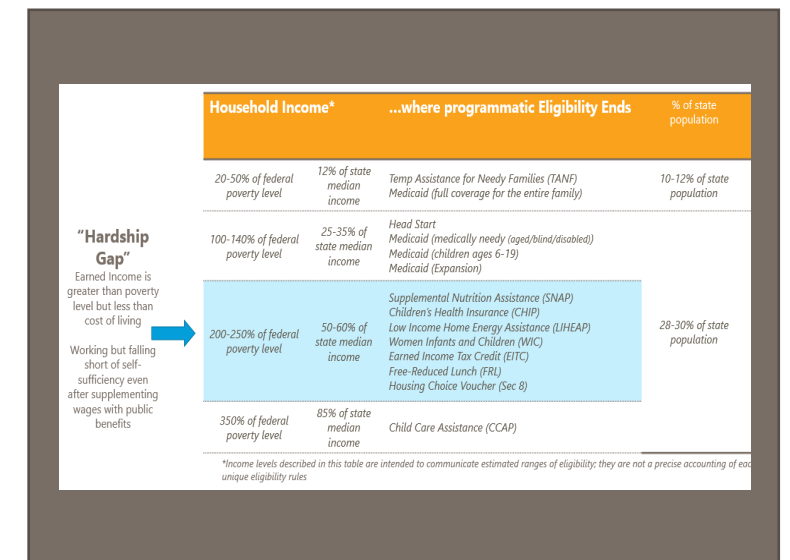
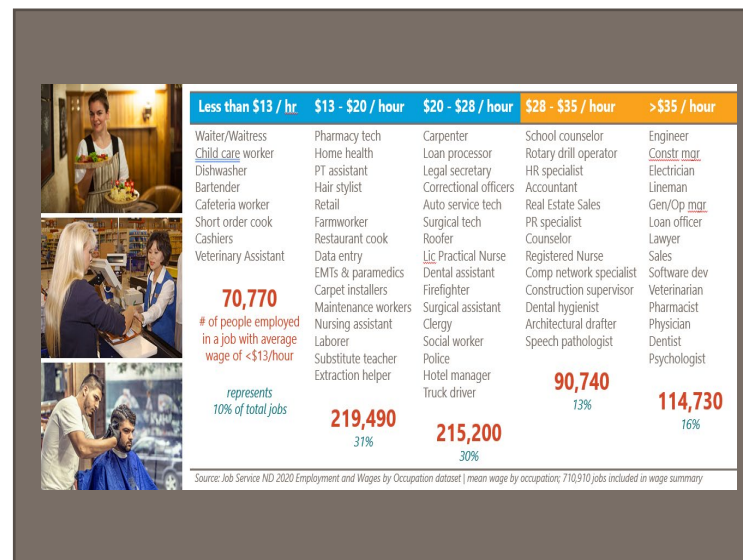
Food and Health Care eligibility cliffs rank high in family impact



IDENTIFY WHO IS AFFECTED

40+% of jobs in ND pay average wages that generate modest household incomes.

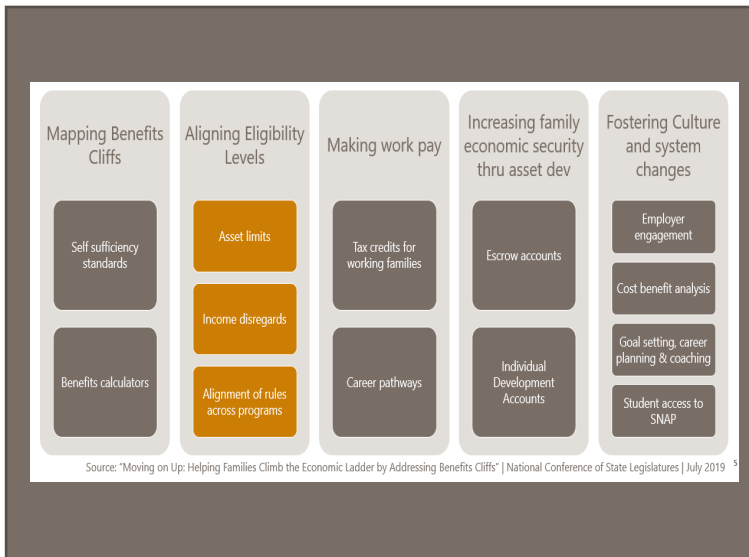
Household Size	Federal Poverty Level		30% SMI		60% SMI	
	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage
1	\$ 12,880	\$ 6.19	\$ 16,238	\$ 7.81	\$ 32,475	\$ 15.61
2	\$ 17,420	\$ 8.38	\$ 21,233	\$ 10.21	\$ 42,467	\$ 20.42
3	\$ 21,960	\$ 10.56	\$ 26,230	\$ 12.61	\$ 52,460	\$ 25.22
4	\$ 26,500	\$ 12.74	\$ 31,226	\$ 15.01	\$ 62,452	\$ 30.03
5	\$ 31,040	\$ 14.92	\$ 36,222	\$ 17.41	\$ 72,444	\$ 34.83
6	\$ 35,580	\$ 17.11	\$ 41,219	\$ 19.82	\$ 82,437	\$ 39.63
7	\$ 40,120	\$ 19.29	\$ 42,155	\$ 20.26	\$ 84,310	\$ 40.53
8	\$ 44,660	\$ 21.47	\$ 43,092	\$ 20.72	\$ 86,184	\$ 41.43



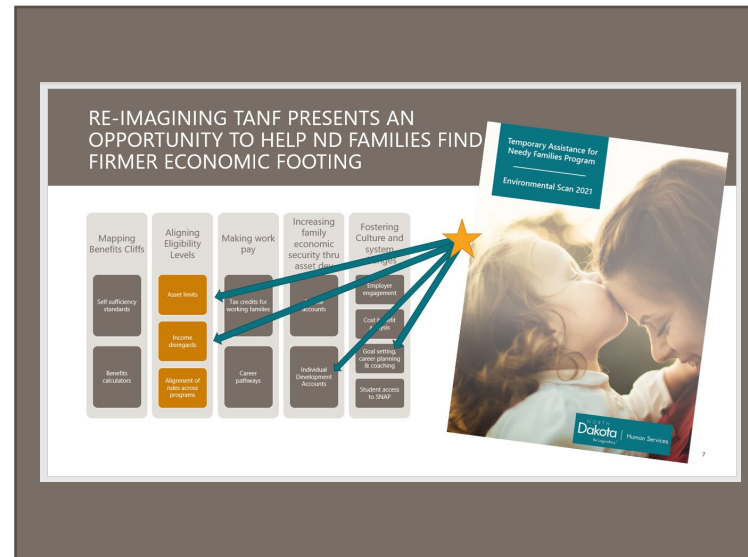
The "hardship gap" most often affects people who earn 200-300% of the federal poverty level.

EXPLORE OPTIONS TO CONSIDER

Education, Asset-building and Programs that are designed to incentivize economic opportunity



Support solid first steps on chosen career pathways for women with young children



Consider both short-and long-term solutions that recognize the realities of modest household budgets





WHY THINK ABOUT THIS ISSUE?

