

# Social Insurance in Oklahoma: Cliffs and Plateaus

Paul Shinn

Senior Policy Analyst



**OKPOLICY.ORG**  
Oklahoma Policy Institute

# Overview

- About OK Policy
- Social insurance programs overview
- Cliff and plateau effects
- Recommendations for a smoother path to self-sufficiency
- Tools to understand social insurance at the family level
- Discussion



# About OK Policy

- We are a non-partisan, independent policy think tank
- We advance equitable and fiscally responsible policies that expand opportunity for all Oklahomans through non-partisan research, analysis, and advocacy
- Key areas of advocacy
  - Criminal justice reform
  - Economic opportunity
  - Health care
  - Child well-being
  - Budget and tax
- 20+ staff, based in Tulsa



# Key points

- Social insurance programs are essential for more than a million Oklahomans.
- Families experience different and sometimes surprising results as their circumstances change.
- At the state level, we can improve our social insurance programs by:
  - providing better and more dependable assistance to those who need it most,
  - reducing the resource cliffs and plateaus that families experience as their income grows, and
  - encouraging and rewarding work.



# Overview of our social insurance programs

- The need in Oklahoma
  - One in six Oklahomans lived in poverty before the pandemic
  - Pandemic job loss and food and housing insecurity have been hardest on low-income households
  - Those most affected:
    - Children
    - Persons of color
    - Women
- The impact of social insurance programs
  - Together these programs lift over 25 million people nationally out of poverty every year.
  - Social insurance programs reduce racial income gaps
  - Since 1980, income after taxes and benefits for the lowest 20 percent has increased by 79 percent.



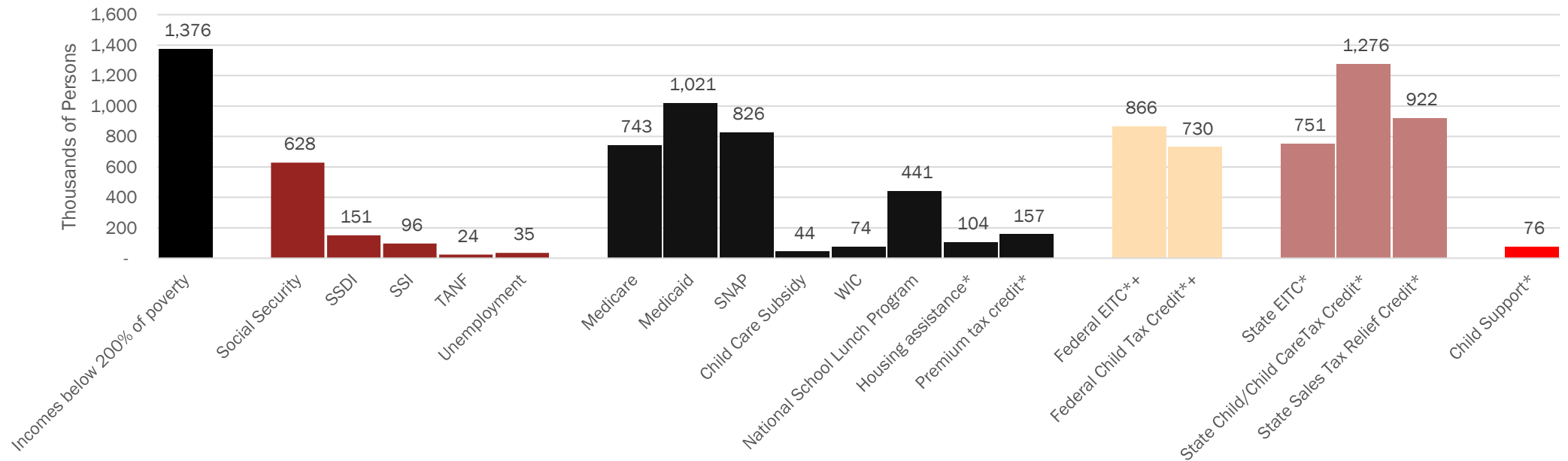
# Programs vary in design and purpose

- Cash assistance
  - E.g. social security, SSI, TANF
- Non-cash assistance
  - E.g. Medicare, Medicaid (SoonerCare), housing, child care assistance, SNAP, energy assistance
- Federal tax credits
  - E.g. earned income tax credit (EITC), child tax credit, child care tax credit
- State tax credits
  - State EITC, child/child care tax credit, sales tax relief credit



