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How Mandatory E&T Can Boost the Economy and Help Solve the Worker Shortage

Jonathan Bain
Senior Research Fellow

Jonathan Ingram
Vice President of Policy and Research

KEY FINDINGS



THE COUNTRY IS FACING A
WORKER SHORTAGE CRISIS.



AS THE LABOR FORCE HAS PLUMMETED, **FOOD STAMP ENROLLMENT HAS SKYROCKETED**, FUELED PRIMARILY BY ABLE-BODIED ADULTS.



MOST ABLE-BODIED ADULTS ON FOOD STAMPS ARE NOT WORKING AT ALL, MAKING THE WORKER SHORTAGE EVEN WORSE.



REQUIRING ABLE-BODIED ADULTS TO PARTICIPATE IN EMPLOYMENT AND TRAINING (E&T) PROGRAMS **CAN MOVE PEOPLE FROM WELFARE TO WORK.**



NATIONWIDE IMPLEMENTATION OF MANDATORY E&T COULD **INCREASE GDP BY AN ESTIMATED NEARLY \$160 BILLION.**

THE BOTTOM LINE:

STATES SHOULD REQUIRE ABLE-BODIED ADULTS TO PARTICIPATE IN E&T TO INCREASE THE LABOR FORCE AND BOOST THE ECONOMY.

Overview

The lingering effects of the COVID-19 pandemic still weigh heavily on the economy. States continue to deal with the effects of economic shutdowns, business closures, and expansive federal COVID-19-related policies.¹ Indeed, the economy actually shrank in the first quarter of 2022, the first economic decline since the pandemic initially hit.² Unfortunately, businesses currently face an unprecedented worker shortage that is driving up inflation, slowing economic growth, and could even lead to a recession.³⁻⁴

Employers have more than 11.5 million jobs open nationwide—a record high—but not enough workers to fill them.⁵⁻⁶ Employers remain desperate for workers, with nearly two open jobs for every unemployed person looking for work.⁷⁻⁹ Labor force participation now sits near a 45-year low, with recent data suggesting that nearly three million workers are still missing from the labor force as compared to before the pandemic began.¹⁰



EMPLOYERS HAVE MORE THAN 11.5 MILLION JOBS OPEN NATIONWIDE—A RECORD HIGH—BUT NOT ENOUGH WORKERS TO FILL THEM.

In short, the nation is facing one of the most severe worker shortages in modern history. If lawmakers do not act quickly, the situation can only get worse. Thankfully, states have tools available to help address this crisis. By better utilizing employment and training programs, they can move more able-bodied adults from welfare to work and boost economic growth by an estimated \$160 billion.

The labor force has plummeted while food stamp enrollment has skyrocketed

Although the labor force has been steadily declining for years, the pandemic and recent federal welfare policies have only exacerbated the worker shortage. In 2000, labor force participation sat at just above 67 percent.¹¹ Today, it sits near a 45-year low.¹² The American economy would have nearly 13 million more workers had labor force participation remained constant over the last two decades.¹³

During that same time, food stamp enrollment has skyrocketed. The number of people collecting food stamps has more than doubled since 2000, and now sits at more than 41 million enrollees.¹⁴ Shockingly, this growth has primarily been fueled by able-bodied adults.¹⁵



THE NUMBER OF PEOPLE COLLECTING FOOD STAMPS HAS MORE THAN DOUBLED SINCE 2000, AND NOW SITS AT MORE THAN 41 MILLION ENROLLEES.

Worse yet, the vast majority of these able-bodied adults do not work at all.¹⁶

Able-bodied adults on food stamps are not working

Federal lawmakers made numerous COVID-19-related changes to the food stamp program that discouraged work and trapped people in dependency.¹⁷ This included “temporarily” suspending the work requirement for able-bodied adults without dependents (ABAWDs), reopening loopholes and reauthorizing gimmicks that had been closed by the Trump administration, and permanently implementing the largest increase in food stamp benefits in program history.¹⁸ Unsurprisingly, most able-bodied adults are simply choosing to stay on the sidelines.

MOST ABLE-BODIED ADULTS ON FOOD STAMPS ARE NOT WORKING

Work status among able-bodied adults between the ages of 18 and 59 who have no dependent children under the age of six

Type of Work	Percentage of Enrollees
No work	64.6%
Part-time	29.4%
Full-time	6.1%

Source: U.S. Department of Agriculture

This data reveals an alarming trend but does not paint the full picture. The latest available data is from fiscal year 2019—before the pandemic, shutdowns, increased welfare benefits, and suspension of the ABAWD work requirement.¹⁹ More recent data will surely show the situation has gotten much worse.

While there has never been a better time to return to work, employers are still facing one of the worst worker shortages in modern history. Fortunately, states have a simple solution to help move people from welfare to work.