- Communities need both unskilled and skilled workers to thrive
- North Dakota has more job openings than people to fill them
- Household economic realities affect decisions about employment

IN-DEMAND OCCUPATIONS

EDUCATION

Instructional Coordinators
Librarians & Media Collections Specialists
Teachers
Secondary School Teachers
Elementary School Teachers
Career/Technical Education Teachers, Secondary School
Middle School Teachers, Except Special & Career/Tech Ed
Kindergarten Teachers, Except Special Education
Special Education Teachers
Kindergarten, Elementary, Secondary School
Preschool Teachers, Except Special Education
Health Specialties Teachers, Postsecondary
Teaching Assistants, Except Postsecondary

ENGINEERING & ARCHITECTURE

Civil Engineers
Civil Engineering Technologists & Technicians
Electrical Engineers
Mechanical Engineers

FINANCIAL

Accountants and Auditors
Bookkeeping, Accounting, & Auditing Clerks
Financial Managers
Management Analysts
Operations Research Analysts
Statisticians
Tax Preparers

TRANSPORTATION

Commercial Pilots
Heavy & Tractor-Trailer Truck Drivers

HEALTHCARE

Athletic Trainers
Dental Assistants
Dental Hygienists
Diagnostic Medical Sonographers
Dietitians and Nutritionists
Massage Therapists
Medical Assistants
Nursing Assistants
Nurse
Licensed Practical & Licensed Vocational Nurses
Registered Nurses
Occupational Therapists
Occupational Therapy Assistants
Phlebotomists
Physical Therapist Assistants
Psychiatric Aides
Respiratory Therapists
Skincare Specialists
Technologists & Technicians
Cardiovascular Technologists & Technicians
Clinical Laboratory Technologists & Technicians
Emergency Medical Technicians & Paramedics
Pharmacy Technicians
Nuclear Medicine Technologists
Ophthalmic Medical Technicians
Radiologic Technologists and Technicians
Surgical Technologists
Veterinary Technologists and Technicians

MANAGEMENT

Construction Managers
General & Operations Managers
Industrial Production Managers
Medical & Health Services Managers
Sales Managers

SKILLED TRADE

Automotive Service Technicians & Mechanics
Butchers & Meatcutters
Carpenters
Chefs & Head Cooks
Crane & Tower Operators
Diesel Technician
Industrial Machinery Mechanics
Bus & Truck Mechanics & Diesel Engine Specialists
Farm Equipment Mechanics & Service Technicians
Electricians
Firefighters
Hairdressers, Hairstylists, & Cosmetologists
Heating, Air Conditioning, & Refrigeration Mechanics & Installers
Machinist
Plumbers, Pipefitters, & Steamfitters
Power Plant Operators
Precision Agriculture Technicians
Welders, Cutters, Solderers, & Brazers
Wind Turbine Service Technicians

INFORMATION TECHNOLOGY

Computer and Information Systems Managers
Computer Network Support Specialists
Computer Programmers
Computer Systems Analysts
Computer User Support Specialists
Intelligence Analysts
Information Security Analysts
Software Developers & Software Quality Assurance Analysts and Testers
Telecommunications Equipment Installers & Repairers, Except Line Installers
Web Developers & Digital Interface Designers

SALES

Securities, Commodities, & Financial Services Sales Agents
Sales Representatives, Wholesale & Manufacturing, Technical & Scientific Products

PROFESSIONAL / OTHER

Compliance Officers
Human Resources Managers
Human Resources Specialists
Paralegals and Legal Assistants
Public Relations Specialists
Market Research Analysts and Marketing Specialists
Training and Development Specialists

SOCIAL SERVICES

Child, Family, & School Social Workers
Childcare Workers
Community & Social Service Specialists
Educational, Guidance, & Career Counselors & Advisors
Healthcare Social Workers
Marriage & Family Therapists
Mental Health & Substance Abuse Social Workers
Police & Sheriff's Patrol Officers
Social & Community Service Managers
Social & Human Service Assistants
Substance Abuse, Behavioral Disorder, & Mental Health Counselors

Registered Apprenticeship Programs (RAP) are considered in-demand jobs per guidance under the United States Department of Labor. For a complete listing of RAPs in North Dakota, go to: joband.com/job-seeker/apprenticeships

The in-demand occupations list was primarily created using long-term employment projections from the North Dakota Labor Market Information Center and supplemented by data from the U.S. Bureau of Labor Statistics. The list is reviewed and updated annually by the Workforce Development Council with assistance from Job Service North Dakota. The list is primarily comprised of occupations that typically require some postsecondary education up to and including a Bachelor's degree. The factors used in creating the list are below:

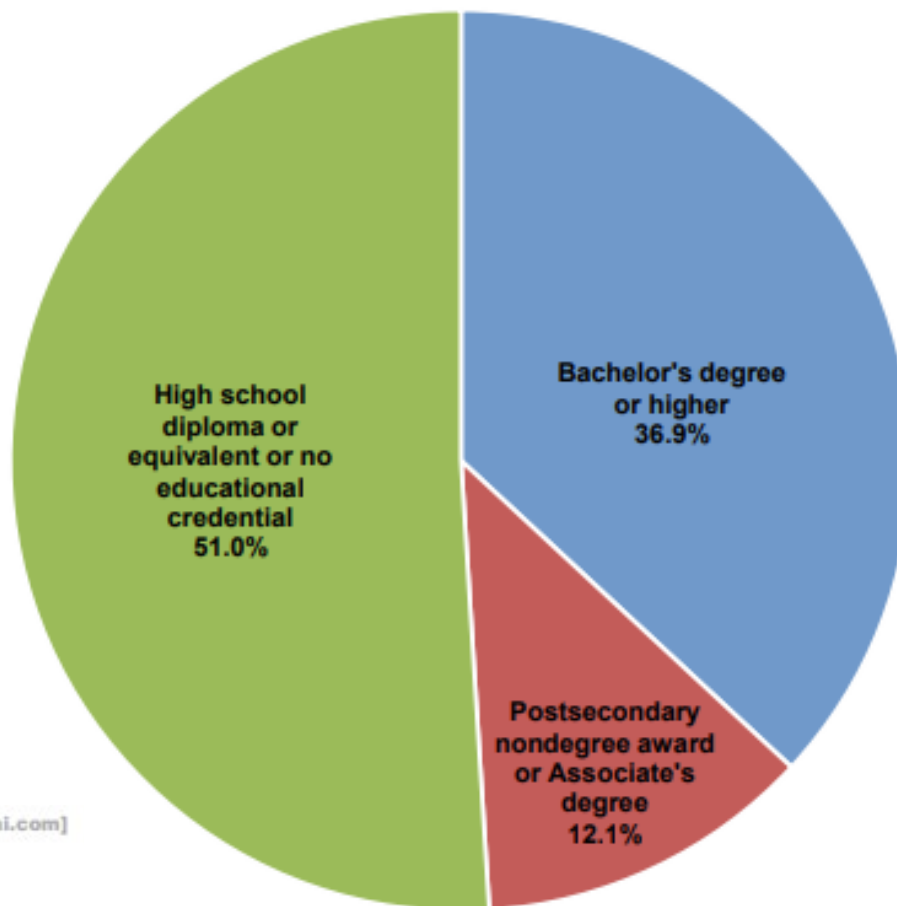
- Total Employment (2021)
- Ten-year Numeric Job Growth (2020-2030)
- Annualized Job Growth Rate (2020-2030)
- Annual Job Openings (2020-2030)
- Average Annual Wages (2021)
- Essential and Emerging Occupations

In-demand occupations that require specialized training or education are found in many different sectors of the economy

DISTRIBUTION OF JOB OPENINGS BY TYPICAL ENTRY LEVEL EDUCATION

JUNE 2022 JOB OPENINGS REPORT

Typical entry-level education describes the level of education that most workers need to enter an occupation or occupational group, and takes into consideration advertised education requirement preferences. Keep in mind, an opening's typical entry-level education assignment may differ from employers' advertised education requirements, though most match. Mismatches commonly occur due to either missing education requirements from the employer's job ad or education inflation where an employer advertises for more education than is typically needed for an occupation. Using the typical entry-level education framework provides for consistency across occupations regardless of an employer's advertised preference.



