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State Employment and Training Programs Are Well Funded—They Just Need Participants

Hayden Dublois
Deputy Research Director

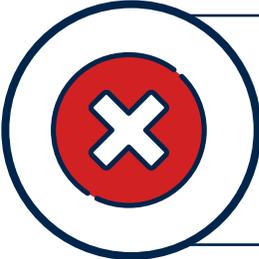
KEY FINDINGS



STATES ARE FACING A REAL AND PRESENT THREAT IN THE FORM OF A WORKER SHORTAGE.



EVERY STATE OPERATES EMPLOYMENT AND TRAINING (E&T) PROGRAMS TO HELP ABLE-BODIED ADULTS GET BACK TO WORK.



UNFORTUNATELY, FEW STATES ARE PROPERLY USING THESE RESOURCES TO PROMOTE WORK.



ON AVERAGE, STATES ARE SPENDING NEARLY NINE OUT OF EVERY 10 E&T DOLLARS ON BUREAUCRATIC COSTS, NOT PARTICIPANTS.



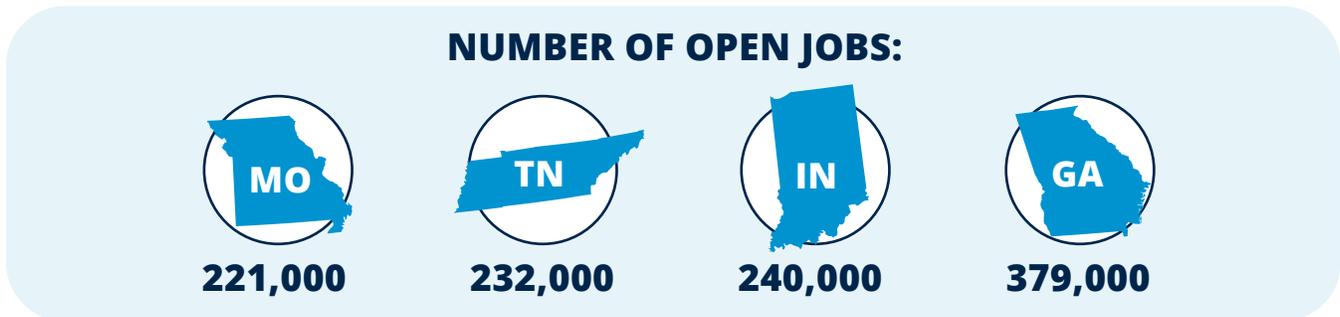
AS A RESULT, TAXPAYERS ARE WASTING MILLIONS, AND ABLE-BODIED ADULTS ARE STUCK ON THE SIDELINES.

THE BOTTOM LINE:

STATE E&T PROGRAMS ARE WELL FUNDED, BUT VASTLY UNDERUSED. TO HELP SOLVE THE WORKER SHORTAGE AND PRESERVE RESOURCES FOR THE TRULY NEEDY, STATES SHOULD REQUIRE WORK-CAPABLE ADULTS ON FOOD STAMPS TO PARTICIPATE IN E&T.

Overview

Nearly two years into the COVID-19 pandemic, states continue to grapple with the ripple effects on their local economies. Although states have largely reopened, most are facing severe worker shortages and lingering unemployment.¹ For example, in Missouri, there are still 221,000 open jobs.² In Tennessee, there are 232,000.³ In Indiana, there are 240,000.⁴ And in Georgia, there are 379,000.⁵ These are just a few states suffering from massive shortages in their workforce.



Compounding the situation, Congress suspended the commonsense work requirements that are normally in place for a large portion of able-bodied adults on food stamps.⁶

The ongoing worker shortage poses a real and identifiable threat not only to the economy, but also to the safety net itself: Without a re-infusion of workers into the economy, able-bodied adults will continue to drain resources that should instead go to the truly needy who have nowhere else to turn. Making matters worse, without a vibrant workforce, there are not enough workers paying into the system to support the truly needy. Something has to give.

The worker crisis: Labor force participation is near a 45-year low while food stamp enrollment is through the roof

Today, the national labor force participation rate is near a 45-year-low.⁷ In fact, there are nearly two million missing workers compared to just before the pandemic began.⁸ And this is not being driven by retirements—more than half of these missing workers are of prime working age.⁹



Meanwhile, food stamp enrollment is at more than 41 million—meaning there are still nearly 4.3 million more Americans on food stamps today than there were just before the pandemic began.¹⁰ This is undoubtedly due in large part to the suspension of work requirements for a significant portion of able-bodied adults, and congressional COVID-19 programs which made welfare far more lucrative than work.¹¹⁻¹²

In short, millions of Americans are choosing welfare over work.

