Reframing Benefits Cliffs: Solutions for an Inclusive Recovery

#EveryonesEconomy
www.frbatlanta.org/advancing-careers
Benefits Cliffs and the Economy Post-COVID

David Altig

Reframing Benefits Cliffs Summit

Sponsored by the ACF Region 4 and the Federal Reserve Bank of Atlanta

October 15, 2020
A quick look at the pre-COVID share of employment, organized by occupational skill requirements

Job Loss by Occupation

Source: Current Population Survey, staff calculations. Low-skill jobs are primarily service jobs; middle-skill jobs include sales and office, construction, production, and transportation jobs; high-skill jobs are management, professional, and technical jobs.
During the financial crisis, workers in “low-skill” jobs fared relatively better than those in other occupations.

Source: Current Population Survey, staff calculations. Low-skill jobs are primarily service jobs; middle-skill jobs include sales and office, construction, production, and transportation jobs; high-skill jobs are management, professional and technical jobs.
Post-COVID, workers in “low skill” jobs have fared relatively worse than workers in other occupations.

Job Loss by Occupation

- Employment share (Feb 2020)
- Share of job losses (between Feb and September 2020)

Source: Current Population Survey, staff calculations. Low-skill jobs are primarily service jobs; middle-skill jobs include sales and office, construction, production, and transportation jobs; high-skill jobs are management, professional and technical jobs.
CFO Survey respondents do not expect lost jobs to be fully recovered until the end of 2021...

Firms’ Expected Cumulative Change in Employment

Pre-COVID through end of 2020
Pre-COVID through end of 2021

Source: CFO Survey, September 14, 2020 (Duke University Fuqua School of Business, Federal Reserve Bank of Richmond, Federal Reserve Bank of Atlanta)
... and the jobs that remain will not remain the same.
Leia is a 25-year-old single mother of two children, ages 4 and 6, working at a movie theater concession stand in Birmingham, Alabama.

- **Challenge:** Her old job may no longer exist.
- **Opportunity:** Access to workforce development services that can help her “skill up” to a better future.

Note: Picture does not depict Leia, who is not an actual person, in case you were wondering.
A popular workforce development framework: The career pathway

- Certified Nursing Assistant (CNA)
- Enhanced CNA Training
- Licensed Practical Nurse (LPN)
- Registered Nurse (RN)
- Non-nursing Health Care Occupations
Leia is assisted by a variety of support programs:

- Food assistance
- Medicaid for her children
- Affordable Care Act subsidies
- Child Tax Credit
- Earned Income Tax Credit
A familiar way to capture benefits cliffs

Sources: Federal Reserve Bank of Atlanta, Bureau of Labor Statistics.
*CCDF stands for Child Care and Development Fund.
Note: Data are for a single mother with two children in Birmingham, Alabama.
The CLIFF tool: Visualizing career pathways

Gross Employment Income by Age

Birmingham, AL

Shaded areas represent training periods.

Sources: Federal Reserve Bank of Atlanta, Bureau of Labor Statistics
Incorporating benefits cliffs into the career pathway picture: Net resources

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

Sources: The Fiscal Analyzer (Kotlikoff 2019); Federal Reserve Bank of Atlanta; University of Washington
Challenges along the pathway, I: Benefits cliffs

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

"Benefits cliff"

Sources: The Fiscal Analyzer (Kotlikoff 2019); Federal Reserve Bank of Atlanta; University of Washington
Challenges along the pathway, II: Benefits plateaus

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

Annual Net Financial Resources by Age

Sources: The Fiscal Analyzer (Kotlikoff 2019); Federal Reserve Bank of Atlanta; University of Washington
Challenges along the pathway, III: Disincentives to invest in career advancement

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

Annual Net Financial Resources by Age

Net Financial Resources

Age

Birmingham, AL

Low incentives to advance

break-even line

Career Path
- Concessions
- CNA
- LPN

Sources: The Fiscal Analyzer (Kotlikoff 2019); Federal Reserve Bank of Atlanta; University of Washington
An operational tool: The CLIFF Dashboard

Quality job training for an in-demand career can increase the amount of money you earn and raise your standard of living. Higher income from your new career can put you on a path towards self-sufficiency - the ability to pay all your bills without having to rely on public assistance.

Making an informed choice can be difficult if you are enrolled in public assistance programs. As you earn more money, you may lose some of these programs, but those changes can be difficult to predict. This dashboard can be used to better understand these changes.

This dashboard gives you more information about which in-demand careers are likely to help you overcome a loss of public assistance and leave you in a better position financially. The dashboard also shows how long it will take to achieve self-sufficiency on a chosen career path.

