



EDUCATION AND
LABOR CABINET

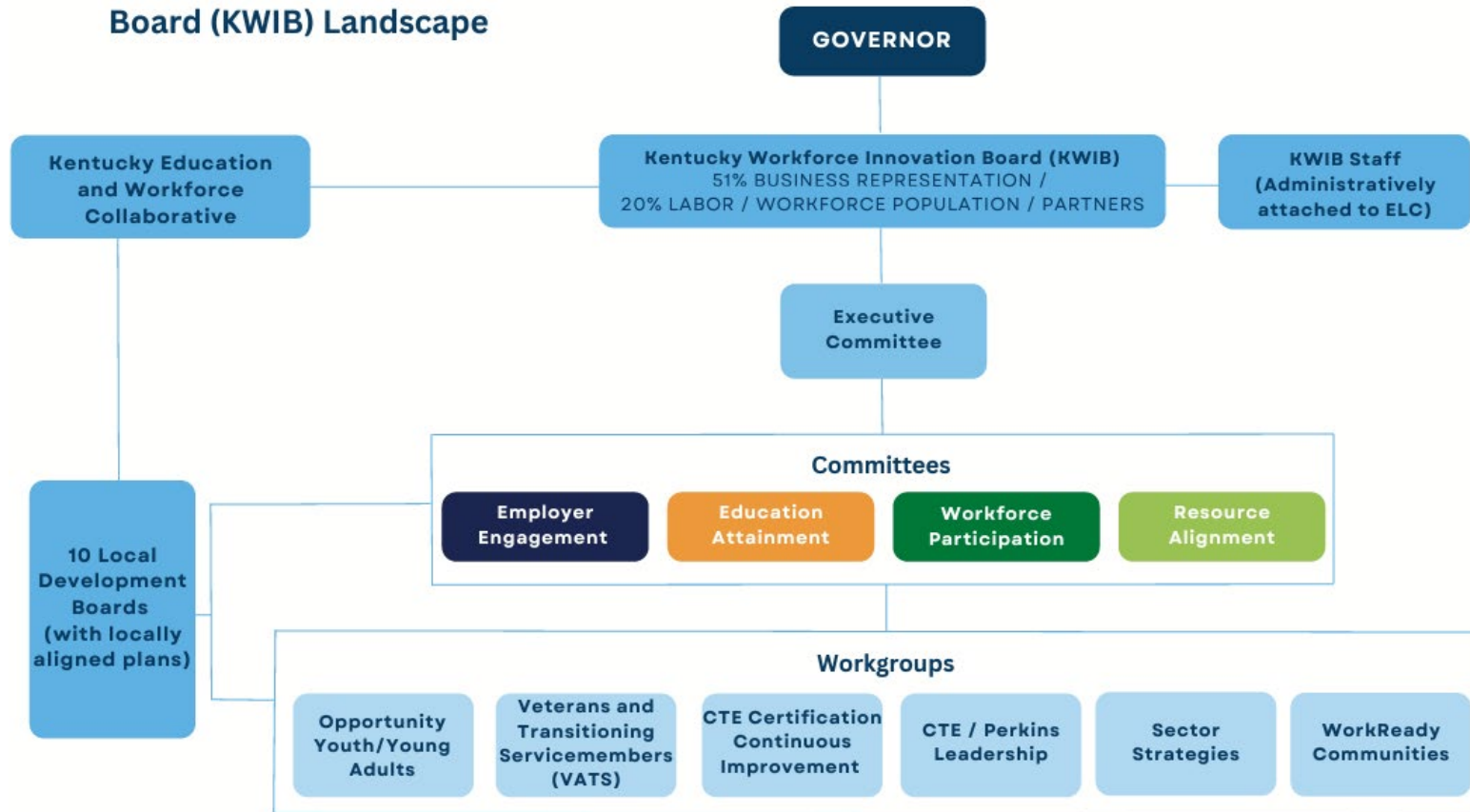
Partner Spotlight

Benefit Cliffs and State Plan

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February 7th, 2024

Kentucky Workforce Innovation Board (KWIB) Landscape



Workforce Participation Committee recommendation:

In 2022, the KWIB requested the use of funds to request proposals for qualified institutions for

- Analysis of Benefit Cliffs
- Recommendations (Administrative and Legislative)

National Center for Children in Poverty (NCCCP) / Bank Street Graduate School of Education



NCCP conducts research and translates evidence into actionable recommendations that advocates and policymakers can use to improve the lives and futures of low-income children and their families.