The good news for states is that they have vast resources available to start addressing these problems. By utilizing their employment and training (E&T) programs, states can help able-bodied adults increase their incomes, free up limited resources for the truly needy, and alleviate the worker shortage. The result: Able-bodied adults on food stamps will move from welfare to work.

States have an abundance of resources to help able-bodied adults get back to work

According to states' employment and training plans filed with the federal government, states will spend north of \$1 billion on E&T programs in 2022.¹³ These programs are available for food stamp enrollees to gain work training, education, job coaching, job retention services, and a whole host of career prep resources.¹⁴ Taxpayers are making a big investment to provide able-bodied adults a pathway back into the workforce and ensure that they do not remain trapped in government dependency.



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States have the option to require “work registrants”—able-bodied adults ages 18 to 59 without children under six—to participate in these generous, taxpayer-funded programs.¹⁵ Enrollees can also meet the requirement by volunteering or working.

Without these requirements in place, able-bodied adults currently face no time limit or work requirement and can simply remain on food stamps indefinitely.¹⁶

But here is the problem: **Participation in these programs is optional in nearly every state, for nearly every eligible enrollee.**

As a result, because of low participation, nearly every penny that taxpayers spend on E&T programs goes to administrative costs—84 percent of all spending, to be exact.¹⁷

This is akin to taxpayers paying salaries for teachers, sports coaches, and school administrators, but not requiring any students to attend school. Taxpayers are making the investment, but state policymakers are not doing their part to ensure these resources are fully utilized.

In fact, even though states can easily require able-bodied, work-capable adults to show up and take advantage of these programs, virtually no states do so.

Few states require able-bodied adults to participate in employment and training programs

A survey of employment and training plans reveals an unfortunate fact: Few states require any able-bodied adults to participate in E&T, despite the vast array of resources at their disposal. Even more dumbfounding is that states can require participation without jumping through any federal hoops or asking for federal permission.

A Foundation for Government Accountability analysis of state E&T plans finds that just six states require any able-bodied adults to utilize the programs.¹⁸ Only two states require nearly all eligible participants to show up.¹⁹

By contrast, 42 states and territories exempt 100 percent of potential mandatory participants from E&T.²⁰ This includes conservative states like Alabama, Georgia, Indiana, Missouri, and Tennessee.²¹

And even Idaho—one of the very few states that says they have been instituting mandatory E&T in recent years—recently changed course, effectively eliminating the requirements for new referrals starting in October 2021.²²



**FORTY-TWO STATES AND TERRITORIES
EXEMPT 100 PERCENT OF POTENTIAL
MANDATORY PARTICIPANTS FROM E&T.**

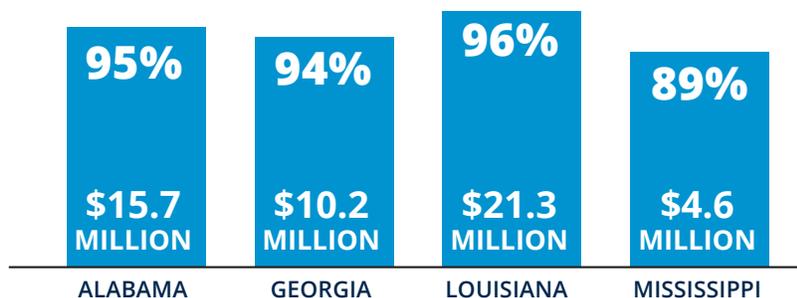
Unsurprisingly, few able-bodied adults participate in employment and training programs

Because states do not require food stamp enrollees to participate, most of them do not. Across the country, fewer than eight percent of able-bodied work registrants are expected to participate.²³

As a result of these poor policy decisions, states are spending millions of dollars on providing the brick-and-mortar investment for able-bodied adults. Yet, few if any participants are walking through the door, resulting in astronomically high administrative or bureaucratic costs in states, and few resources going to train participants.

TAXPAYERS SPEND NEARLY EVERY E&T PENNY ON BUREAUCRATIC COSTS, NOT ON PARTICIPANTS

Percent of tax dollars spent on administrative costs



Source: Authors' calculations

This is not to say E&T programs are needlessly expensive. The real problem that policymakers must solve is how to reduce the ratio of spending on bureaucracy versus spending on participants.

Nationally, states spend roughly nine dollars on bureaucratic costs for every dollar they spend on actual participants.²⁴

States do not need to spend less on E&T—they simply need to drive this ratio down by driving up participation in the programs.

