



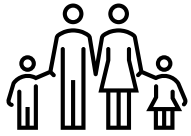
Addressing the Impact of Benefit Cliffs

Helping families overcome barriers to economic success

Interim Human Services Committee | Senator Judy Lee, Chair | April 27, 2022

NORTH
Dakota | Human Services
Be Legendary.™

DHS 2021-2025 KEY PRIORITIES



Strong Stable Families

- Maintain family connections
- Improve stability and prevent crises
- Promote and support recovery and well-being



Early Childhood Experiences

- Support workforce needs with improved access to childcare
- Help kids realize their potential with top quality early experiences
- Align programs for maximum return on investment



Services Closer to Home

- Create pathways that help people access the right service at the right time
- Engage proactively with providers to expand access to services



Efficiency Through Redesign

- Embrace process redesign to find efficiencies in our work
- Leverage technology to support greater efficiency, quality and customer service



High-Performing Team

- Develop a One DHS Team culture
- Engage team with opportunities for learning and development
- Implement fiscal scorecard to drive efficiency and effectiveness

Reinforce the Foundations of Well-being

Economic Health | Behavioral Health | Physical Health

The threads that run through every person's life

Foundations of Wellbeing are Interconnected



Economic Health

Having the resources you need to meet basic needs contributes to stability and is a foundation you can build on

Behavioral Health

Having good mental health and a healthy relationship with substances boosts your ability to weather life's storms

Physical Health

When you are in good physical health you can better navigate the activities of daily and community life

The stability that comes from good **economic** health can **improve behavioral and physical** health.
The stability that comes from good **physical** and **behavioral** health **enables economic** health.

BENEFIT CLIFF

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



Caught in the Middle

CHECK IN FORM

TELL US YOUR STORY.

I was so excited to finally have a full-time job, but I **wasn't fully prepared for how a new job would change my benefits**. I knew I'd be making more money and that my benefits would change. But that much? And so suddenly?

I was **caught in the middle** between standing on my own and needing help to survive – but there was **no one to help me**.



Name: Casey

Family: Single mother of 3 school age children
Housing: 2 bedroom apartment, owned by mother who passed away
Education: GED, LPN license
Job: Licensed Practical Nurse (LPN)
Interaction with public assistance:

- Enrolled twice before
- Not actively enrolled; She landed a full-time job, and is no longer eligible to receive benefits

WHAT BRINGS YOU IN TODAY?

☐ I need immediate help to get my footing

☐ I'm ready to start investing in myself

☒ I'm one step away from being independent

Explain: **"Once you get a job, you're on your own. There was no overlap when I needed support while I started working. Within 2 months I was back on my feet. All it took was about 2 months before not needing anything."**

HOW CAN WE HELP?

MY FRUSTRATIONS	MY NEEDS & ASPIRATIONS
» Feeling unprepared to face the future alone	» Help preparing for upcoming changes
» Feeling abandoned by those who turned off support	» Understanding that I need help even if the eligibility system says I don't
» Being treated like a case closed, when I was far from it	» A buffer period to get temporary help

