

BENEFITS CLIFF CALCULATOR

2023 Regular Session, House Joint Resolution 39



Cabinet for Health and Family Services
Department for Community Based Services
November 01, 2023

Introduction

During the 2023 Regular Session of the Kentucky General Assembly, House Joint Resolution 39 was passed. The purpose of this resolution was to direct executive branch agencies to undertake efforts to address the benefits cliff in Kentucky. According to the resolution, the 2022 Interim Benefits Cliff Task Force found that access to a user-friendly benefits cliff calculator tool that allows users to weigh the pros and cons of upward mobility and benefit eligibility can significantly improve public assistance beneficiaries' ability to make informed decisions about accepting better paying jobs or additional hours of employment.

Section 3 of the resolution required the Cabinet for Health and Family Services (CHFS/cabinet) to integrate a user-friendly benefits cliff calculator tool that allows users to understand how changes to gross income can effect eligibility for public assistance programs and long-term financial self-sufficiency and sustainability into the cabinet's public assistance outreach and support efforts, to ensure that all Department for Community Based Services (DCBS) employees who are directly responsible for assisting individuals in applying or reapplying for public assistance benefits have access to the benefits cliff calculator tool and are properly trained on the use of the benefits cliff calculator tool and its functions, and to make the benefits cliff calculator tool accessible on the cabinet's website.

Benefits Cliff Calculator

The Family Resource Simulator (FRS), designed by the Kentucky Center for Statistics (KYSTATS), in partnership with the National Center for Children in Poverty (NCCP), is a benefits cliff calculator created to help individuals and families in Kentucky understand how changes in income can impact state and federal benefits like health care and child care. The purpose of the FRS is to assist individuals in understanding the potential impact of changes in income or employment to public assistance benefits the individual or family is receiving. This tool is accessible to individuals and families, and is already being used by workforce partners, such as Kentucky Career Centers, Bluegrass Area Development District, Kentucky Office of Vocational Rehabilitation, Metro United Way, Community Action Agencies, Goodwill Industries, Kentucky Department of Libraries and Archives, and others. Public assistance case managers use the FRS to assist individuals who are looking for work or who need assistance determining how a new job or promotion may impact access to needed services. Additionally, human resource professionals and employers can also use this tool to target salaries that will smooth over benefits cliffs and provide a solid foundation for career pathways.

KYSTATS partnered with NCCP to develop this calculator. Rather than spending additional time and funding on creating another benefits cliff calculator, the cabinet will work with KYSTATS to make the FRS accessible through the cabinet's website.

An example of a current calculator simulation is provided below:

Simulation Example

EKCEP Local Workforce Area

Every family in Kentucky is different, so each simulation will vary based on what is entered. Each Kentucky county also has its own median household income, which is also taken into consideration when results are calculated. The scenario outlined below illustrates what input a user will enter into the tool. The next page explains the results that the simulator provides.



Wolfe County

Median Household Income:
\$22,292 per year



- Single parent, age 28
- Two children, ages 2 and 7
- Receives \$8,036 yearly for child support



- Income: \$21,000 per year; \$10.10 per hour
- 40 hours per week, 9-5 schedule



- Rent & electricity, \$8,088 per year
- Other expenses, \$5,220 per year
- Food, \$8,320 per year
- Child care - \$3,120 per year
- Transportation - \$3,948 per year
- Healthcare - \$300 per year