Data is Key

Kentucky Center for Statistics (KYSTATS) in association with NCCP created the Family Resource Simulator

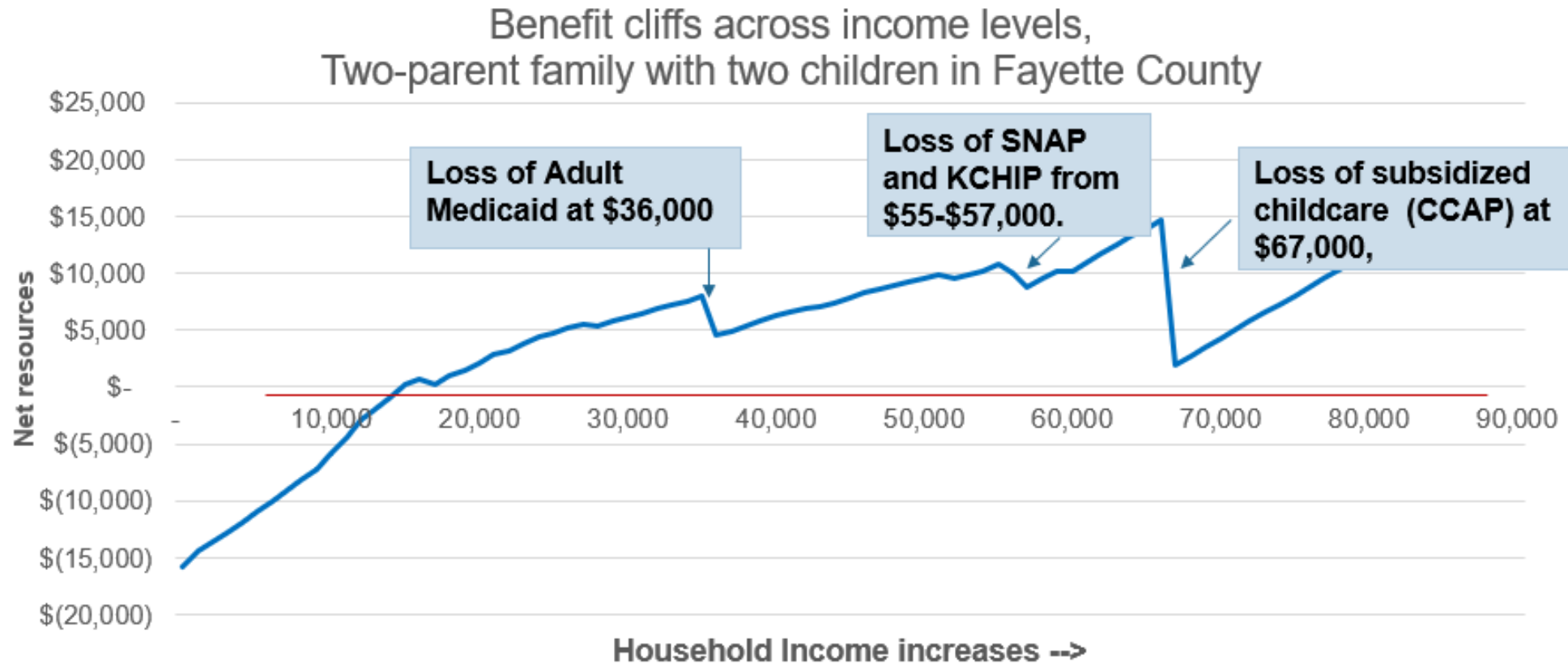
The Family Resource Simulator illustrates the impact of "public assistance benefits"—such as earned income tax credits and child care assistance—on the budget of a hypothetical family. It helps families identify where 'cliff effects' occur as their income increases.