DATE: X 7/1/18

SIGNATURE: X *Caught in the Middle*

POLICY OPTIONS TO CONSIDER

Mapping Benefits Cliffs

Self sufficiency standards

Benefits calculators

Aligning Eligibility Levels

Asset limits

Income disregards

Alignment of rules across programs

Making work pay

Tax credits for working families

Career pathways

Increasing family economic security thru asset dev

Escrow accounts

Individual Development Accounts

Fostering Culture and system changes

Employer engagement

Cost benefit analysis

Goal setting, career planning & coaching

Student access to SNAP

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

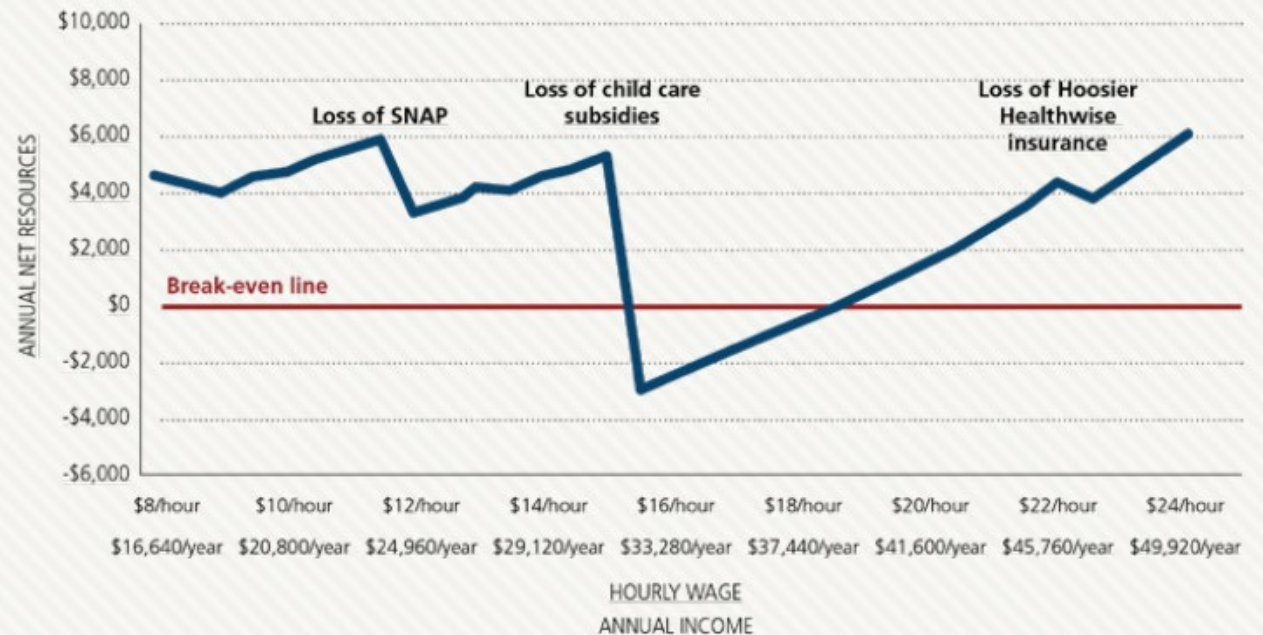
FINANCIAL PLANNING

- Because every situation is unique, put a ND-specific planning tool in the hands of:
 - Families
 - Job counselors
 - Employers
 - Case Managers
 - Eligibility workers
- Create more clarity around the full journey to self sufficiency and a more resilient household budget

The Cliff Effect in Marion County, Indiana

This example, from the [Indiana Institute for Working Families](#), illustrates the effect that modest wage increases have on annual net resources. The individual in this example is a single parent with one preschooler and one child in school, with wages starting at \$8 per hour and increasing to \$24 per hour. The red line across the middle demonstrates the point at which income

equals the costs of basic necessities. This parent experiences three cliffs, with the most dramatic cliff coming with a wage increase of 50 cents, from \$15 to \$15.50 per hour. The total impact is a 25% decrease in annual net resources, dipping well below the break-even line.



Source: National Center for Children in Poverty's Family Resource Simulator, Indiana 2011