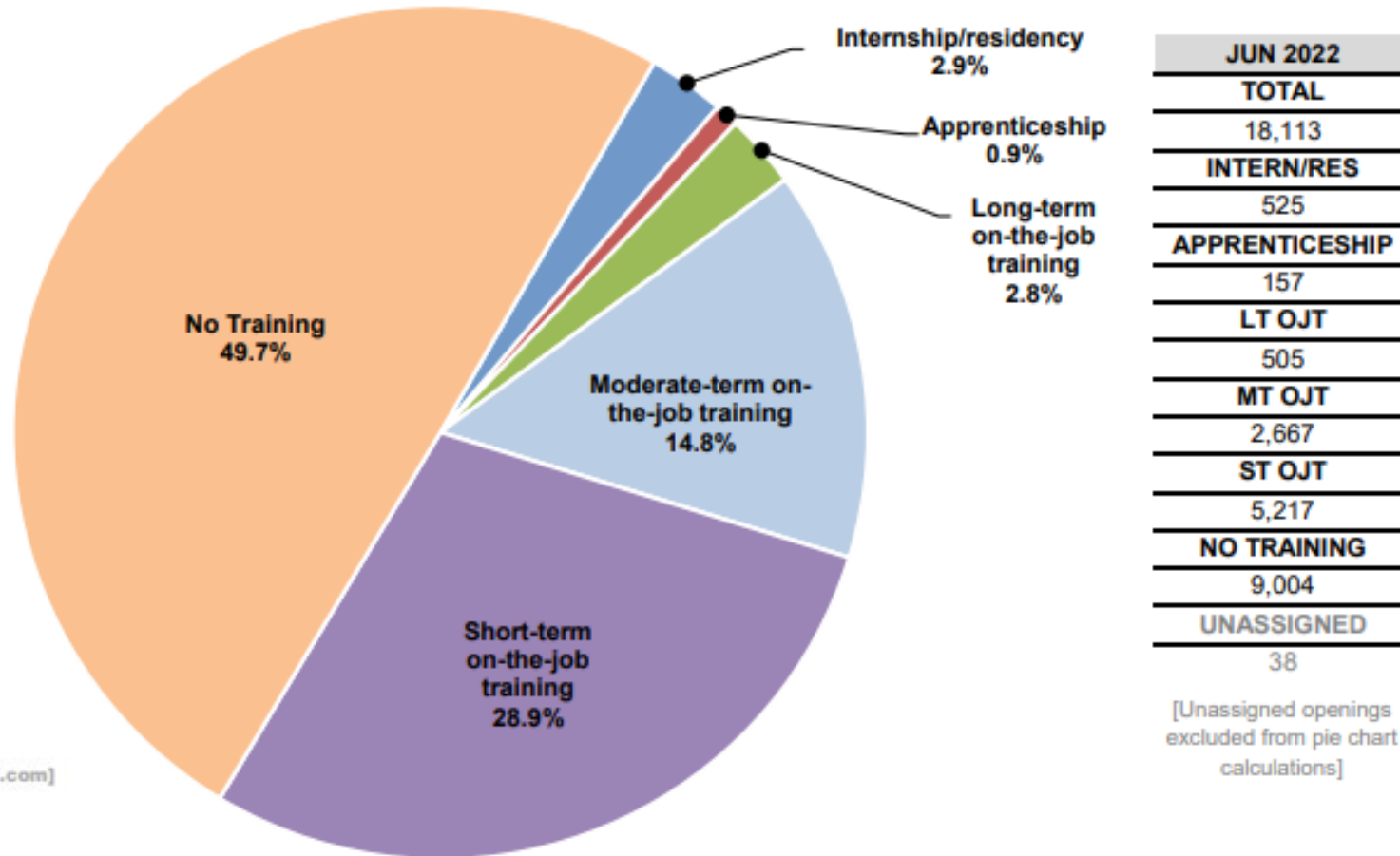
JUN 2022
TOTAL
18,113
DOC OR PROF
506
MASTER'S
432
BACHELOR'S
5,723
ASSOCIATE'S
657
POSTSEC AWARD
1,535
HIGH SCHOOL
6,424
NO EDU CRED
2,798
UNASSIGNED
38

[Unassigned openings excluded from pie chart calculations]

DISTRIBUTION OF JOB OPENINGS BY TYPICAL TRAINING

JUNE 2022 JOB OPENINGS REPORT

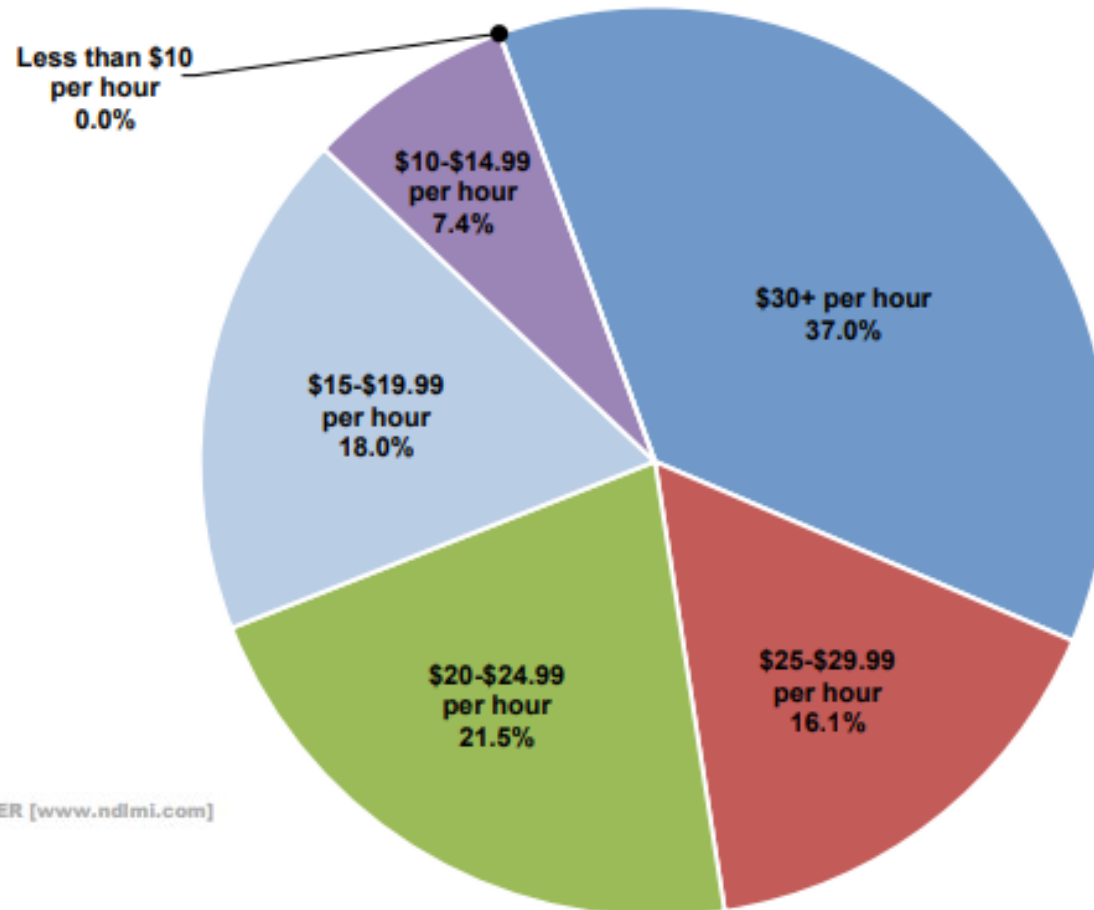
Typical training describes any additional training or preparation that is typically needed, once employed, to attain competency in the skills needed in an occupation or occupational group.



DISTRIBUTION OF JOB OPENINGS BY TYPICAL AVERAGE WAGE

JUNE 2022 JOB OPENINGS REPORT

Most employers don't post wages for openings in job ads. Instead, we use typical average wages paid to workers already employed in specific occupations or occupational groups as a proxy to estimate the wage distribution of job openings. Typical average wages are from the latest Occupational Employment and Wage Statistics (OEWS) survey and should not be interpreted as a hiring wage since OEWS data are not exclusive to new hires. The estimated typical average wage of North Dakota job openings with an assigned occupational code is \$29.37 per hour.



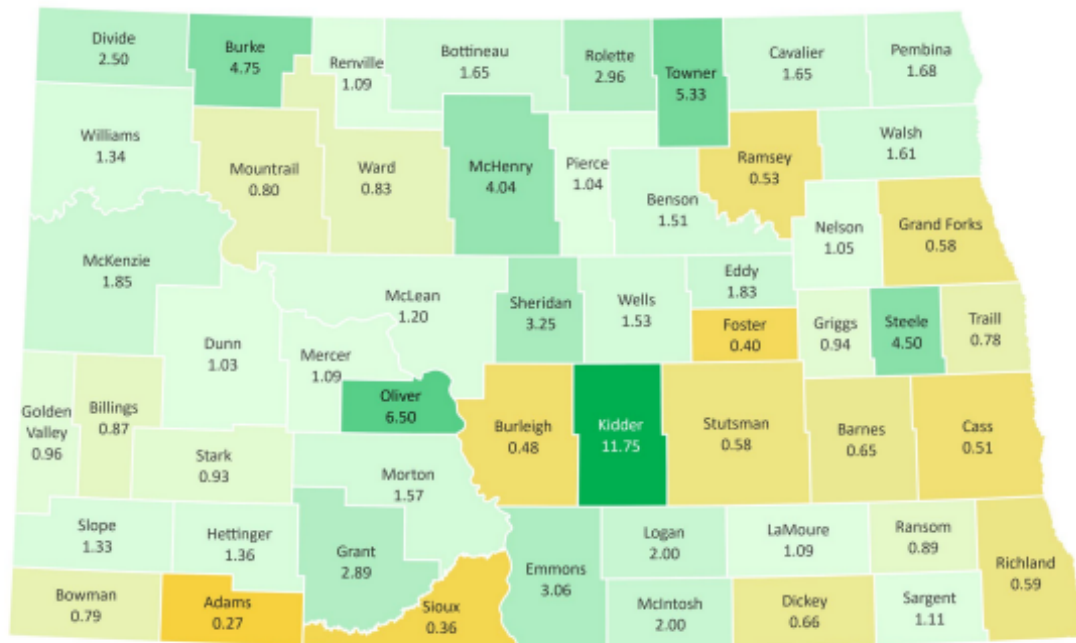
JUN 2022
TOTAL
18,113
\$30+
6,672
\$25.00-\$29.99
2,899
\$20.00-\$24.99
3,871
\$15.00-\$19.99
3,251
\$10.00-\$14.99
1,341
LESS THAN \$10
8
UNASSIGNED
71