# Program members

Assistance meets many needs for Oklahomans



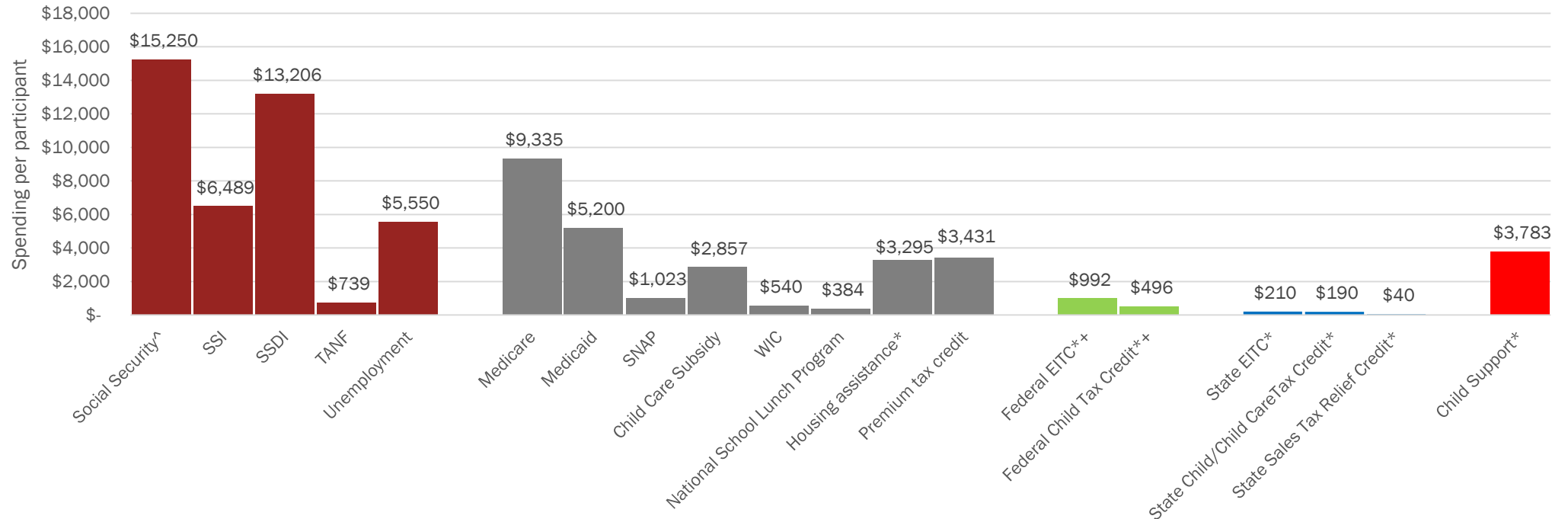
Source: Agency data, Kaiser Family Foundation, Center on Budget and Policy Priorities

Notes: \* number of individuals estimated by OK Policy based on household, case or tax return counts

+ data are for 2016.



# Program benefits



Source: Agency data, Kaiser Family Foundation, Center on Budget and Policy Priorities

Notes: \* number of individuals estimated by OK Policy based on household, case or tax return counts

+ data are for 2016.