<https://kystats.ky.gov/Reports/FRS>

What are families' benefit cliffs?

Benefit cliffs occur when an increase in parents' income causes them to lose access to a public benefit program and the loss of the benefit results in a negative drop or "cliff" in net resources.

Overview of most common benefit cliffs and at what income level they are likely to occur



Recommendations – Child care Cliffs

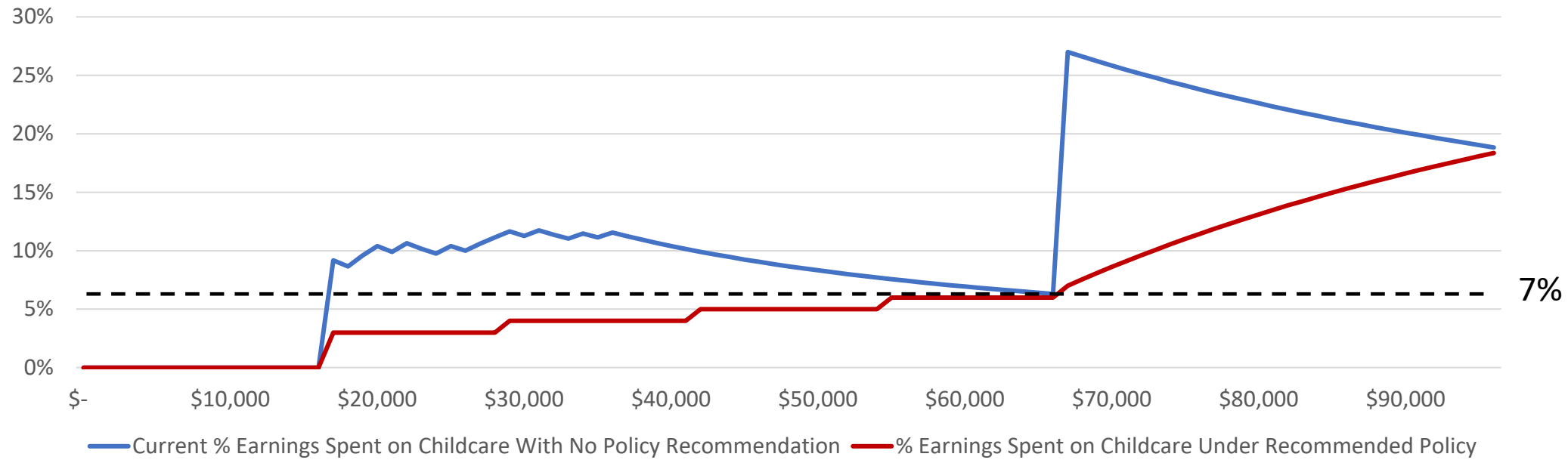
Largest benefit cliff facing Kentucky families currently occurs when parents lose access to subsidized childcare - happens when parents earn 85% of the State Median Income (SMI)

Recommendations:

- Decrease copayments for low-income families. Families without earnings should pay nothing for subsidized care. Copayments would start at 3% of earnings when families' income is \$17,000 and gradually increase to no more than 7% of earnings when families' earnings reach 85% of the state median income (SMI), which is the current exit threshold for subsidized care.
- Extend the exit income threshold to 125% SMI
- Between 85%-125% SMI require subsidy copayments that steeply increase as parents' earnings grow, coming close to the cost of private care (ramping to the exit threshold).