[Unassigned openings excluded from pie chart calculations]

MOST ND COMMUNITIES ARE EXPERIENCING GREATER WORKFORCE SHORTAGES IN 2022 THAN 2021

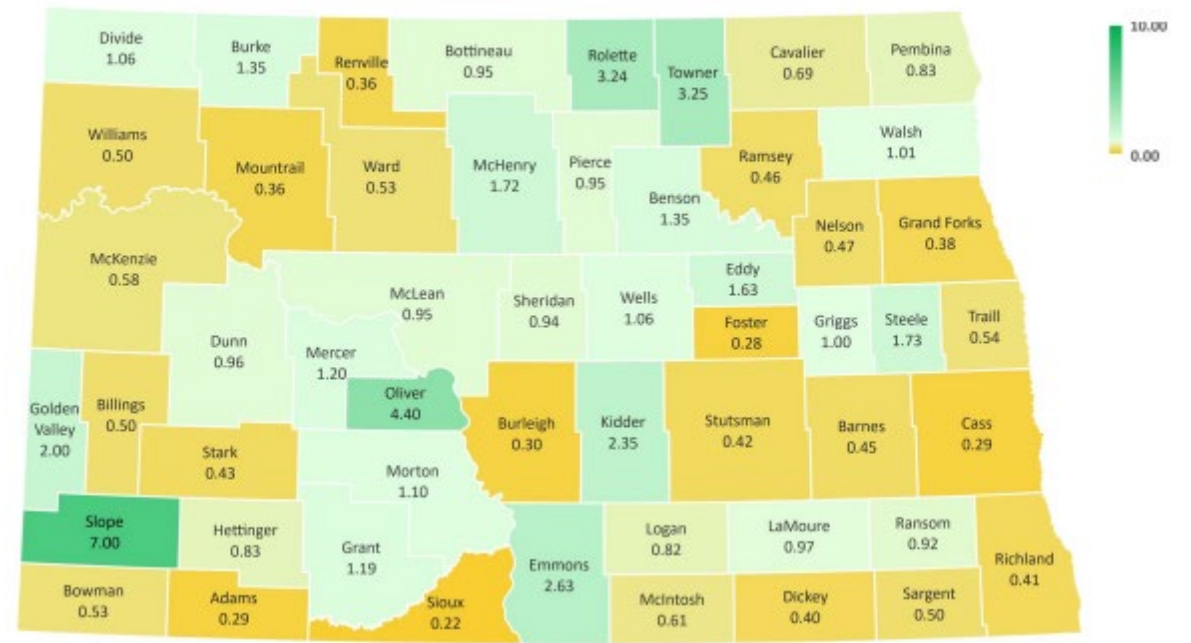
JUNE 2022 ONLINE JOB OPENINGS REPORT | ND LMI CENTER

UNEMPLOYED PER JOB OPENING BY COUNTY



UNEMPLOYED PER JOB OPENING BY COUNTY

[MAY 2022]



[Data are not seasonally adjusted and subject to revision. Dashes (---) indicate data not available.]

MANY LOWER WAGE JOBS ALSO HAVE A LOW BARRIER TO ENTRY IN TERMS OF TRAINING AND/OR EDUCATION

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

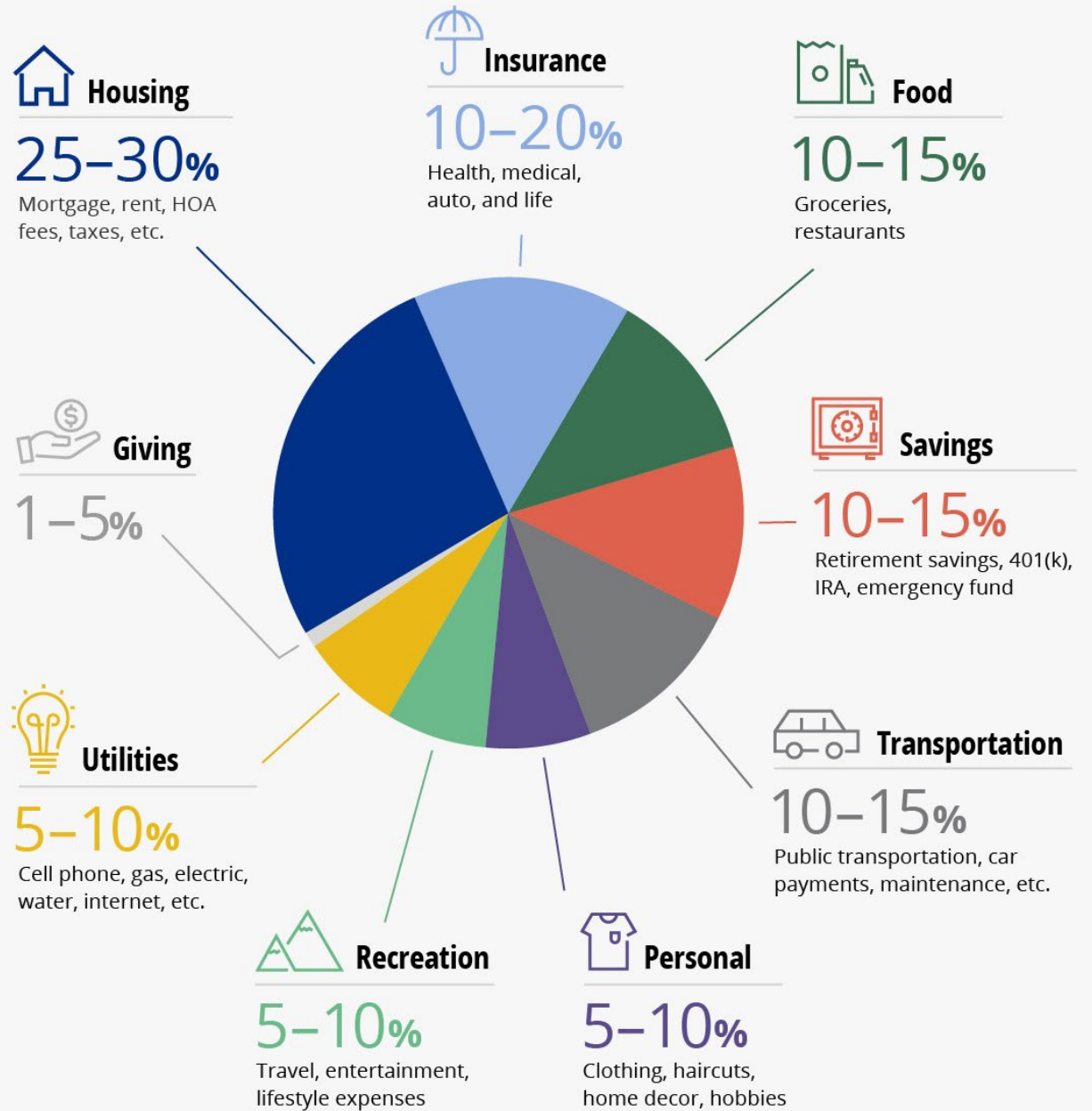


Less than \$13 / hr	\$13 - \$20 / hour	\$20 - \$28 / hour	\$28 - \$35 / hour	>\$35 / hour
Waiter/Waitress Child care worker Dishwasher Bartender Cafeteria worker Short order cook Cashiers Veterinary Assistant	Pharmacy tech Home health PT assistant Hair stylist Retail Farmworker Restaurant cook Data entry 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
<p>70,770 # of people employed in a job with average wage of <\$13/hour</p> <p><i>represents 10% of total jobs</i></p>	<p>219,490 31%</p>	<p>215,200 30%</p>	<p>90,740 13%</p>	<p>114,730 16%</p>

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

What does someone think about when they are looking for a job?

