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The views expressed are those of the presenter(s) and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.
The Healthcare Services Career Pathway

Certified Nursing Assistant

Extended CNA Trainings
Medication Aide, EKG Technician, Phlebotomist, Dialysis Technician

Non-nursing Healthcare Occupations
Medical Billing and Coding, Emergency Medical Technician, Pharmacy Technician

Licensed Practical/Vocational Nurse

Registered Nurse

Benefits Cliffs: A Basic Introduction

Net Financial Resources = (Income + Benefits) – (Taxes + Expenses)

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Leia is a 25 year old single mother of two children, ages 4 and 6, living in Meridian, MS.

She works full-time earning about $8 an hour.

As a low-income working mother, Leia receives public benefits and tax credits that are necessary to support herself and her family: food stamps, Medicaid for her children, Affordable Care Act subsidies, housing vouchers, childcare subsidies, the Child Tax Credit, and the Earned Income Tax Credit.
Leia has decided to become a Certified Nursing Assistant (CNA).

Her question: should she continue up the pathway to the Licensed Practical Nurse (LPN) or the Registered Nurse (RN)?
A typical career guide shows a clear financial benefit to career advancement:

- **CNA**
  - Median Hourly Wage: $11

- **LPN**
  - Median Hourly Wage: $18

- **RN**
  - Median Hourly Wage: $28

*Example Career Pathway for Certified Nursing Assistant*

Income from Employment

Income After Taxes, Age 25-50
Dollars, Annual

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf

- RN: $23/hr-$32/hr
- LPN: $16/hr-$21/hr
- CNA: $9/hr-$12/hr

In school
Net Financial Resources

Net Financial Resources, Age 25-50
Dollars, Annual

Note: Net financial resources = (Income + Benefits) – (Taxes + Expenses)

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
1. How can alignment of TANF, SNAP E&T, and WIOA increase career advancement incentives and mitigate benefit cliffs?

2. “Asset Mapping” of Programs:
   - Transitional TANF supports (childcare and transportation)
   - SNAP E&T (transportation)
   - WIOA supports while in training
Applying the Continuum of Services Model

After Tax Income + Benefits, without Transitional TANF Supports
Dollars, Annual

- $25,000
- $30,000
- $35,000
- $40,000
- $45,000
- $50,000

LPN, no transitional TANF

Becomes CNA

Enrolls in LPN school; cuts hours as CNA to 20

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
After Tax Income + Benefits, with and without Transitional TANF Supports
Dollars, Annual

**Applying the Continuum of Services Model**
The impact of transitional TANF supports

**Source:** The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Applying the Continuum of Services Model
Asset mapping with transitional TANF supports, SNAP E&T, CCDF, and WIOA supportive services

After Tax Income + Benefits, with and without Transitional TANF Supports
Dollars, Annual

Transitional TANF period

$50,000

$45,000

$40,000

$35,000

$30,000

$25,000

25 26 27 28 29 30 31 32 33 34 35

SNAP E&T Eligibility

CCDF Subsidy Eligibility

WIOA Supportive Services Eligibility

Note: arrows indicate points at which additional funding from SNAP E&T, CCDF childcare subsidies, and WIOA supportive services could provide additional financial support.

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Applications of Research

• Help policymakers and caseworkers align programs to support career advancement

• Simulate different policy responses to “benefits cliffs”
  • Example: different uses of TANF supports and SNAP E&T funds

• Calculate quantities of interest:
  • Financial incentives for career advancement
  • Net public savings to government for career advancement
Thank you!

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Gains to the Taxpayer from Career Advancement

Net Public Savings from Skill Acquisition
Net present value

Concessions to CNA
CNA to LPN
LPN to RN

$0
$20,000
$40,000
$60,000
$80,000
$100,000
$120,000
$140,000
$160,000
$180,000

Note: Net public savings is the difference in net taxes (lifetime taxes received minus lifetime benefits paid) with each career change.
Supplemental Slides
Summarizing the Incentives for Career Advancement

Net Benefit of Skill Acquisition to Leia: Short-Term Versus Long-Term Net present value

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Note: “Net benefit to skill acquisition” is difference in net with each career transition. ST= ages 25-33 and LT= lifetime.

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Net Financial Resources, if Not Receiving Childcare or Housing Supports

Income After Taxes and Expenses, without Housing or Childcare Support, Dollars, Annual

- Note: Net financial resources = (Income + Benefits) – (Taxes + Expenses)

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Unemployed to CNA, with and without Childcare Support Under Transitional TANF

After Tax Income+Benefits, with and without Transitional TANF Supports
Dollars, Annual

- CNA, no transitional TANF
- CNA, with transitional TANF

Source: The Fiscal Analyzer: see kotlikoff.net/wp-content/uploads/2019/03/Online-appendix-6-5-19-.pdf
Net Financial Resources (Income+Benefits) – (Taxes+Expenses)

Net Expenses

Annual Net Resources, Decomposed

Annual Net Resources, Adjusted

Note: TANF and Adult Medicaid loss occurs before $6,000 in MS