New dashboard makes benefits cliffs visible

by: Steven Shepelwich

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A job is the most effective anti-poverty program, as the old saying goes. However, even with a job the road out of poverty often is full of potholes and roadblocks. The job itself may create difficulties, with low wages, schedules that conflict with family needs, and limited benefits. And, for many, the public policies developed to help people be self-sufficient also create barriers.

We expect people to be happy when they get a raise. Imagine, though, that a 50 cent an hour raise is costing you hundreds of dollars in assistance for food, housing, health care or childcare. For low-wage workers, a raise may result in being disqualified from programs that help with basic needs. Too often, the raise doesn't nearly make up for the lost benefits. And the cutoff is abrupt, like a cliff. Even $5 over the limit can be disastrous. This so-called "benefits cliff" results in the worker being worse off after a raise in pay.

Rules governing eligibility for benefit programs are complex and can differ by location. Jobs require different levels of training, offer different wages, and have various pathways for advancement. Workers have different family sizes and structures and support needs. Taken together, these variables make it difficult to identify where benefits cliffs occur.

Surveying the landscape

Workers and community organizations that assist them are aware of the effect of benefits cliffs. Workers, however, often do not know exactly where the cliff lies. This can make them overly cautious in choosing jobs and pursuing advancement.

While social workers, career counselors and workforce educators realize the cliffs exist, identifying them for specific jobs and wage levels is difficult due to the range of programs and complexity of rules. They view the potential effects as a given that largely is out of their control.

Charting the cliffs

When workers can see the cliffs, they can avoid tumbling off them and policymakers can adjust the rules to encourage people to accept a raise in pay. The Federal Reserve Banks of Atlanta, Richmond and Kansas City are partnering to provide actionable

tools, training and data that can help workers, service providers and policymakers locate and navigate benefits cliffs.

The Atlanta Fed's Advancing Careers for Low-Income Families initiative is the backbone of this work. It offers a national database of program eligibility rules, interactive planning tools, and research on the structure and effect of public work supports.

Navigating towards self-sufficiency

In the Tenth District, the Atlanta Fed is partnering with the Kansas City Fed and the Oklahoma Office of Workforce Development to put these innovative new resources to work. Central to this has been adapting the Atlanta Fed's Career Ladder Identifier and Financial Forecaster (CLIFF) Dashboard to Oklahoma's in-demand jobs, county-level living expenses and public assistance eligibility rules.

The CLIFF Dashboard can be used in several ways. It can inform counseling to individuals considering a career choice or training options. It can help workforce programs target jobs and understand additional supports workers may need. It also can help align benefit rules and policies to provide incentives for people to seek higher wages.

"The dashboard provides a platform for front-line workforce staff to work with individuals in identifying and addressing benefits cliffs," said Sarah Ashmore, deputy director of Oklahoma Office of Workforce Development. "The tool can provide a fuller picture of available benefits and how they can make a difference."

Taking a trial run

Three organizations are putting the dashboard to work across Oklahoma. The Tulsa Workforce Development Board will use it in strategic planning and program development. The Western Oklahoma Workforce Development Board will use it in the enrollment and assessment process for its youth apprenticeship program. And, Goodwill Industries of Tulsa is integrating it into coaching services offered at Financial Empowerment Centers.

"We are often having two separate conversations – one about family finances and one about careers. We need to bring both conversations together and this tool helps to do that," said Parrish McDaris, TulsaWORKS Career Academy coordinator with Goodwill Industries of Tulsa.

"This dashboard gives the right equipment to tackle these issues together," said Sabrina Ware, director of TulsaWORKS and Job Connection.

Bringing it home

Oklahoma is showing how benefits cliffs can be addressed through effective practices and policy. The lessons learned, along with those from other partners in the Advancing Careers initiative, will identify new ways of supporting workers and their families as they move toward self-sufficiency.

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Steve Shepelwich is a lead community development advisor for the Federal Reserve Bank of Kansas City in the Oklahoma City Branch Office. Shepelwich's work connects workers with jobs, improves the quality of lower-wage jobs, and helps institutions leverage the Community Reinvestment Act to support workforce development programs. He is currently partnering with the Atlanta Fed on the role of public benefits in supporting positive employment outcomes.Shepelwich began his community development career in the Peace Corps in Kenya as a small business advisor, then worked with other organizations in the region for six years. Before joining the Kansas City Fed in 2004, he worked for a Washington, D.C. consulting group assisting CDFIs, asset-building and economic development organizations.A Texas native, Shepelwich studied marketing as an undergrad at Texas A&M. A six-month internship with a rural development program in India sparked his interest in community development. Shepelwich received his master's degree from Michigan State University and attended the Graduate School of Banking at the University of Wisconsin.Shepelwich is active with Goodwill Industries and Rotary, part of a community disaster response team, and volunteers with Wildcare Foundation, Oklahoma's largest wildlife rehabilitation program.Shepelwich lives in Norman, Oklahoma, with his wife and two children.Highlights of his work include:*"Investing in America's Workforce."* Shepelwich hosted roundtables, the themes of which informed a national workforce development conference.*Engaging Workforce Development: A Framework for Meeting CRA Obligations,* produced in conjunction with the Dallas Fed.*Small Business of Color Recovery Guide* to assist communities develop equitable development strategies.**About the Federal Reserve Bank of Kansas City**The Federal Reserve Bank of Kansas City is one of 12 regional Reserve Banks that, along with the Board of Governors in Washington, D.C., make up our nation's central bank. We work in the public's interest by supporting economic and financial stability. The Kansas City Fed's territory includes Colorado, Kansas, western Missouri, Nebraska, northern New Mexico, Oklahoma and Wyoming. Our headquarters is in Kansas City, with branch offices in Denver, Omaha and Oklahoma City.The Kansas City Fed Community Development Department promotes economic development and public understanding that leads to progress for lower-income individuals and communities. Our focus areas include community development investments, digital inclusion, small business / entrepreneurism, and workforce development.

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