Interest
Aptitude
Purpose
Opportunity
Income →

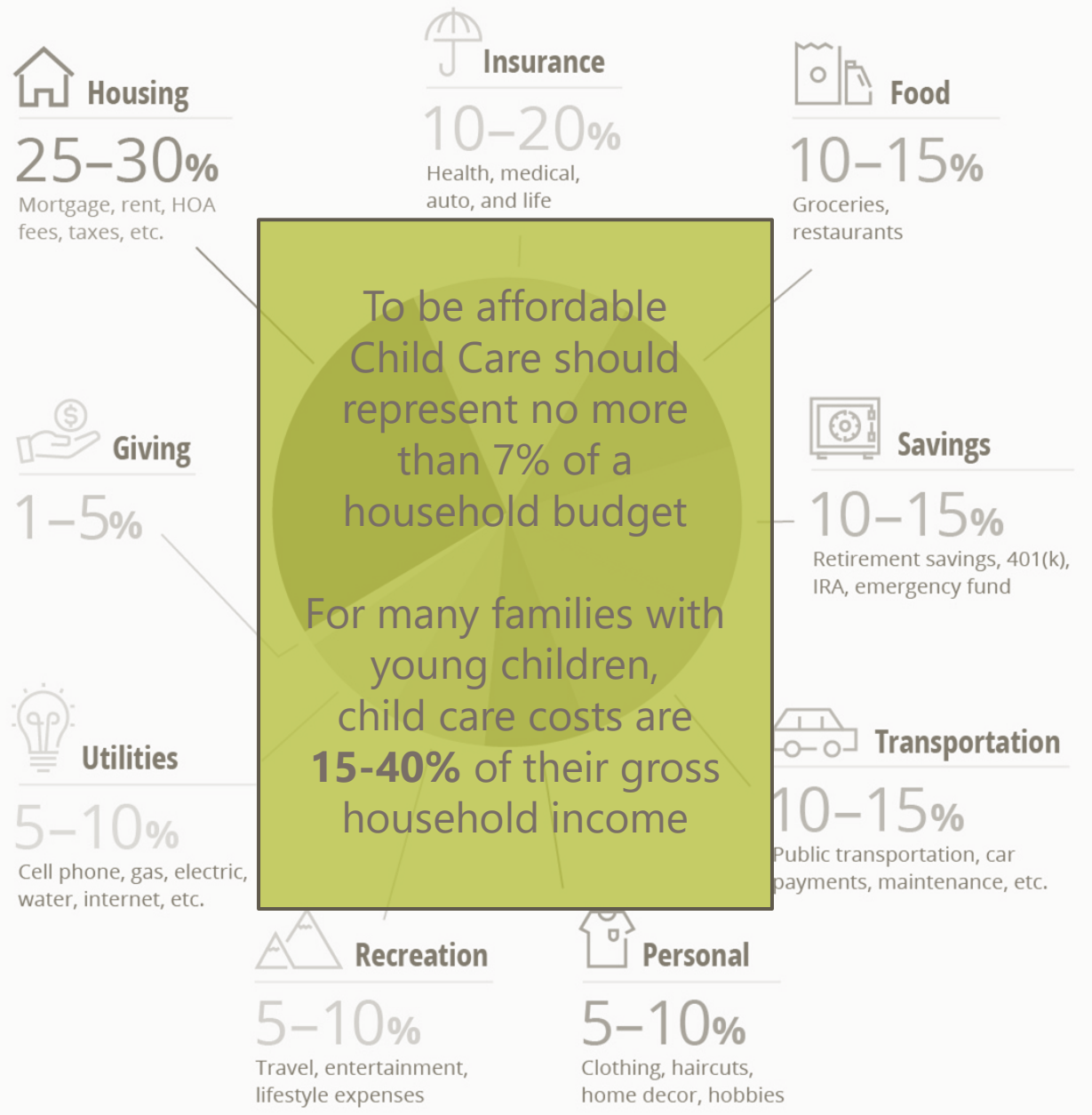


NOTE

What's missing from this picture?