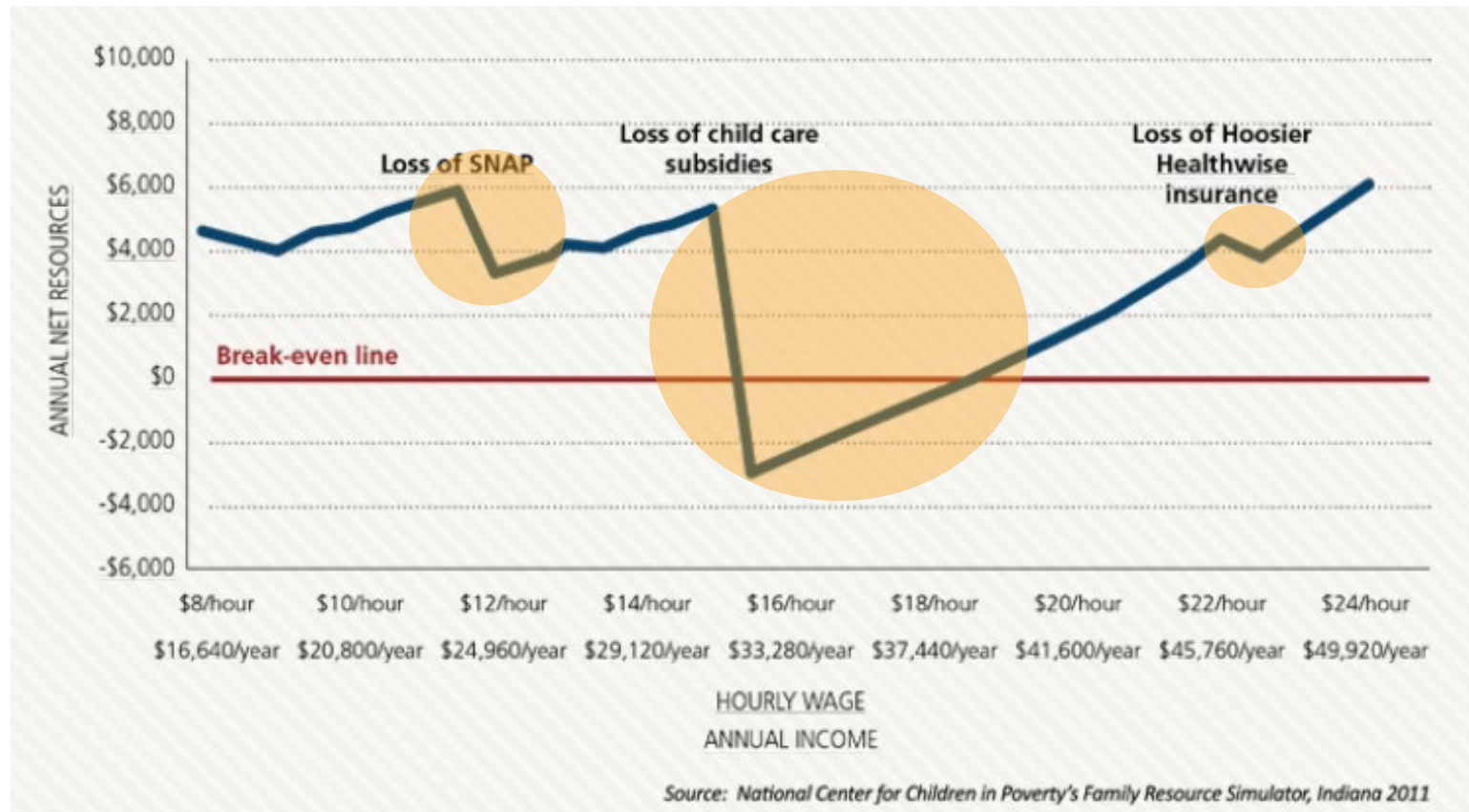
BRIDGING THE DIVIDE

- Allow low- and moderate-income working households to keep their additional earnings by using state funds to replace lost federal benefits

OPTIONS

As family income rises:

- Earned Income Tax Credit (fed, state)
- Supplement loss of in-kind benefits (food assistance, childcare)
- Chart a plan for high demand career pathways



RE-IMAGINING TANF

- Review TANF implementation to optimize program elements that support economic success for vulnerable families and children

OPTIONS

- TANF Standard of Need (has not changed since 2015)
- Transitional/SNAP transitional benefit
- Asset limits that allow families to have reliable transportation and create saving for emergency situations (has not changed since at least 2001)
- Enhancement of workforce-focused support services

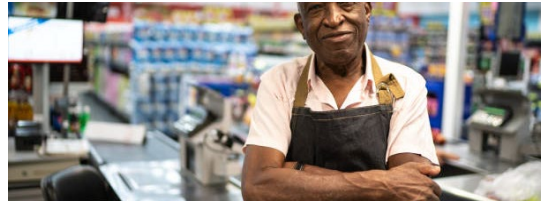


STATES CAN PURSUE A RANGE OF BOTH SHORT- AND LONG- TERM SOLUTIONS

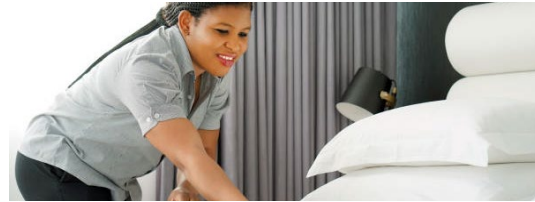
SHORT TERM



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



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



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

LONG TERM



- Increase job-training & skill development
- Expand educational funding
- Ask employers to increase investment in early-stage workers



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



APPENDIX: 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

APPENDIX: 84% OF JOBS IN THE ND LABOR MARKET PAY AN AVERAGE WAGE OF \$35/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
<div>70,770</div> <div># of people employed in a job with average wage of <\$13/hour</div> <div>represents 10% of total jobs</div>	<div>219,490</div> <div>31%</div>	<div>215,200</div> <div>30%</div>	<div>90,740</div> <div>13%</div>	<div>114,730</div> <div>16%</div>

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

APPENDIX: HOUSEHOLD INCOME CAN BE VIEWED THROUGH MANY LENSES

of North Dakota individuals and households by two definitions of income

	Below 100% FPL	100-200% FPL	200-250% FPL	250-300% FPL	>300% FPL
Individuals	84,000	112,000	66,000	59,000	420,000
742,000	11%	15%	9%	8%	57%

Source: Census CPS 2017-2018

FPL = Federal Poverty Level

While the varying definitions programs use to define household income don't match precisely, most provide a way to think about three primary household income tiers

- Income near or below the federal poverty level (In ND = 10-12%)
- Income near or above state median income (In ND = 45-55%)
- Income between fed poverty and state median (In ND = 38-40%)

Approximate % of ND population in each of three primary income tiers