The percentage of earnings such a family pays in childcare increases gradually across the income range

Percent of Earnings Spent on Childcare
For a Two-Parent Family in Fayette County



General Recommendations – Child care

54% of Kentucky parents surveyed struggle to find child care; in some cases having to provide child care themselves (changing working status)

General Recommendations to help mitigate “child care issues”:

- Incentivize childcare workers to work in subsidized centers
- Offer refundable tax credit to childcare workers
- Expand Kentucky’s subsidized care system by taking actions to support child care centers and attract eligible families
- Reduce administrative burdens from parents’ access to subsidized child care
- Establish employer-funded childcare tax credits
- Continue support for employers’ contributions to child care expenses through Employee Child Care Assistance Program (ECCAP)
- Conduct state-wide assessment of subsidy take-up and provision (identifying underemployment)
- Educate employers on benefit cliffs and impacts and encourage intentionality of promotions

Recommendations – Medicaid Cliffs

Loss of Medicaid for adults is occurring at a relatively low earnings level (138% FPL – roughly \$34,000 for family of three resulting in loss from \$1,000 - \$3,639 annually)

Recommendations:

- Augmented campaign to target low-income families with importance of signing up and using silver-level Qualified health plans (QHPs)
- Adoption of state-funded Basic Health Program (BHP)

Medicaid cliff with transition to QHP instead of employer plan

With policy recommendations for a two-parent family with two children in Fayette County



Recommendations – SNAP Cliffs

Kentucky already has used the most effective tool afforded to states have in reducing benefit cliffs resulting from the loss of this federal support – the extension of the gross income limit to 200% FPL under Broad-Based Categorical Eligibility.

Limited Recommendation:

- adjust copayments for subsidized care to a lower percentage of family incomes for low-income families (gradually shifting up to 7% as parents' earnings approach 85% SMI)
- Increase efforts to mitigate high childcare costs of private child care can produce smaller SNAP cliffs supporting a phasing out of the benefit.



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2024 WIOA State Plan Partner Spotlight Review

February 7th, 2024

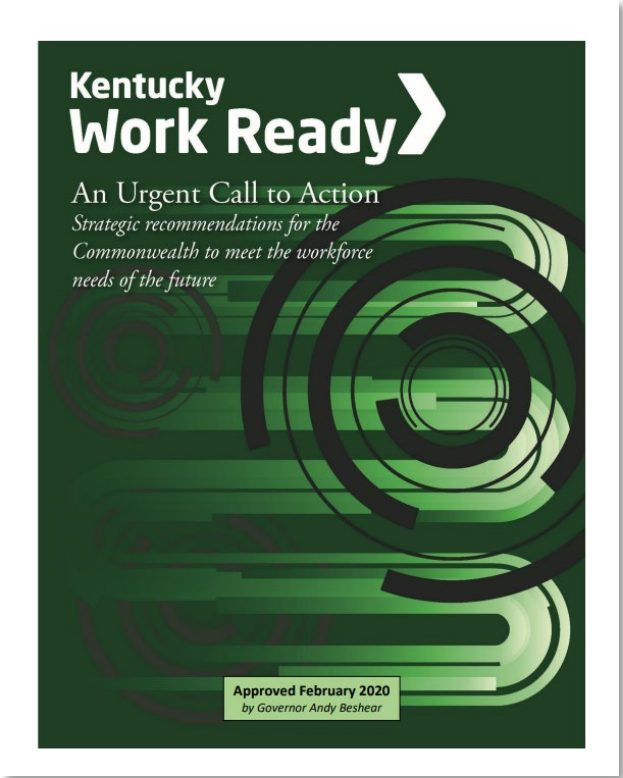
WIOA State Plan

Workforce Innovation and Opportunity Act (WIOA) State Plan (2024-2027)

The WIOA State Plans communicate the state's vision for the state workforce development system.

“Create a workforce development system that is value driven for employers, aligns education with industry demands, prepares Kentuckians for the future of work, and drives economic development.”

State Board Strategy



WIOA State Plan

Core WIOA Programs:

- Title I: Workforce Development Activities targeting Dislocated Workers, Adult, & Youth;
- Title II: Adult Education & Literacy;
- Title III: Wagner-Peyser, general employment services; and
- Title IV: Vocational Rehabilitation.