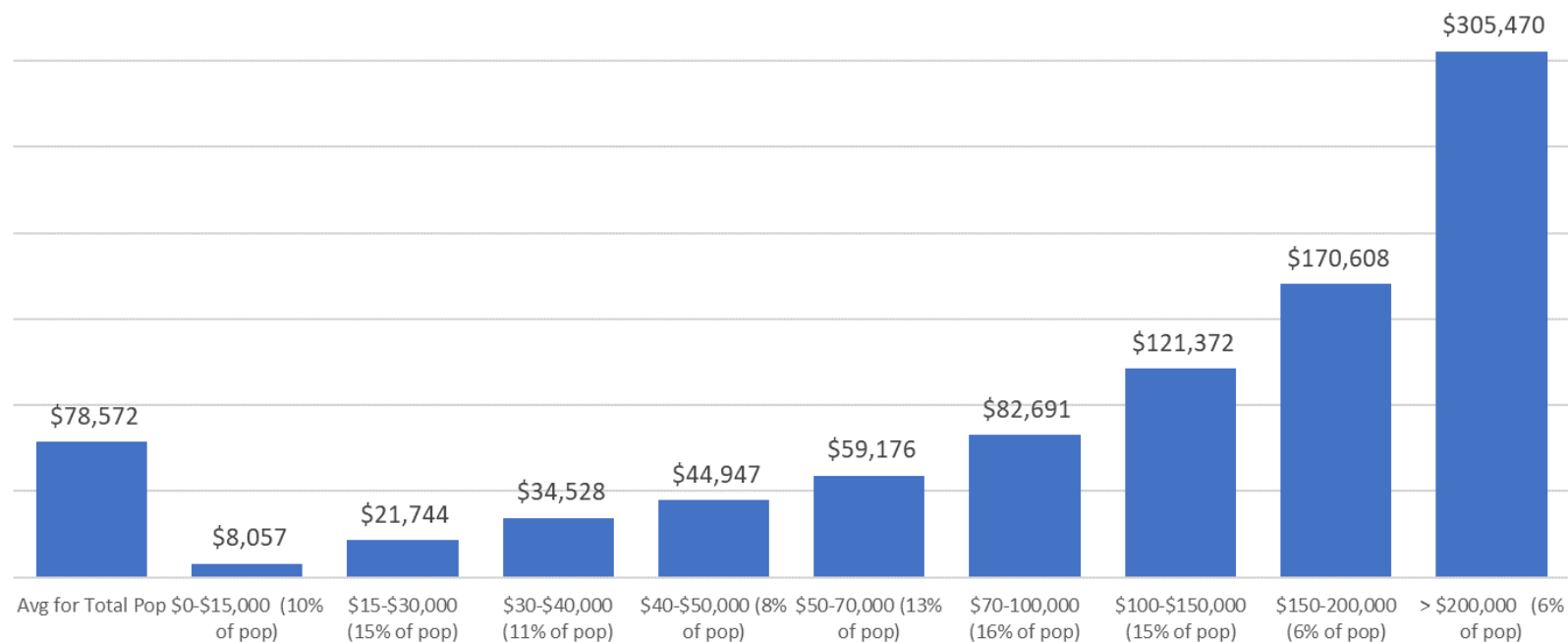


Child Care



AVG BEFORE TAX INCOME FOR HOUSEHOLDS IN THE MIDWEST REGION 2019-2020

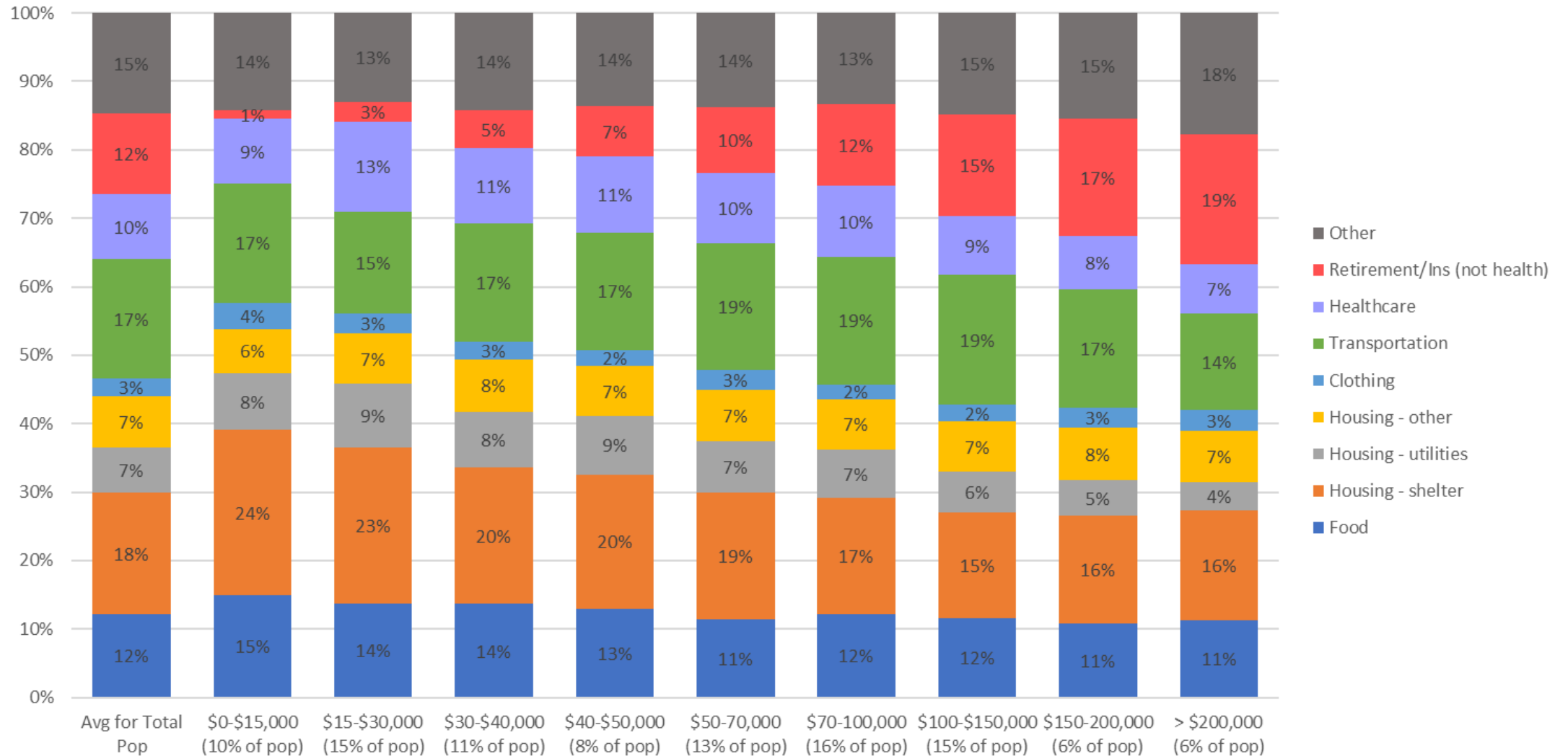
CONSUMER EXPENDITURE SURVEY | BUREAU OF LABOR STATISTICS



People in household	2.4	1.5	1.6	2.1	2.2	2.5	2.8	3.0	3.4	3.2
Homeowner	70%	34%	59%	62%	59%	71%	79%	85%	94%	93%
Renter	30%	66%	41%	38%	41%	29%	21%	15%	6%	7%
Educ Level - Elem (1-8)	2%	3%	3%	2%	1%	2%	2%	1%	3%	0%
Educ Level – H.S. (9-12)	29%	48%	56%	38%	33%	28%	23%	15%	8%	6%
Educ Level – College	69%	49%	53%	60%	65%	70%	75%	83%	89%	94%