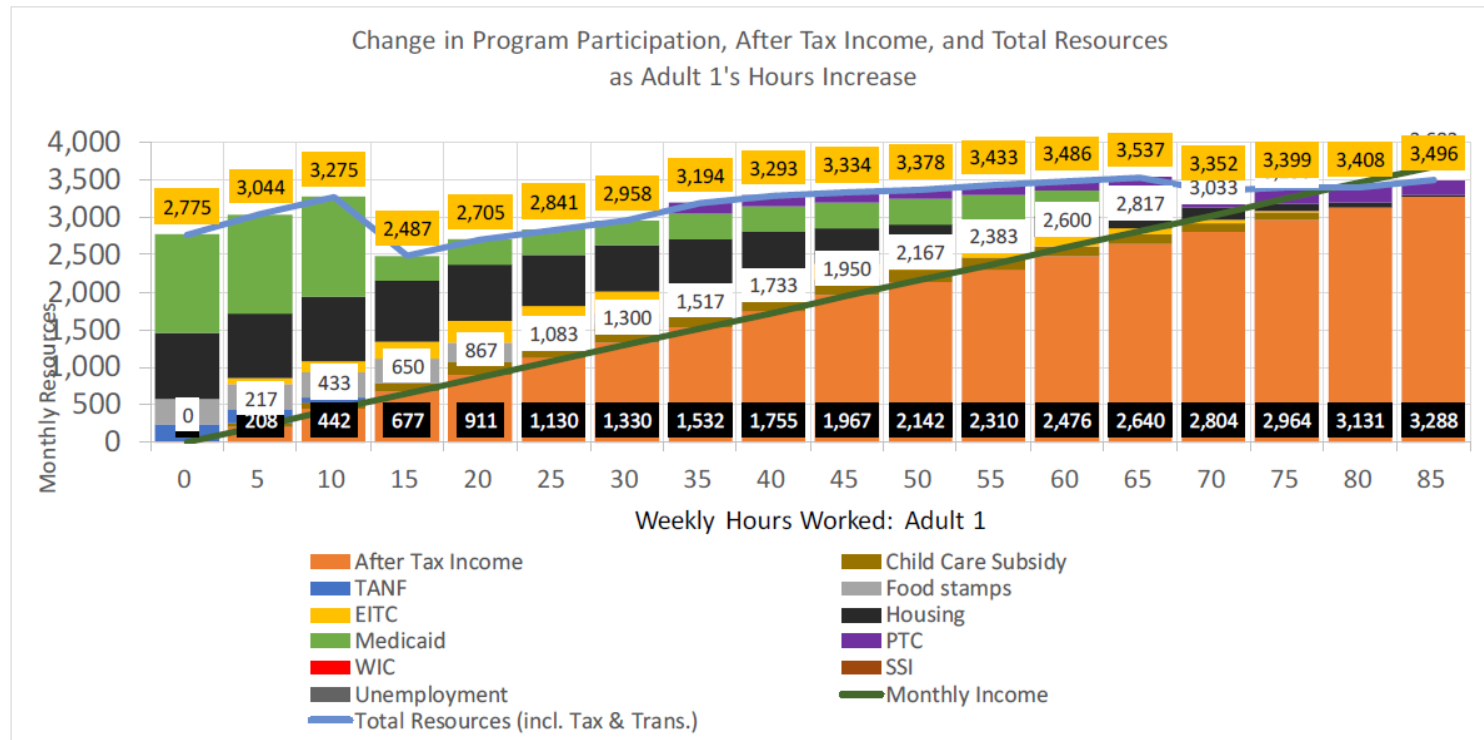
# Program interactions

- Questions
  - What benefits might a family qualify for?
  - What happens as family income changes?
- Key results
  - Social insurance works. Most families are dramatically better off than if they relied on earnings alone, especially with low income.
  - Families may face:
    - Being eligible but not receiving benefits
    - Cliff effects, where an additional dollar of income means they lose a benefit entirely.
      - Medicaid, Child Care Subsidy
    - Plateau effects, where gradual reduction in multiple benefits and higher taxes leave a family little better off as they earn more



# What happens when work hours increase?

Figure 8. Change in Resources as Working Parent's Hours Increase at a Constant Wage.