Additional workforce programs are also included in the plan:

- Unemployment Insurance (UI);
- Jobs for Veterans State Grant (JVSG); and
- Trade Adjustment Assistance (TAA).

WIOA State Plan

- **Title I – Adult:** 3,372 participants served; 1,976 trainings provided; quarter median earning \$8,782
- **Title I – Dislocated Worker:** 410 participants served; 266 trainings provided; quarter median earnings \$10,840
- **Title I – Youth:** 2,470 participants served; 570 trainings provided; quarter median earnings \$5,344
- **Title II – Adult Education & Family Literacy Act:** 11,668 participants served; 53.45% Measurable Skills Gains rate; quarter median earnings \$4,490
- **Title III – Wagner Peyser:** 27,429 participants served; quarter median earnings \$6,994
- **Title IV – Vocational Rehabilitation:** 43,501 cases served; 4,169 participants in training status; \$21.51/average earnings per hour; 33.91/average hours worked

Current Economic Landscape

- In the last four years, more than \$28.7 billion dollars in private investments have flowed into the state, creating more than 51,200 new jobs for Kentuckians
- These are high-quality, good-paying jobs that sustain families and communities; highest average incentivized wage of \$26.67/hour, plus benefits
- The opportunity to build equitable pathways to good quality jobs in a wide array of existing and new industries is better now than at any time in Kentucky's history
- The workforce development system are well-positioned to serve all Kentuckians – including untapped talent pools WIOA was designed to serve, such as disconnected youth, justice-involved individuals, citizens with disabilities, veterans and their families, adults of limited literacy or those for whom English is not their primary language, and many others

Local Listening Sessions

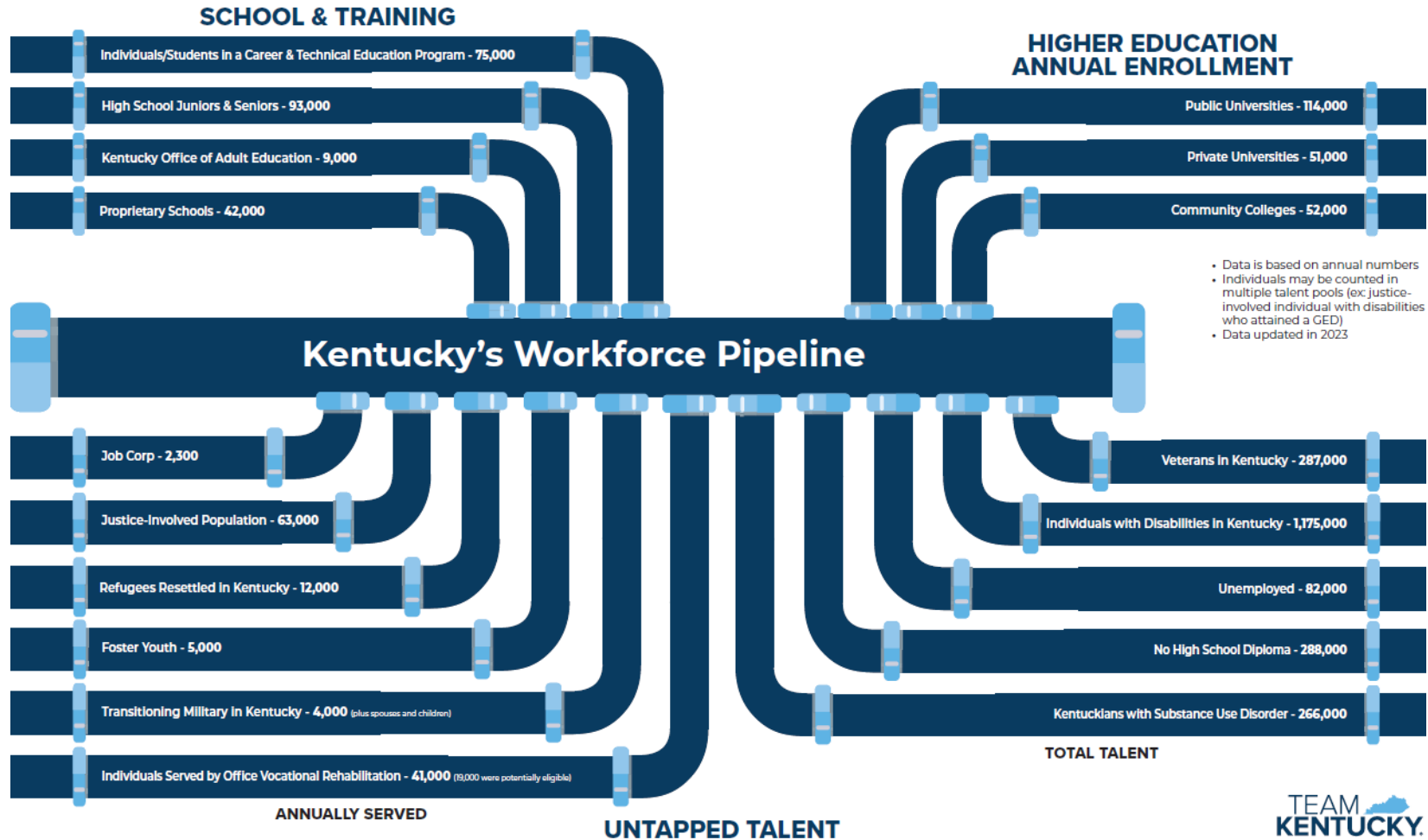
- Engaged with all 10 local workforce development areas
 - Listening sessions across KY – hosted at Local WIBs
 - Format: introduction to WIOA State Plan -> breakout sessions (workforce partners, employers, elected officials, and individual customers) -> conversation on current and future/reimagined workforce development system
- 33 focus groups, 348 participants (198 workforce partners, 82 employers, 51 elected officials, and 17 individuals)