To Get Started:

Use the left-side navigation pane to select a family type most similar to your own and to identify careers of interest to you in various industries.

The tabs above show how much a typical worker in the chosen career can expect to earn locally, pay in taxes, and how much the worker’s family can expect to receive in public assistance over time.**

You can customize the results further by selecting different public assistance packages using the dropdown menus in the left-side navigation pane.

**The CLIFF tool is not intended to provide career or financial advice. The calculations provided by the site are summaries to be used for educational and informational purposes only. Do not rely on them as a determination of public assistance. Determination of eligibility and amount of public assistance is made solely by the applicable provider(s). It is possible that persons may be eligible for additional public assistance not covered by this site.
An operational tool: The CLIFF Dashboard

User chooses from a customized menu that specifies:

- Geographic area
- Career path
- Family structure
- Benefit packages received
The tool generates wage and net resource paths like those shown earlier (stored in tab views in the dashboard).
An operational tool: The CLIFF Dashboard

Additional tabs contain information on:

- Benefit eligibility
- Data relevant to policymakers
For policymakers: The public return to individual career advancement

Sources: The Fiscal Analyzer (Kotlikoff 2019); Federal Reserve Bank of Atlanta
CLIFF use cases: The Dashboard (currently available)

Mapping Benefits Cliffs

- Awareness of Issue
- Benefits Cliffs Calculators
CLIFF use cases: Policy analysis (partial current availability)

Policy Simulation/Changes

- Change Asset Limits
- Income Disregards
- Alignment of Rules/Services Across Programs*
- Tax Credits for Working Families
- Graduated phase-outs*

* For examples, see “Benefits Cliffs and the Financial Incentives for Career Advancement: A Case Study of the Health Care Services Career Pathway,” FRBA
CLIFF use cases: The Financial Planner (ETA, 2021:Q1)

**Workforce Development**

- Student advisement to increase post-secondary attainment
- Career planning and coaching toward self-sufficiency
- Career pathways design/targeted occupation and industry analysis
- Align wraparound supports
- Employer engagement

Note: For examples, see “Benefits Cliffs and the Financial Incentives for Career Advancement: A Case Study of the Health Care Services Career Pathway,”
Partnerships with signed or pending MOUs

- Alabama Governor’s Human Capital Task Force
- Broward College, Florida
- Connecticut Governor’s Workforce Development Task Force
- Florida Children’s Council (FATES)
- Louisiana Board of Regents
- State of Oklahoma Office of Workforce Development (joint with the Federal Reserve Bank of Kansas City)
- Goodwill of North Georgia

Other MOUs being drafted: CareerSource Florida, Circles USA, Goodwill of Southern Piedmont (joint with the Federal Reserve Bank of Richmond), Goodwill Industries of Arkansas
Take a test drive:
https://emar-data-tools.shinyapps.io/cliff_dashboard_demo/

Thank you!
#EveryoneEconomy

Nick Moore
Alabama Governor’s Office of Education and Workforce Transformation
Alabama’s Talent and Human Capital Development Strategic Plan

Mitigating Benefits Cliffs, Extending Economic Resiliency, and Forging Pathways to Self-Sufficiency
Governor Ivey has set a postsecondary education attainment goal for Alabama of adding 500,000 highly skilled employees to Alabama’s workforce by 2025 through the Success Plus plan.

The governor has also set the goal of surpassing the national labor force participation rate by 2025 by braiding resources to help Alabamans overcome their barriers to education or employment.

Reducing the impact of the cliff effect on Alabamians who are transitioning from public assistance to paid employment is a cornerstone of Governor Ivey’s strategy to reach the attainment and labor force participation goals.
A Talent Development Strategy Predicated on Human Capital Development

• Alabama is committed to meeting the Alabama postsecondary attainment goal of adding 500,000 credential holders to the workforce and raising Alabama’s labor force participation rate to the national average by 2025 through human capital development.

• Using the combined 2020 WIOA plan and the Alabama Career Pathways Model, Alabama is working to establish a wage premium for individuals who presently are unable to enter the labor force due to barriers such as benefits cliffs.

• The career pathway model will provide a feedback loop between employers and employees through competency-based career pathways. A currency of credentials of value will also facilitate progressive wage increases, upward mobility within a firm; and transferability of skills within; and between, industry sectors.