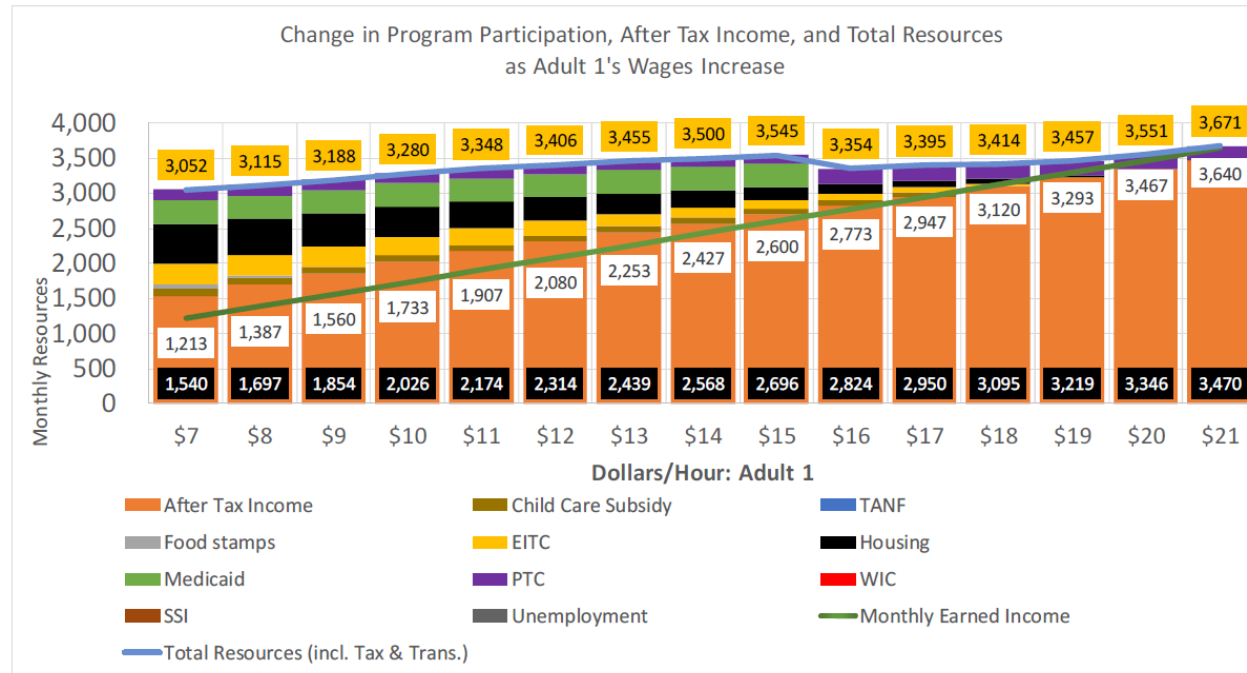


- Need for multiple programs when not working or working little
- Loss of TANF & Medicaid at 15 hours/week
- Family has same resources at 40 hours/week as at 10 hours



# What happens when a single parent earns more?

Figure 10. Change in Resources as Full-time Working Parent's Wage Increases, with Child Support.



- Social insurance keeps this family well above poverty
- Long plateau as multiple programs gradually reduce benefits
- Cliff when child's Medicaid eligibility ends