Common Themes – Youth Employment

- “Exposure to careers”
- Work-based learning opportunities
- Good jobs in every industry
- Reach kids before they become “opportunity youth”



Common Themes – Untapped Talent



Source: KYSTATS, Education & Labor Cabinet agencies, Department of Corrections, Job Corps & KY Office for Refugees, CHFS, National Survey on Drug Use and Health



Common Themes – Business Engagement

- Engaged, active voice
- Investment in work-based learning (especially as succession strategy)
- Sector strategy opportunities
- More support to small & medium-sized businesses



Common Themes – Collaboration

- Flexibility between Education & Workforce/Employment
- Communication/outreach
- Kentucky Career Center as “employment office”
- WIOA leveraged for braiding resources & collaborating
- Co-location and future of work
- Continuous staff training & upskilling



Common Barriers

- Childcare – Access & Affordability
 - Support for Universal Pre-K
 - Employee Assistance Program
- Transportation – rural and urban environments
- Affordable Housing – multi-unit are in high-demand



US DOL State Plan Priorities

Leveraging Infrastructure Investment: Bipartisan Infrastructure Law (\$1.2 trillion); CHIPS and Science Act (\$52.7 billion); Inflation Reduction Act (\$369 billion)

Data-Driven Decisions: Review of growing/in-demand industries; disparities in labor market outcomes; serving underserved & disproportionately higher unemployment/underemployment

Investing in Youth: No-wrong-door; work experience; career pathways; collective impact

Equity in Service Delivery: explore which communities economically impacted by the pandemic; which communities faced inequities before; equity in recruitment, service design, implementation, etc.

Supportive Service Offerings: Services that support personal & family needs to remove/reduce barriers to work -> essential for engagement

Strategic Partnership: Boards uniquely positioned to reimagine, improve, & convene

Workforce Innovation Board Public Comment



Public Comment period ends 2/24 at 5pm EST

<https://kwib.ky.gov/Pages/WIOA-State-Plan-Modification.aspx>