- \$2,400 per year in credit card debt

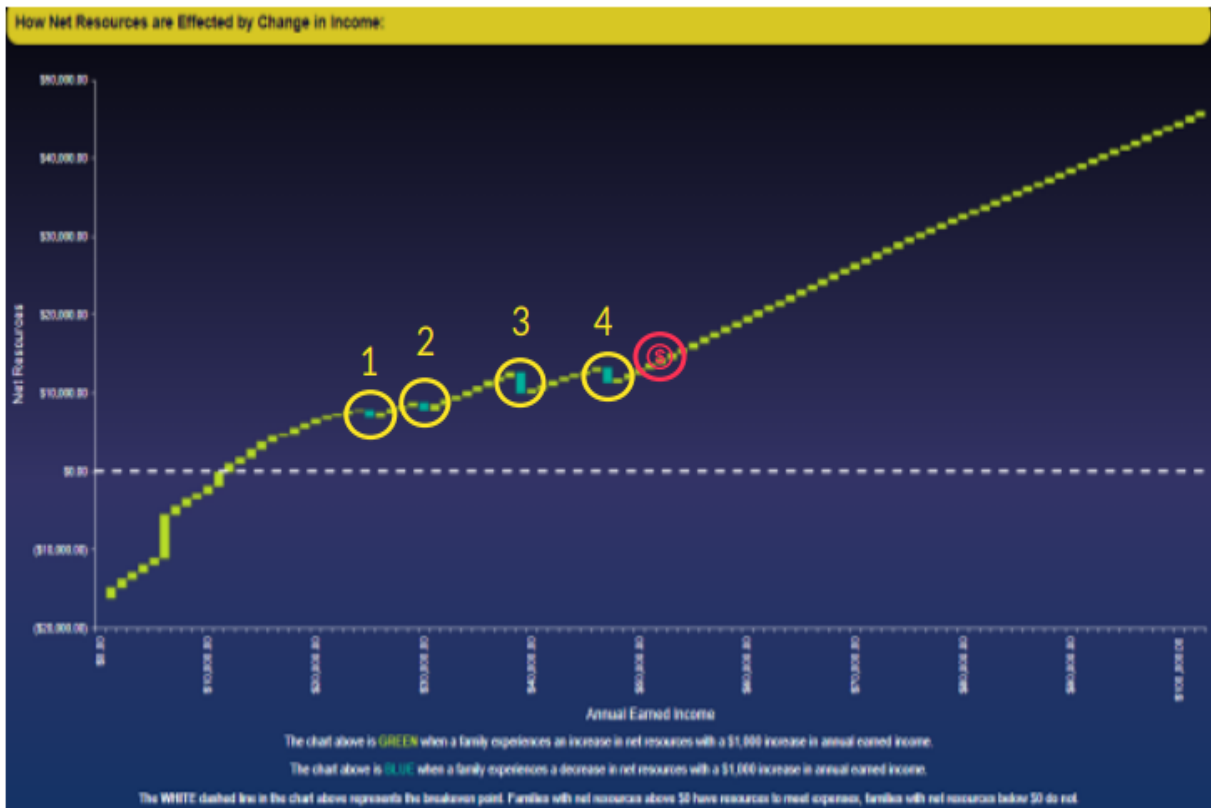


- No savings account
- Not a homeowner
- Owns vehicle, valued at \$1,500



- Child Care Assistance Program (CCAP)
- SNAP/Food Stamps
- Medicaid
- KTAP
- School meal programs
- 4 federal tax credits, one state income tax credit

The Wolfe County family will experience 4 benefits cliffs as their pay increases over time.



In this example, the simulator results indicate that the family will experience four benefits cliffs as wages increase. First, the family would lose Supplemental Nutrition Assistance Program (SNAP) assistance in purchasing food if they receive only a \$2/hour raise. As wages increase, the family will also lose health benefits for the parent, assistance in paying for child care through the Child Care Assistance Program, and finally, the children will lose health insurance. These benefits cliffs will cause the family in this example to pay thousands of dollars more per year for food, health insurance, and child care.

As with all benefits cliff calculators, the FRS does present challenges. Eligibility programs are extremely complex, and rules vary between programs. Programming every detail into a calculator—designed to be easily understood and interpreted—will not be possible to do with 100% accuracy. At the same time, the calculator will need regular updating as income limits, benefit amounts, policies, and the needs of employers and employees shift, as they frequently do. As the calculator is refined to meet these very Kentucky-specific needs, Kentucky will need to strike the balance between fast, easily understood results and the level of detail needed for accuracy. As such, the FRS will contain disclaimers about the information in the calculator, and that the most accurate information will be provided during the official eligibility process.

The cabinet will work with KYSTATS to make improvements to the current system and to integrate the FRS into the kynect on-line portal, making the tool available to DCBS and anyone applying for or reapplying for public assistance benefits.

Assisting Public Assistance Program Participants

As mentioned above, the FRS has been accessible to individuals and families for some time and is utilized by workforce partners. DCBS public assistance case managers use the FRS to assist individuals who are looking for work or who need assistance determining how a new job or promotion may impact access to needed services. KYSTATS provided an FRS train the trainer event for all regional Kentucky Transition Assistance Program and Kentucky Works Program Specialists, who in turn are in the process of training all public assistance case managers on the use of the tool. At this time, case managers access the tool through KYSTATS although the cabinet is planning to integrate the FRS into its website. Walkthrough scenarios were provided to case managers to demonstrate how the tool could be utilized to help their clients with projecting outcomes and decision making. Staff have been and continue to be receptive to using the tool while assisting their clients in making employment decisions.

The role of a case manager is to assist individuals in removing barriers to becoming employed or increasing employment by creating a plan to move the family toward self-sufficiency. The first step in the process is completion of a general assessment to gain an understanding of the client's strengths, needs, interests, and any challenges that may need to be addressed. The next step is setting goals and jointly developing a plan that includes identifying actions needed to reach the goal, including employment, with the client. The Family Resource Simulator is a valuable tool for case managers to use with clients to identify where the participant and their family may experience benefits cliffs. By identifying this early on, the case manager can work with the client in determining how best to meet their employment goals and choose a job or employment goal that will enable the participant and their family to become self-supporting.