

## RESEARCH SUMMARY

# Using Government Programs to Encourage Employment, Increase Earnings, and Grow the Economy

---

One of the major problems facing our nation is the decline or stagnation over six decades in the share of prime working-age males in the labor force. Even labor force participation among females has declined or stagnated since the turn of the 21st century. Households with heads who do not work or work only a few hours per week are much more likely to be poor. Millions of households have little or no earnings and are dependent on public benefits. Many of the people who have left the labor force enroll in welfare programs. While several of these programs have a work requirement, they enjoy only modest success in increasing employment.

In “[Using Government Programs to Encourage Employment, Increase Earnings, and Grow the Economy](#),” Ron Haskins proposes a system to develop and test new ways to promote work and training across welfare programs and increase the employment rate of adult men and women. The study proposes that states conduct experiments involving work requirements for all means-tested benefits programs, coordinated by a federal board with representation from cabinet agencies.

## BACKGROUND

### History: The Work Support System

- Seven primary programs have been put into place over more than three decades: Earned Income Tax Credit, the Child Tax Credit, Supplemental Nutrition Assistance Program (SNAP), housing, Temporary Assistance for Needy Families (TANF), childcare, and Medicaid.
- These programs are means tested, defined as providing benefits only to those with incomes below certain levels. As a result, each program creates work disincentives, though some increase work incentives, depending on how much the recipient earns.
- This system augments the earnings of millions of families but does too little to increase work rates among those outside the labor force.

### The Work Requirement in Current Programs

- The 1996 welfare reform law aimed to impose work requirements on welfare recipients and increase the share of recipients with jobs. The work requirement is based on the principle that able-bodied adults who receive welfare and do not have at least a half-time job should be required by the government to engage in training or work.

- Work requirements for those who receive TANF, SNAP, and housing are weak, and work requirements for Medicaid are nonexistent.
- The TANF approach to requiring work is often applauded as an example for other programs, but it has not proven to be an effective way to help welfare recipients prepare for or find unsubsidized work.

## RECOMMENDATIONS

The federal government should establish a program that aims to increase the number of people in the workforce and to improve their economic circumstances by developing provisions for welfare programs that encourage or require work or work preparation.

- Prior to the enactment of TANF, many states conducted demonstration programs that involved changes in work requirements and the use of time limits. These programs were tests of policy ideas for increasing work rates built around well-designed, large-scale studies that could be conducted by randomly assigned participants to experimental and control groups.
- Through a program coordinated by a federal board with representation from cabinet agencies, states should be encouraged to conduct large-scale demonstration programs focused on requiring work or training by recipients of welfare programs. The proposed program would give states the flexibility and some funding to experiment with ways to get adults into the workforce and moving toward self-sufficiency.

## CONCLUSION

A major goal of public policy should be to keep people in the labor force by encouraging non-working adults to continue looking for work, perhaps after short-term education or training. Developing a work requirement for recipients of all kinds of means-tested benefits is the best way forward to increase employment among the country's working-age men and women.