

# Even In Florida, Taxpayer-Funded Benefits During COVID-19 Pay Better Than Returning to Work



MAY 11, 2021

Hayden Dublois  
*Senior Research Analyst*

Jonathan Ingram  
*Vice President of Policy and Research*



# KEY FINDINGS

1



CONGRESS'S INITIAL RESPONSE TO COVID-19 USHERED IN A MASSIVE EXPANSION OF WELFARE.

2



BIDEN'S STIMULUS EFFORTS HAVE DOUBLED DOWN ON MASSIVE BENEFIT INCREASES.

3



NOW, THE BENEFITS FROM STAYING HOME FAR OUTWEIGH BENEFITS FROM WORKING.

**BOTTOM LINE:  
POLICYMAKERS MUST PUSH BACK  
AGAINST THE WELFARE STATE.**

## Background

The welfare-or-work trade-off is directly responsible for increased dependency on government. Insidious designs in welfare programs ensure that individuals can collect more from taxpayer-funded benefits than they can earn working. This isn't a problem of a welfare cliff keeping people on the program if they worked a few extra hours or took a raise. Rather, it's a problem of a welfare trap keeping people out of work entirely.

Congress's response to the COVID-19 pandemic has made this phenomenon even worse.<sup>1</sup> Ironically, many of those pushing to expand unemployment and other welfare benefits were also lobbying states to shut down their economies, further perpetuating the cycle.

Since the pandemic hit, federal policymakers have pushed through a vast array of welfare benefit boosts, unemployment insurance (UI) bonuses, and tax-incentive increases, while suspending many traditional requirements for eligibility.

“

**Insidious designs in welfare programs ensure that individuals can collect more from taxpayer-funded benefits than they can earn working.**

”

### These benefits include:

- A **\$600 weekly unemployment bonus** that was in effect from April through July 2020;
- A temporary **\$300 weekly unemployment bonus** implemented in September 2020, at states' option;
- A new **\$300 weekly unemployment bonus**, enacted in December 2020 which is disregarded from counting towards food stamp eligibility;
- An **extension of unemployment benefits** to as much as 53 weeks;
- A complete **disregard of the unemployment bonus for Medicaid eligibility purposes**;
- A **ban on states removing individuals from Medicaid** who become ineligible;
- The **suspension of food stamp work requirements** for able-bodied adults without dependents;
- The **creation of the pandemic EBT program**; and
- An **increase in food stamp emergency allotments**.<sup>2-7</sup>

While some could argue that many of these increased benefits were needed during the earlier stages of lockdowns, their expiration is long overdue. These benefit hikes have overstayed their welcome and facilitated both continued business closures and increased dependency.

Some of the more obvious steps back in the right direction have been ignored. Indeed, even some of the progress that was made at times has been rolled back or stalled. For example:

- The **resurrection of the \$300 weekly UI bonus**;
- A 15-percent **increase in food stamp benefits**;
- Massive **increases in Medicaid spending**, including incentives for states to expand Medicaid coverage to able-bodied, working-age adults;
- An **extension of food stamp emergency allotments**;
- Additional **funding for other food-based welfare programs**;
- An **increase in COBRA subsidies**;
- A massive **increase in both the size and scope of ObamaCare subsidies** through increased premium tax credits;
- An unprecedented **new child tax credit scheme**; and
- An **expansion of the Earned Income Tax Credit (EITC) program**, including for childless adults.<sup>8-14</sup>

The UI bonuses alone have caused many to refuse work, even as employers are desperately trying to fill open jobs.<sup>15</sup> Coupled with other government benefits, many Americans have found themselves where they could collect more by not working.

**THE UI BONUSES ALONE HAVE  
CAUSED MANY TO REFUSE  
WORK, EVEN AS EMPLOYERS ARE  
DESPERATELY TRYING TO  
FILL OPEN JOBS.**



## Paid to Stay Home

Consider the scenario of Dave, a single, 40-year-old father of two young kids living in Miami. Dave was laid off from his low-wage job earlier this year, and now is receiving unemployment benefits—along with a host of other welfare benefits. Simple arithmetic shows how these benefits are encouraging him—and countless other Americans—to stay home instead of returning to work.



### MONTHLY CASH BENEFITS PAY THOUSANDS TO REMAIN HOME

GOVERNMENT BENEFIT	MONETARY VALUE
\$300 Unemployment Insurance Bonus	\$1,300 per month
Average State Unemployment Insurance	\$908 per month
Child Tax Credits	\$600 per month
Earned Income Tax Credit	\$450 per month
Food Stamps	\$394 per month
<b>TOTAL</b>	<b>\$3,652 per month</b>

In this scenario, Dave would be earning \$3,652 per month just in cash or cash equivalent UI, welfare benefits, and tax credits.<sup>16-22</sup> Working full-time, Dave would have to earn more than \$20 per hour just to equal the value of these taxpayer-funded bonuses. In all reality, employers would likely need to offer even higher wages to actually induce him to re-enter the workforce.