• The WIOA performance indicators have been updated to ensure that the public workforce system is responsible for meeting the needs of all Alabamians with barriers to education and workforce training in each of Alabama’s seven workforce regions.
The State of Alabama's 2020 Combined Plan for WIOA

Vision & Theory of Change:
Competency-Based Career Pathways into the Middle Class: A New Social Compact for Alabama Predicated on Human Capital Development

GOEWG
Governor's Office of Education & Workforce Transformation

Alabama Workforce Development Board

Regional Workforce Councils

Education → Workforce → Economy

Developing opportunity

from
Stron Start, Strong Finish
Governor Kay Ivey

Success Plus
Alabama Workforce Council

Accelerate Alabama 2.0
Alabama Department of Commerce
to
career.

Alignment of Priorities across the Education and Workforce Development System

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Access &amp; Success</th>
<th>Pathways</th>
<th>Leadership &amp; Collaboration</th>
<th>Assessment &amp; Continuous Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making information about education, training, and jobs widely available</td>
<td>Increasing access to education, training &amp; support for all individuals</td>
<td>Creating clear education and training tracks that lead to in-demand jobs</td>
<td>Working together across agencies, organizations &amp; systems</td>
<td>Using data to inform decision making</td>
</tr>
<tr>
<td>• Public Awareness Campaign</td>
<td>• Strategy to serve individuals with barriers to education, training &amp; employment</td>
<td>• Secondary to Postsecondary Transition and Alignment</td>
<td>• Align the activities and programs of colleges, universities, training agencies &amp; investment boards</td>
<td>• Alabama's Terminal on Linking and Analyzing Statistics (ATLAS) longitudinal data system</td>
</tr>
<tr>
<td>• Alabama College &amp; Career Exploration Tool (ACCET)</td>
<td>• Literacy &amp; Numeracy</td>
<td>• Career Exploration</td>
<td>• Braiding Workforce Development Funding Streams (WIOA, Perkins V)</td>
<td>• Renewal</td>
</tr>
<tr>
<td>• Recruitment</td>
<td>• Pre-K, school, college &amp; career readiness</td>
<td>• Credentialing</td>
<td>• Industry Collaboration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One Stop Career Centers</td>
<td>• Expanding Alabama’s Apprenticeship Efforts</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Career Cluster Strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Retention</td>
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</tbody>
</table>

A stronger educational and workforce development system in Alabama!
• The Alabama Committee on Credentialing and Career Pathways (ACCCP), a public-private entity, was codified by Act 2019-506. Act 2019-506 passed the Legislature unanimously during the 2019 session and was signed into law by Governor Ivey on June 10, 2019.

• The ACCCP is tasked with a two-fold mission: (1) to identify Alabama’s regional and statewide in-demand occupations and (2) to identify competency models, career pathways, and credentials of value linked to those in-demand occupations using labor market information.

• The ACCCP also includes 16 Technical Advisory Committees (TACs) that are each composed of seven gubernatorially appointed members who are members of business and industry.

• Each of the TACs are led by an officer. There are 64 subject-matter experts (SMEs) who are employed by state education and workforce agencies. The SMEs help TAC members translate their ideas into action by navigating the education and workforce systems.
## The Five-Star Rubric for Identifying In-Demand Occupations

<table>
<thead>
<tr>
<th>Criteria I</th>
<th>Criteria II</th>
<th>Criteria III</th>
<th>Criteria IV</th>
<th>Criteria V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation must earn at least 70 percent of the median regional wage</td>
<td>Occupation shows positive projected growth over the coming decade</td>
<td>Occupation is projected to have a minimum of 15 openings a year</td>
<td>Occupation median wage exceeds the current lower living standard income level (LLSIL) 70%</td>
<td>Occupation requires a postsecondary degree, certificate, or credential for initial employment</td>
</tr>
</tbody>
</table>

- Occupations will be evaluated against the Five-Star Rubric for Identifying In-Demand Occupations to qualify for each of the seven regional lists of in-demand occupations.
- Occupations must possess all of Criteria I-III and one or both of Criteria IV and V to qualify for a regional list.
- Occupations that qualify for at least three regional lists will qualify for the statewide list of in-demand occupations.
# The Alabama Occupational Ontology

## Alabama Competency Taxonomy

<table>
<thead>
<tr>
<th>Career Cluster</th>
<th>Career Pathway</th>
<th>KNO-Knowledge</th>
<th>SPE-Specialized Skill</th>
<th>PER-Personal Skill</th>
<th>SOC-Social Skill</th>
<th>COM-Competency</th>
<th>Rate of Decay (in months)</th>
<th>Level of Proficiency</th>
<th>Date of Current Assessment</th>
<th>Summative Assessment Format</th>
<th>D-U-N-S Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2342-</td>
<td>06-</td>
<td>08-</td>
<td>20190817</td>
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</tbody>
</table>