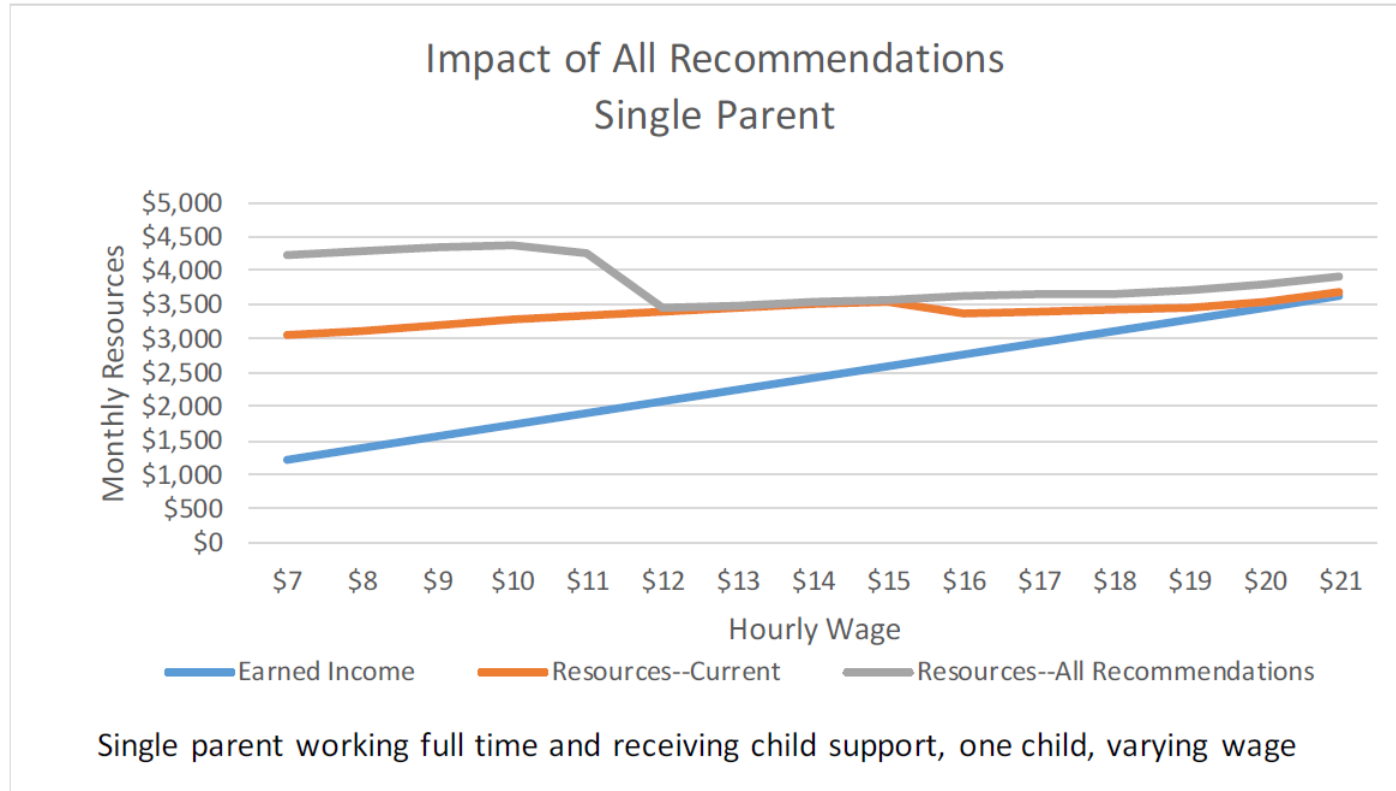


# Recommendations

- To reduce or extend cliffs
  - TANF – let families keep more of their earnings and child support
  - Medicaid – increase maximum income for child eligibility
  - School nutrition – participate in Summer EBT, use community eligibility more broadly
- To mitigate the impacts of plateaus
  - Make the state EITC refundable and increase its value
  - Update the state Sales Tax Relief Credit
- Long-term reforms to provide higher and more dependable levels of support
  - Address the child care subsidy cliff
  - Reform income and other taxes to compensate for plateaus and provide more tax credits for low-income families



# Impact of recommendations



- Resources are higher at less than \$12/hour by disregarding more income for TANF and with better state tax credits
- Cliff for child's Medicaid is extended until family can afford other coverage.



# Resources

- [Executive Summary](#)
- [Full report](#)
- [Appendix](#)
- [Article](#) - “New OK Policy report shows intricate, fragile interconnectedness of public assistance programs for Oklahomans in need”
- [Article](#) – “Our new benefits simulator helps families understand assistance programs and helps support better policies”
- [Article](#) – “This year we can improve our social insurance programs to encourage work and support working families”



# Questions and discussion

# Demonstration – finding the tools

- Our menu-driven benefits simulator and instructions can be accessed here:
  - <https://okpolicy.org/our-new-benefits-simulator-helps-families-understand-assistance-programs-and-helps-support-better-policies>





# Demonstration – getting started

- Find and download the file
- Open in Excel
  - Enable editing
  - Enable content
- Save under a new name
- Open the menu
  - Program should open on the Welcome tab. If not, use the tabs on the bottom to go there.
  - Either button will bring up the menu.



# Demonstration – demographics

- General tab – for location, housing size, unearned income
- Adults in the household (1-2 tabs)
  - Enter age, sex, family status, earnings, and disability status
  - For singles and cohabiting, Adult 1 will be the custodial parent
- Children in the household (4 tabs)
  - Be sure “No” is selected in Child 1-4 if the child doesn’t exist
  - Enter age, sex, daycare status and disability status



# Demonstration – social insurance programs

- Assistance tab
  - Select any combination or all programs listed
- Tax credits tab
  - Select any combination or all credits listed
- Child support tab
  - If no child support, be sure to set the first box to “No”
  - If child support, set to “Yes,” enter non-custodial parent’s income specs., and how child care is handled.



# Demonstration – results & exit tab

- Chart 1 – What happens at a fixed work week as wages increase?
- Chart 2 – What happens at a fixed wage as work hours increase?
  - These both allow you to see charts and data
  - You can copy data to another spreadsheet if you want to evaluate it
- Charts 3 and 4 – Show assistance/tax credit changes as a “marginal tax rate”
- Chart 4 – What happens for different family structures?



# Another tool with a different purpose

- Developed by Federal Reserve Bank of Atlanta
- Oklahoma version being developed by
  - Federal Reserve Bank of Kansas City (Oklahoma City Branch)
  - State Workforce Board
  - Goodwill
  - Local Workforce Boards
- Designed to assist with long-term career planning
- Available at:
  - <https://emar-data-tools.shinyapps.io/oklahoma/>



# Using the Fed tool

- Enter demographic information, career path and programs on left
- See results across tabs at the top
  - Compares pay from a career path to staying at near-minimum wage
  - Shows the lifetime income gain from the career path
  - Shows tax revenue from higher incomes due to the career path
  - Shows how benefits supplement earnings and how they create cliffs, plateaus and sloped



# Discussion

- Your experience with client social insurance programs
  - Particular problems
  - Ideas for improving
- Whether the simulator is of any interest/possible value to you
  - Ideas for improving



# Questions?

- Paul Shinn
- Senior Policy Analyst for Budget and Tax
- [pshinn@okpolicy.org](mailto:pshinn@okpolicy.org)
- 405-371-2890