In fact, not only would Dave be receiving nearly 17 percent more than the median salary of a full-time worker in Florida, but **he'd be receiving roughly 144 percent more than a full-time minimum wage worker in Florida as well.**<sup>23</sup>

When accounting for other non-cash benefits—such as housing vouchers, Medicaid, and premium tax credits—the welfare trap becomes even more damaging, adding another \$1,659 in benefits.<sup>24-25</sup>



**THE TOTAL OF ALL POSSIBLE BENEFITS REACHES \$5,311 PER MONTH—OR NEARLY \$64,000 ANNUALLY.**

The total of all possible benefits reaches \$5,311 per month—or nearly \$64,000 annually. Dave would need to earn more than \$30 per hour to just equal what he could receive by remaining home. It is clear that the combined value of these benefits creates an enormous incentive for Dave not to return to work.

Importantly, the UI components and child tax credits make up more than half of the value of all the benefits, and more than 75 percent of the value of cash and cash-equivalent benefits.

Furthermore, several of these programs do not have time limits, work requirements, have had their engagement requirements suspended, or have other provisions that do not apply. For example, the food stamp work requirement would not apply to Dave even outside the present economic situation. Child Medicaid, Child Tax Credits, Housing Vouchers, and Premium Tax Credits do not have any requirements relating to work or community engagement at all.



**Child Medicaid, Child Tax Credits, Housing Vouchers, and Premium Tax Credits do not have any requirements relating to work or community engagement at all.**



## **THE BOTTOM LINE: Policymakers Must Push Back Against the Welfare State**

Congress can and should seek to diminish the extent of these benefits by allowing enhanced COVID-19 benefits to expire, especially as the economy reopens. States can also take power into their own hands by resisting expansions of welfare, pursuing commonsense work requirements, and implementing program integrity measures to preserve scarce resources for the most vulnerable.<sup>26</sup> States can also send a strong signal by rejecting federal UI bonuses in order to ignite the economic recovery. All levels of government should play a role in ending the crisis of dependency—not encouraging it.