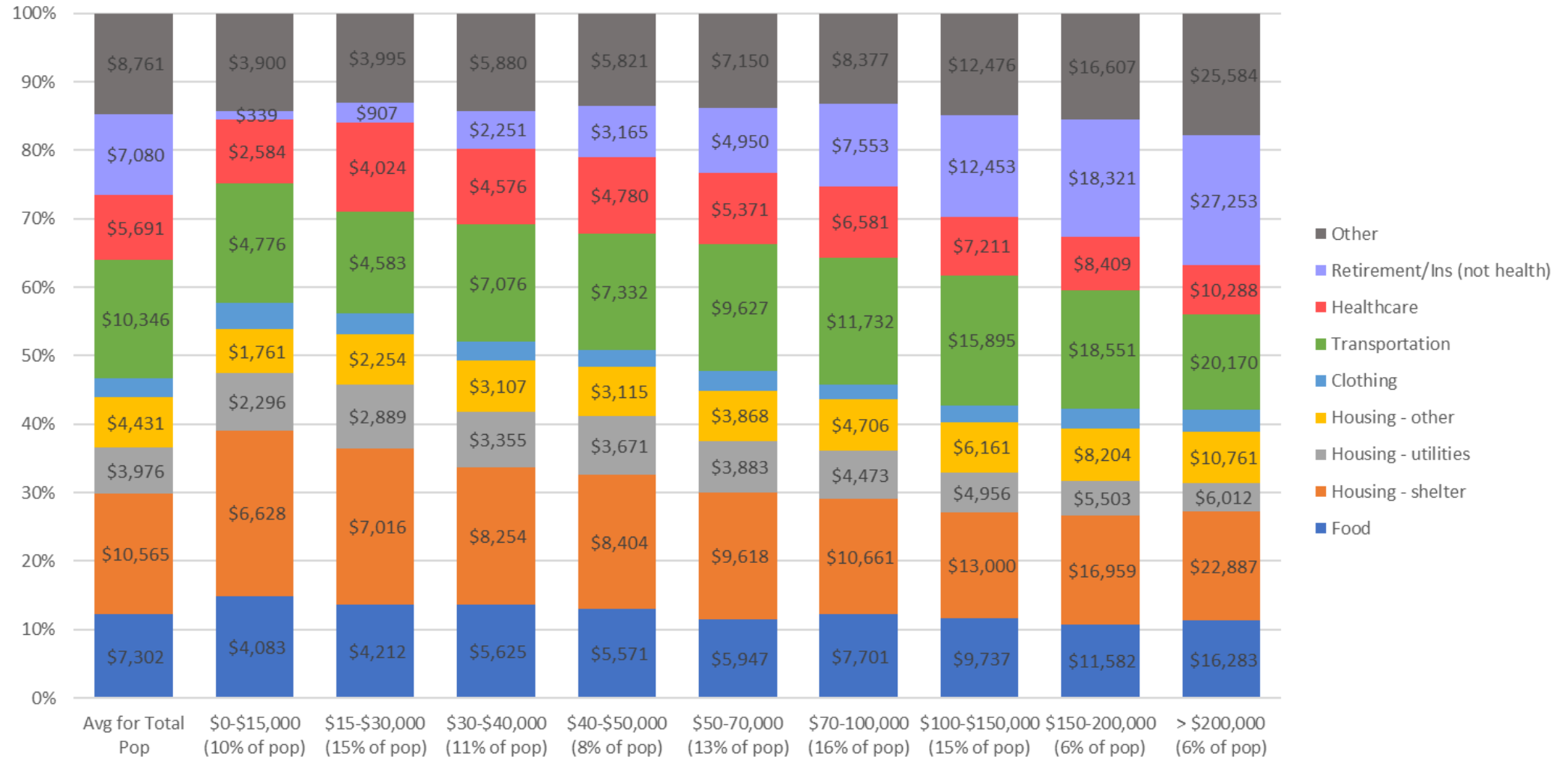
HOUSEHOLD EXPENDITURES AS A % OF TOTAL HOUSEHOLD SPENDING

CONSUMER EXPENDITURE SURVEY | BUREAU OF LABOR STATISTICS | MIDWEST REGION | 2019-2020



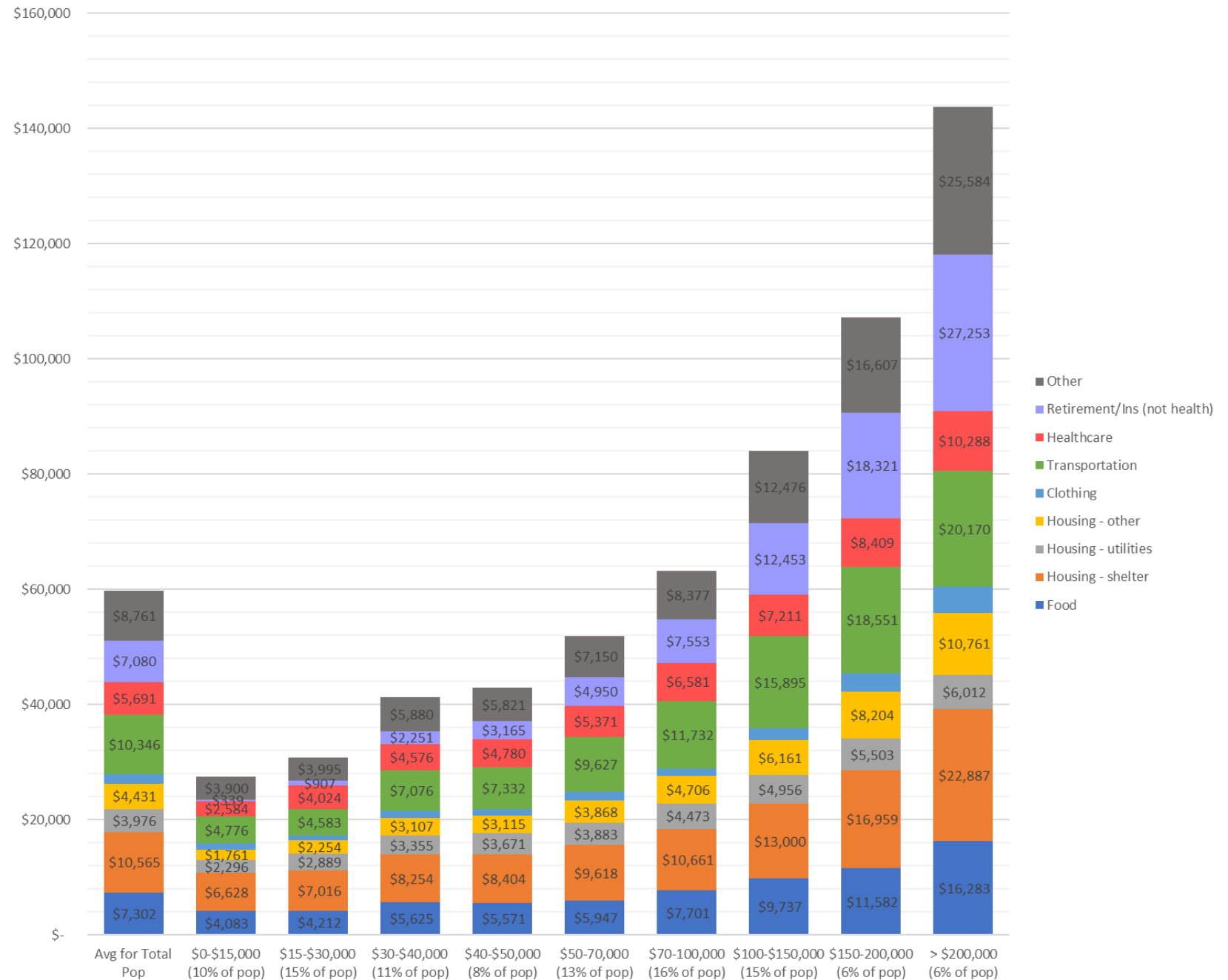
\$ VALUE OF HOUSEHOLD EXPENDITURES AS A % OF TOTAL HOUSEHOLD SPENDING

CONSUMER EXPENDITURE SURVEY | BUREAU OF LABOR STATISTICS | MIDWEST REGION | 2019-2020



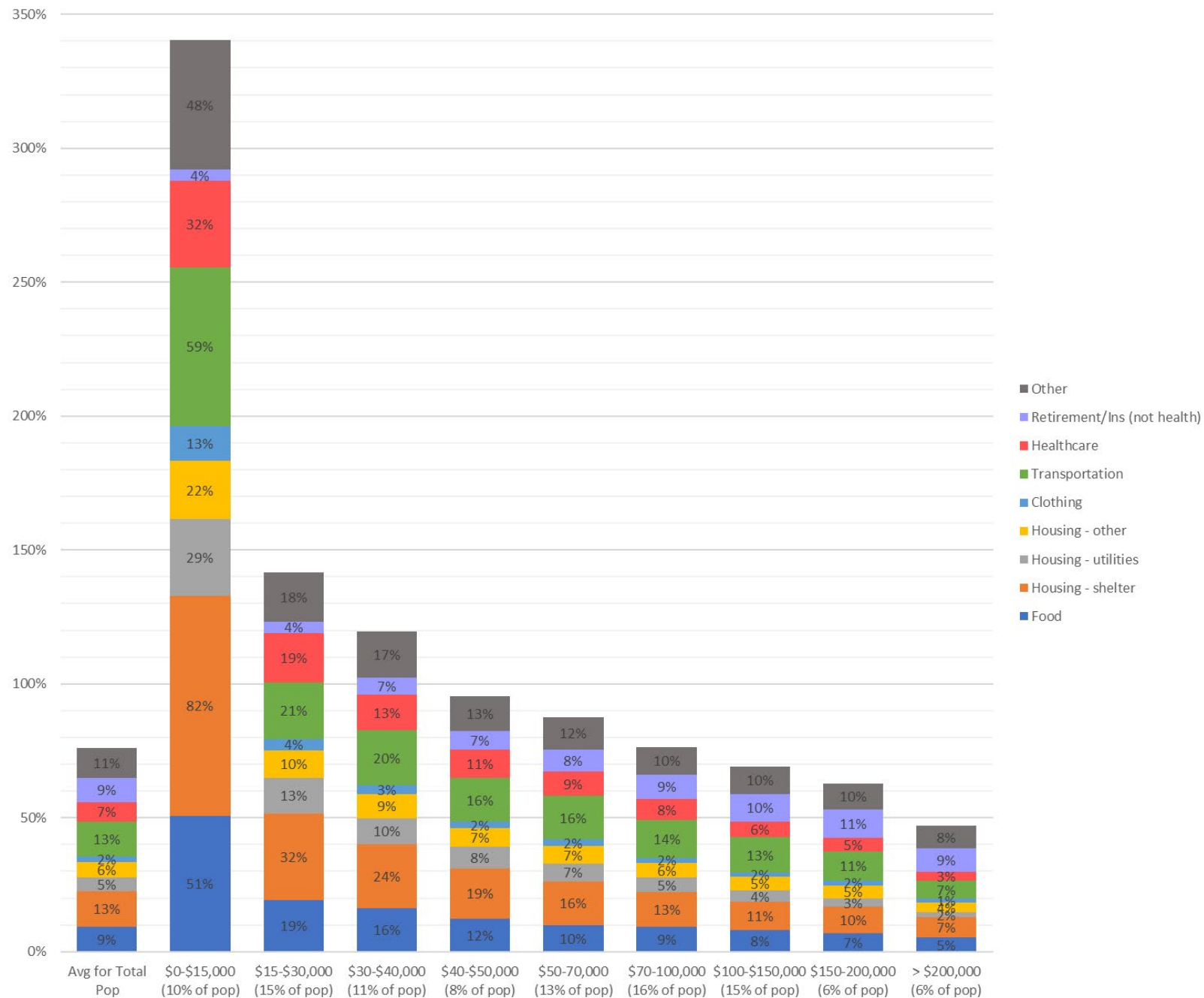
Higher Income households have more money available to spend to meet household needs

Dollar value of household expenditures by income group | 2019-2020 | Bureau of Labor Statistics | Consumer Expenditure Survey Midwestern Region