## Alabama Credential Taxonomy

<table>
<thead>
<tr>
<th>Career Cluster (01-16)</th>
<th>Career Pathway (01-79)</th>
<th>Division (Secondary or Postsecondary)</th>
<th>Category (Advanced or Basic)</th>
<th>Complementary (C), Regional (R), or Statewide (S)</th>
<th>Competencies Mapped to the Credential (Not included as part of the five-digit taxonomy for the compendia of valuable credentials.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>43</td>
<td>S</td>
<td>B</td>
<td>R</td>
<td></td>
</tr>
</tbody>
</table>
## The ACCCP’s Non-Degree Credential Quality Assurance Process

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<table>
<thead>
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</thead>
<tbody>
<tr>
<td>1. The TAC will classify the underlying credential referenced in the application as either:</td>
<td>6. Earned after a minimum number of hours of instruction time</td>
</tr>
<tr>
<td>a. Required by law</td>
<td></td>
</tr>
<tr>
<td>b. Mandated by industry</td>
<td></td>
</tr>
<tr>
<td>c. Preferred by industry</td>
<td></td>
</tr>
<tr>
<td>2. The TAC will determine whether the credential is:</td>
<td>7. Stackable in a sequence of aligned competencies</td>
</tr>
<tr>
<td>a. Required to obtain a job;</td>
<td></td>
</tr>
<tr>
<td>b. Part of a stackable sequence; or</td>
<td></td>
</tr>
<tr>
<td>c. Complementary, but not directly aligned, to an occupation or career pathway</td>
<td></td>
</tr>
<tr>
<td>3. Accredited or recognized by a statewide or national industry-recognized accrediting body</td>
<td>8. Valuable as determined by leading to at least a 20% wage premium over a high school diploma</td>
</tr>
<tr>
<td>4. Credential is aligned to an occupation on a regional or statewide list of in-demand occupations</td>
<td>9. Traceable and trackable by the ATLAS on Career Pathways</td>
</tr>
<tr>
<td>5. Achievable by students in a secondary and/or the postsecondary level of study</td>
<td>10. Portable across or within an industry sector</td>
</tr>
</tbody>
</table>
Alabama’s Credential Registry

• The Alabama Credential Registry launched on July 1, 2020, and the open registration period for 2020–2021 will close on November 1, 2020.

• Credential and degree providers will register credentials to the Alabama Credential Registry through the Alabama Commission on Higher Education portal.

• After being registered by the credential provider to the registry, credential info will be vetted by the appropriate Technical Advisory Committee (TAC) against the ACCCP’s non-degree quality assurance standards and sent to the ACCCP for approval.

• The first Compendia of Valuable Credentials will be released on December 21, 2020.
Mission Two: Survey of Employer Competencies, Competency Models, and Career Pathways

- The Governor’s Survey of Employer Competencies is conducted annually to extend the reach of the TACs by surveying all employers in each of the 16 industry sectors on the in-demand occupations and credentials of value at their firm.

- The inaugural Survey of Employer Competencies was conducted statewide between June 15 and July 3, 2020.

- Between July 13 and August 24, 2020, the TACs developed competency models using the results of the Governor’s Survey of Employer Competencies results and a competency dictionary.

- Between August 24 and September 18, 2020, the TACs completed career pathways and lattices by stacking approved competency models.
Alabama’s Two-Pronged Career Pathways Model

**Youth Prong**
(Secondary CTE, Postsecondary CTE, and WIOA programs align to provide career pathways for in-school youth)

1. **Progression across a competency-based career pathway provides multiple points of entry and exit between education and the workforce.**
2. **The Secondary to Postsecondary and the Adult Career Pathways align at the postsecondary level with stackable credentials mapped to a traditional postsecondary degree.**

**Credential Attainment, Work-Based Learning, and Dual Enrollment**

**Stackable Credentials mapped to AA/AS → AA/AAS → BA/BS**

- Low-Skill Jobs
- Middle-Skill Jobs
- Semi-Skill Jobs
- Advanced-Skill Jobs

**Outcomes**
- Deliver career pathways for traditional and nontraditional learners in all 16 career clusters and 79 career pathways.
- Facilitates the braiding of CTE and WIOA funds to ensure all Alabamians have the support needed to complete a career pathway.
- Facilitates the alignment of CTE and WIOA performance indicators.
- Provides a targeted approach for reaching the state's education attainment and labor force participation goals.
- Fosters the development of a “credential currency” based on stackable credentials, which will provide participants with multiple entrance and exit points between education and workforce programs without losing credit.
- Provides a transparent and intentional process for overcoming benefits cliffs when coupled with a continuum of supportive services.
- Promotes work-based learning as a catalyst for operationalizing the two-prong career pathways model.
On September 25, 2020, Alabama was awarded a three-year, $17.8 million Reimagine Workforce Preparation grant to implement the Alabama Workforce Stabilization Program (AWSP), which will provide short-term educational and training programs to help Alabamians who have been displaced by COVID-19 transition into new fields.