DEPENDENCY WENT DOWN TO GEORGIA



The state of Georgia, led by a conservative governor and legislature, has a prime opportunity to help able-bodied adults move from welfare to work by requiring them to pursue work training. Unfortunately, this is an opportunity the state has so far forgone.

According to the state's E&T plan for 2022, there will be 535,000 able-bodied adults on food stamps who could be required to pursue work or work training.²⁵ But the state plans to require zero of these adults to participate.

Meanwhile, taxpayers will spend more than \$10 million on E&T resources—but nearly every penny will go to administrative costs.²⁶ Indeed, Georgia expects to spend 94 percent of their E&T budget on providing the classrooms and programs, but less than \$1 million on actual participant costs because they are not requiring anyone to show up.²⁷

This is all occurring while Georgia's economy is trying to pull itself out of the recession, with 379,000 open jobs waiting to be filled.²⁸

BIG CHALLENGES IN BIG SKY COUNTRY



Under the leadership of Governor Greg Gianforte, Montana has been a national leader in helping move adults from dependency to work. His decision to end the destructive unemployment bonus in mid-2021 sparked a national trend that resulted in 26 states opting out and helping spur economic recovery across the country.²⁹⁻³⁰

But when it comes to employment and training requirements, Montana is unfortunately lagging behind. The state anticipates nearly 30,000 able-bodied adults will be enrolled in the program in fiscal year 2022, but they do not plan to require a single one of them to take advantage of the generous employment and training programs taxpayers are providing.³¹

The state expects to spend nine of every 10 dollars on bureaucratic costs, and just one dollar on participants who voluntarily choose to walk through the door.³²

By reversing course and requiring able-bodied adults to work, train, or volunteer, Montana could be a national leader once again.

NO VOLUNTEERISM REQUIRED IN THE VOLUNTEER STATE



Tennessee is another state, led by a conservative governor, that has a tremendous opportunity to lead on helping able-bodied adults move from welfare to work. With no income tax and a strong workforce, commonsense employment and training programs—or volunteerism, which also satisfies the requirement—should be a no brainer for the Volunteer State. Unfortunately, the state is not taking advantage of this opportunity to help employers fill open jobs.

This year, the state expects nearly 275,000 able-bodied, work-capable adults to be enrolled in their food stamp program.³³ But they do not intend to require any of them to take advantage of the state’s highly generous E&T programs.³⁴

As a result, nearly every penny—94 percent—of the \$19.6 million the state will spend to run their E&T programs will go to administrative costs, not participant costs.³⁵

Tennessee expects to spend roughly nine and a half dollars on bureaucratic costs for every 50 cents they spend on participants.

Employers and small business owners should be demanding Tennessee change course and move able-bodied adults towards work: There are currently 232,000 open jobs in the state—nearly one for every single work registrant on food stamps—and employers are desperate for workers.³⁶

By moving able-bodied adults to E&T, Tennessee can help solve the worker crisis while also freeing up limited resources for truly needy Tennesseans who have nowhere else to turn other than the safety net.

THE BOTTOM LINE: To help solve the worker crisis and preserve resources for the truly needy, states should require work-capable adults on food stamps to participate in E&T programs.

The bad news for taxpayers, the truly needy, and policymakers alike is that E&T programs across the country are vastly underutilized. But the good news is that there are tangible options to turn the tide and start solving the worker crisis *today*. There are currently 11.6 million work registrants nationwide, but more than 90 percent are not required to participate in E&T programs.³⁷ **If every state mandatorily assigned all work registrants to E&T programs—and all work registrants ultimately found employment as a result—it would fill nearly every open job in the nation.**³⁸

States have plenty of resources allocated to E&T programs. Their focus should be on driving up participation, thereby driving down the ratio of how much they spend on bureaucratic costs.



There is nothing stopping states from requiring work-capable adults to participate in employment and training programs.



While Congress has unfortunately set the brakes on the traditional work requirement for able-bodied adults without dependents, there is nothing stopping states from requiring work-capable adults to participate in employment and training programs—which is very well-funded and vastly underutilized, just waiting for people to walk through the door. This is the next frontier of welfare reform.

State legislatures can and should act now to codify mandatory E&T programs as part of their food stamps program and governors can act through their welfare agencies to implement this commonsense reform—without asking for federal permission or filing a waiver.

While the Biden administration works overtime to crack down on states' efforts to reform welfare and reduce dependency, this is one option states can—and should—use to turn up the gas on the economic recovery and restore the safety net for the truly needy.

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15275 Collier Boulevard | Suite 201-279
Naples, Florida 34119
(239) 244-8808

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