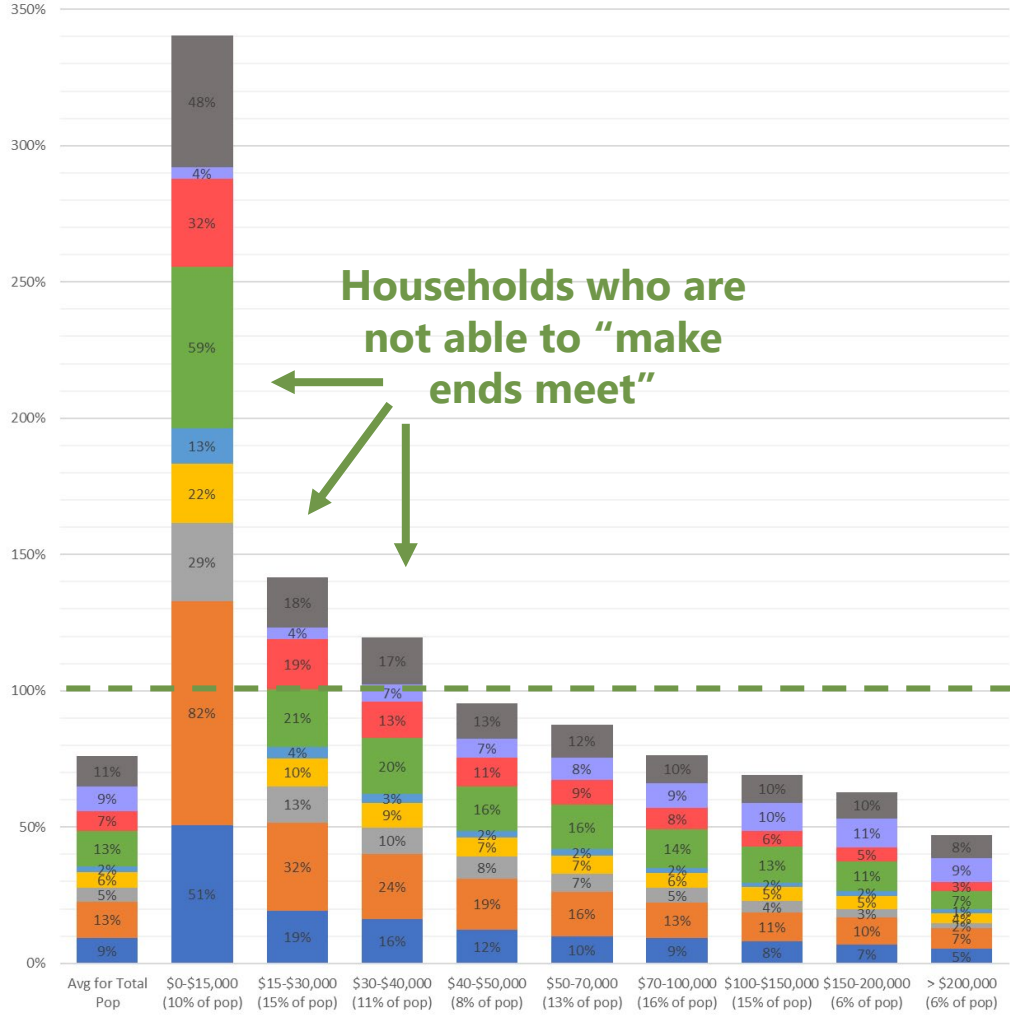


Household Expenditures often exceed available income for more than 1/3 of midwestern households

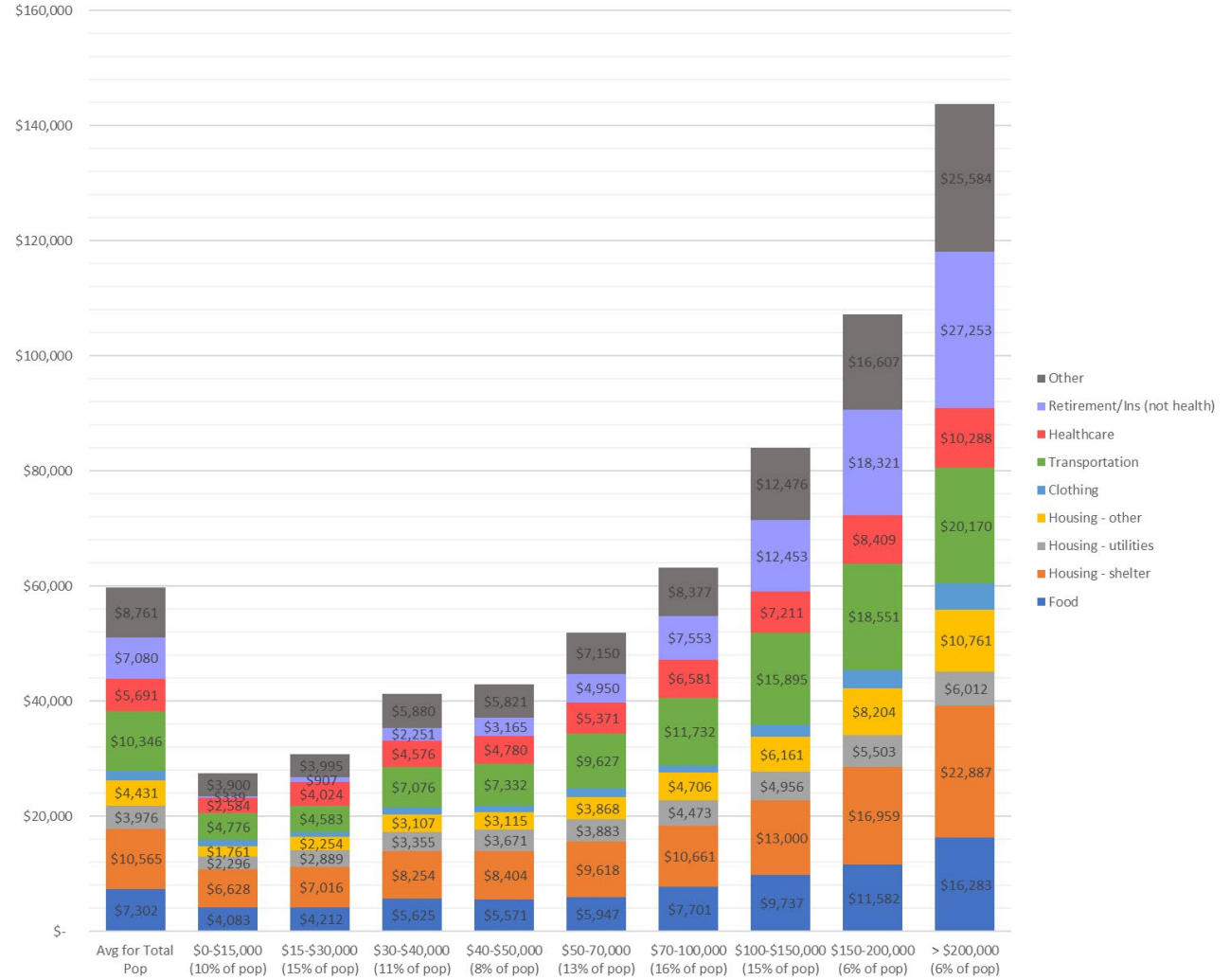
Household expenditures as a % of before tax household income | 2019-2020 | Bureau of Labor Statistics | Consumer Expenditure Survey Midwestern Region



Household expenditures often exceed available income for 1/3 of midwestern households
Household Expenditures as a % of total household income (by income group)



Higher income households have more \$\$ available to spend to meet household needs
Dollar value of household expenditures as (by income group)



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

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
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8	\$ 44,660	\$21.47	\$ 43,092	\$ 20.72	\$ 86,184	\$ 41.43	\$ 143,640	\$ 69.06



STATES WORK ON
THE CLIFF EFFECT TO

Increase Family
Economic Security

+

Address workforce
shortages

TO ADDRESS THE CLIFF EFFECT

WHEN FACED WITH A POLICY OR BUDGET DECISION WE CAN ASK OURSELVES HOW THE DECISION SUPPORTS ECONOMIC OPPORTUNITY FOR MODEST INCOME EARNERS



✓ “How will this decision **be experienced by** a person living on a modest income?”



✓ “Is there anything more we can do to make sure we **aren’t creating disincentives** to work?”



✓ “Will this decision **make it more possible** for a family to transition to higher earnings and/or a higher wage job?”

WHEN POLICIES & BUDGETS UNDERSTAND THE CLIFF EFFECT

We can make sure
North Dakota is a
place where
individuals and
families can
**realize all the
benefits** of work.





Contact Information

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Bismarck, ND 58505

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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**.