Alabama’s RWP grant award will fund the implementation and scaling of industry-sector-based education and training programs in five areas: (1) advanced manufacturing; (2) healthcare; (3) information technology; (4) transportation, distribution, and logistics; and (5) construction.

The AWSP participants will receive wraparound services through the Human Capital Development Fund to offset costs associated with transportation, childcare, housing, and equipment.

The AWSP will serve 2,648 participants per year, for a total of 7,944 total participants served over three years.
Alabama Terminal on Linking and Analyzing Statistics (ATLAS)

GOVERNOR’S OFFICE OF EDUCATION AND WORKFORCE TRANSFORMATION

WORKFORCE PARTNERS

- Commerce – AL Dept of Commerce (WIOA Title I)
- ACCS – AL Community College System (WIOA Title II)
- ADOL – AL Dept of Labor (WIOA Title III)
- ADRS – AL Dept of Rehabilitation Services (WIOA Title IV)
- DHR – AL Dept of Human Services (TANF & SNAP)
- ADSS – AL Dept of Senior Services (WIOA Title I)
- AIDT – Alabama Industrial Development Training (ETF)

EDUCATION AGENCIES

- ACCS – AL Community College System
- ADEDC – AL Dept of Early Childhood Education
- ACHE – AL Commission on Higher Education
- ALSDE – AL State Department of Education (K-12)
Alabama College and Career Exploration Tool (ACCET)

The ACCET will provide all Alabamians with access to...

- Digital Resume
- Career Exploration and Discovery for Youth and Adults
- Link to the Alabama Works! Job Portal

- Integrated Learning Record
- Prior Learning Assessments
- Integrated WIOA Case Management System

- Transfer Articulation Portals
- Return On Investment Estimate Tool
- Benefit Cliff and Self-Sufficiency Tool

- Link to the FAFSA Application
- Universal Needs Assessment for SNAP and TANF Enrollment
- Adult and In-School Remediation
- Eligible Training Provider List (ETPL)

- Link to the Credential Registry
The Atlanta Fed has partnered with the State of Alabama to create the Dashboard for Alabamians to Visualize Income Determinations (DAVID).

DAVID is designed to help people navigate benefit cliffs by visualizing how their incomes will increase over time as they move toward self-sufficiency.

DAVID will also help us implement a no-wrong-door approach to the workforce development system by helping individuals overcome benefits cliffs by identifying a continuum of services for consumers of the public workforce system.

Throughout the summer of 2020, the State of Alabama and the Atlanta Fed partnered to conduct a usability survey and trainings on how to use DAVID for state workforce development staff and education and human service providers.

A competency-based training course and assessment are under development for future use by public workforce system staff as part of the cross-training process to ensure that benefits cliffs abatement is central to Alabama’s strategy for helping people achieve self-sufficiency.
Maggie Mickler
Florida Department of Children and Families
DCF ESS 2021

WIG:
Reduce by 20% the number of non-disabled adults ages 18-59 on SNAP and/or TANF over 21 months by June 30, 2021.

- Increase prevention contacts through care coordination
- Decrease the number of families in crisis by 20%
- Reduce recidivism and re-entry by 25%

To reduce the number of families in crisis, ESS will transform its business model and service delivery towards prevention.
ESS Stakeholders Workgroup

**WIG:**
**REDUCE THE NUMBER OF FAMILIES IN CRISIS BY 20% BY JUNE 30, 2021**

- **Stakeholders**
  - Florida Chamber Foundation
  - CareerSource Florida
  - Florida Department of Education
  - Federal Reserve Bank of Atlanta
  - Florida’s Children’s Council

- **Purpose of Collaboration**
  - Work collectively to align community and state practices, systems, policies and resources across education/workforce development, human and social services and business/economic development strategies to increase economic self-sufficiency.

- **DCF Prevention Team**
  - Office of Economic Self Sufficiency
  - Office of Child Welfare
  - Substance Abuse & Mental Health
  - Adult Protective Services
  - Casey Family Programs

- **Objectives**
  - Collect and catalog information about stakeholders' programs, initiatives and data to identify gaps and opportunities for alignment of state-wide services.
  - Identify opportunities to braid together stakeholders' program resources to support and enhance service delivery while providing the opportunity for local communities to eliminate barriers to economic self-sufficiency.
#Everyone's Economy

Reraming Benefits Cliffs: Solutions for an Inclusive Recovery