## REFERENCES

1. Robin Walker, "Congress must repair welfare state disaster it caused with coronavirus relief bills," Washington Examiner (2020), <https://www.washingtonexaminer.com/opinion/congress-must-repair-welfare-state-disaster-it-caused-with-coronavirus-relief-bills>.
2. Sam Adolphsen et al, "How the CARES Act Moves America Towards Medicaid for All," Foundation for Government Accountability (2020), <https://thefga.org/research/covid-19-medicaid-for-all/>.
3. Scott Centorino and Chase Martin, "Congress's Medicaid Funding Increase Creates Massive Legal Uncertainty for States During the COVID-19 Crisis," Foundation for Government Accountability (2020), <https://thefga.org/paper/covid-19-medicaid-funding/>.
4. Brett Holzhauer, "These 26 States Are Still Offering \$300 LWA Unemployment Benefits Boost," Forbes (2020), <https://www.forbes.com/advisor/personal-finance/lwa-unemployment-benefits-by-state/>.
5. Congressional Research Service, "USDA Nutrition Programs: Response to the COVID-19 Pandemic," U.S. Congress (2021), <https://crsreports.congress.gov/product/pdf/R/R46681>.
6. The White House, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease," The White House (2020), <https://trumpwhitehouse.archives.gov/presidential-actions/memorandum-authorizing-needs-assistance-program-major-disaster-declarations-related-coronavirus-disease-2019/>.
7. Public Law 116-220, Consolidated Appropriations Act of 2021. <https://www.congress.gov/bill/116th-congress/house-bill/133/text>.
8. Sam Adolphsen, "We Didn't Need Rescuing. But We Will Now, Thanks to the Biden Spending Bill," Townhall (2021), <https://townhall.com/columnists/samadolphsen/2021/03/31/we-didnt-need-rescuing-but-we-will-now-thanks-to-the-biden-spending-bill-n2587192>.
9. Congressional Research Service, "USDA Nutrition Programs: Response to the COVID-19 Pandemic," U.S. Congress (2021), <https://crsreports.congress.gov/product/pdf/R/R46681>.
10. MaryBeth Musumeci, "Medicaid Provisions in the American Rescue Plan Act," Kaiser Family Foundation (2021), <https://www.kff.org/medicaid/issue-brief/medicaid-provisions-in-the-american-rescue-plan-act/>.
11. U.S. Department of Labor, "FAQs About COBRA Premium Assistance Under the American Rescue Plan Act of 2021," U.S. Department of Labor (2021), <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/faqs/cobra-premium-assistance-under-arp.pdf>.
12. Matthew Rae et al, "How the American Rescue Plan Act Affects Subsidies for Marketplace Shoppers and People Who Are Uninsured," Kaiser Family Foundation (2021), <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-act-affects-subsidies-for-marketplace-shoppers-and-people-who-are-uninsured/>.
13. Robert Rector and Leslie Ford, "More cash for childless workers: A poor way to help the poor," The Hill (2021), <https://thehill.com/opinion/finance/541471-more-cash-for-childless-workers-a-poor-way-to-help-the-poor>.
14. Public Law 116-220, Consolidated Appropriations Act of 2021. <https://www.congress.gov/bill/116th-congress/house-bill/133/text>.
15. Joe Horvath et al, "Refusing to Work: Handling Employee Work Rejections In Light of Expanded Unemployment Benefits," Foundation for Government Accountability (2020), <https://thefga.org/paper/refusing-work-unemployment-benefits/>.
16. Monthly value of the \$300 UI bonus contained in the American Rescue Plan Act.
17. Authors' calculations based on estimated wage replacement rates in Florida for a worker earning at the 25th income percentile. See, e.g., Hayden Dublois and Jonathan Ingram, "Paid Not to Work: How Congress's Unemployment Insurance Boost Hurts Low-Wage Workers," Foundation for Government Accountability (2020), <https://thefga.org/paper/unemployment-boost-low-wage-workers/>.
18. Authors' calculations based on new child tax credits. The monthly benefits for half of 2021 are aggregated with the annualized tax credit received at the close-out of taxable year 2021, and then calculated on a monthly basis. See, e.g., Megan Leonhardt, "Use this calculator to see exactly how much the new \$3,000 child tax credit could be worth to you," CNBC (2021), <https://www.cnbc.com/2021/03/16/this-calculator-shows-how-much-you-will-earn-under-new-child-tax-credit.html>.
19. Authors' calculations based on an analysis by the Federal Reserve Bank of Atlanta on welfare benefits for a single parent family of two young children living in Miami. See, e.g., Federal Reserve Bank of Atlanta, "Benefits Cliffs across the United States," Federal Reserve Bank of Atlanta (2019), <https://www.frbatlanta.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families/benefits-cliffs-across-the-united-states>.
20. For purposes of this scenario, the EITC referenced is the one in which the parent qualified for in 2020, but received in 2021.
21. Authors' calculations based on EITC benefits by family size and income level. See, e.g., Internal Revenue Service, "Earned Income Tax Credit (EITC) 2020," U.S. Department of the Treasury (2020), <https://www.irs.gov/pub/irs-pdf/p596.pdf>.

22. Authors' calculations based on food stamp benefits and the current maximum allotment for a family of three. See, e.g., Food and Nutrition Service, "SNAP Eligibility," U.S. Department of Agriculture (2021), <https://www.fns.usda.gov/snap/recipient/eligibility>.
23. Authors' calculations based on Florida's minimum wage and median hourly wage for all occupations. See, e.g., Bureau of Labor Statistics, "May 2020 State Occupational Employment and Wage Estimates: Florida," U.S. Department of Labor (2021), [https://www.bls.gov/oes/current/oes\\_fl.htm](https://www.bls.gov/oes/current/oes_fl.htm).
24. Author's calculations based on the monthly cost of the average benchmark premium for a 40-year-old male living in Florida. See, e.g., Kaiser Family Foundation, "Marketplace Average Benchmark Premiums," Kaiser Family Foundation (2021), <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/>.
25. Authors' calculations based on an analysis by the Federal Reserve Bank of Atlanta on welfare benefits for a single parent family of two young children living in Miami. See, e.g., Federal Reserve Bank of Atlanta, "Benefits Cliffs across the United States," Federal Reserve Bank of Atlanta (2019), <https://www.frbatlanta.org/economic-mobility-and-resilience/advancing-careers-for-low-income-families/benefits-cliffs-across-the-united-states>.
26. Scott Centorino, "States in Control: Ten Opportunities for Welfare Reform States Can Pursue No Matter Who Is In the White House," Foundation for Government Accountability (2021), <https://thefga.org/paper/ten-opportunities-welfare-reform/>.





15275 Collier Boulevard | Suite 201-279

Naples, Florida 34119

(239) 244-8808

[TheFGA.org](http://TheFGA.org)

 [@TheFGA](https://twitter.com/TheFGA)