The solution: Mandatory E&T for able-bodied adults on food stamps

Despite the temporary suspension of the ABAWD work requirement, states are not without options to get people off the sidelines. States can require work registrants—able-bodied adults aged 18 to 59 without young children—to participate in employment and training (E&T) programs. E&T programs provide work-related skills like job search training, career coaching, and work readiness training.²⁰ Participants may also simply work or volunteer part-time to meet program requirements.²¹

E&T programs across the country are well-funded, but few states make participation mandatory, despite the well-documented success of work requirements in moving able-bodied adults from welfare to work.²²

Mandatory E&T would increase the labor force and bolster the economy

When work requirements were first adopted in 1996, millions of able-bodied adults moved from welfare to work, spurring rapid economic growth.²³ In the mid-2000s, the United States Department of Agriculture (USDA) built an economic model to measure the impact of welfare reform on the economy.²⁴ That economic model found that moving 2.4 million able-bodied adults from welfare to work in the 1990s increased real gross domestic product (GDP) by 1.6 percentage points.²⁵

Analyses of state-level implementation of work requirements have reached similar conclusions. When work requirements were implemented at the state level, able-bodied adults left welfare in record numbers.²⁶⁻³¹ Those able-bodied adults went back to work in more than 1,000 diverse industries, touching virtually every corner of the economy.³²⁻³³ Their incomes more than doubled within a year and tripled within two years.³⁴⁻³⁸ Better still, those higher incomes more than offset lost welfare benefits, leaving them much better off financially.³⁹⁻⁴³



When work requirements were implemented at the state level, able-bodied adults left welfare in record numbers.



An updated model, similar to the one used by USDA economists, finds that nationwide implementation of mandatory E&T requirements will increase the labor force and boost the national economy. **Altogether, these changes could increase GDP by an estimated nearly \$160 billion.**⁴⁴⁻⁸⁰

States are in dire need of workers and requiring participation in E&T programs is a simple way to boost the labor force. Implementing mandatory E&T would help bolster the economy and kick start a full recovery by moving able-bodied workers off the sidelines and back to work.

THE BOTTOM LINE: States should require able-bodied adults to participate in E&T to increase the labor force and boost the economy.

States cannot count on the Biden administration and federal lawmakers to properly address the worker shortage that is plaguing the nation. Fortunately, states have a simple tool at their disposal to help solve the labor shortage crisis.

Lawmakers should require able-bodied adults on food stamps to participate in E&T programs. Moving able-bodied adults from welfare to work will help address the country's labor force woes, boost the economy, and set states back on the path to prosperity.

APPENDIX: REQUIRING ABLE-BODIED ADULTS TO PARTICIPATE IN EMPLOYMENT AND TRAINING PROGRAMS WOULD BOOST THE ECONOMY BY NEARLY \$160 BILLION

Estimated GDP impact of implementing mandatory E&T requirements, by state

State	GDP impact
Alabama	\$4.3 billion
Alaska	\$312 million
Arizona	\$3.8 billion
Arkansas	\$2.1 billion
California	\$23.6 billion
Colorado	\$2.4 billion
Connecticut	\$1.2 billion
Delaware	\$506 million
Florida	\$8.2 billion
Georgia	\$9.0 billion
Hawaii	\$396 million
Idaho	\$390 million
Illinois	\$12.1 billion
Indiana	\$2.8 billion
Iowa	\$841 million
Kansas	\$644 million
Kentucky	\$2.5 billion
Louisiana	\$2.5 billion
Maine	\$571 million
Maryland	\$1.3 billion
Massachusetts	\$3.4 billion
Michigan	\$2.8 billion
Minnesota	\$1.7 billion
Mississippi	\$2.3 billion
Missouri	\$1.3 billion
Montana	\$416 million
Nebraska	\$423 million

State	GDP impact
Nevada	\$2.6 billion
New Hampshire	\$280 million
New Jersey	\$888 million
New Mexico	\$2.6 billion
New York	\$10.2 billion
North Carolina	\$5.3 billion
North Dakota	\$101 million
Ohio	\$6.2 billion
Oklahoma	\$2.5 billion
Oregon	\$6.7 billion
Pennsylvania	\$7.1 billion
Rhode Island	\$392 million
South Carolina	\$1.8 billion
South Dakota	\$374 million
Tennessee	\$4.7 billion
Texas	\$6.4 billion
Utah	\$413 million
Vermont	\$73 million
Virginia	\$1.9 billion
Washington	\$2.7 billion
West Virginia	\$828 million
Wisconsin	\$1.7 billion
Wyoming	\$93 million
TOTAL	\$157.7 billion

Source: Foundation for Government Accountability

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45. Authors calculated the baseline enrollment of work registrants who could become subject to mandatory E&T requirements from state plans for employment and training programs, adjusted to correct data errors, as filed with the U.S. Department of Agriculture for fiscal year 2022.
46. Florida's fiscal year 2022 state plan was unavailable. This analysis utilizes data from the state's fiscal year 2021 state plan.
47. Idaho's state plan indicated that 98.5 percent of work registrants are subject to mandatory E&T requirements, but effective October 2021, the state began giving blanket "good cause" exemptions to E&T referrals. This analysis assumes all work registrants are currently exempt.
48. Maryland's state plan indicated that 40 percent of work registrants are subject to mandatory E&T requirements, but actually operates a completely voluntary program. This analysis assumes all work registrants are currently exempt.
49. New York's state plan indicated that 100 percent of work registrants are subject to mandatory E&T requirements. Quality control data from the U.S. Department of Agriculture reveals that less than five percent of New York's work registrants are subject to mandatory E&T requirements. This analysis assumes 95 percent of work registrants are currently exempt.
50. North Dakota's state plan indicated that 91 percent of work registrants are subject to mandatory E&T requirements, but actually operates a mandatory program in only two counties. In 2021, the state operated the same programs and indicated that only 31 percent of work registrants were subject to mandatory E&T requirements. This analysis assumes 69 percent of work registrants are currently exempt.
51. Ohio's state plan indicated that 27 percent of work registrants are subject to mandatory E&T requirements, reflecting able-bodied adults without dependents. Ohio administrative code indicates that only able-bodied adults without dependents who do not live in counties operating under a waiver are subject to mandatory E&T requirements. All counties in Ohio are currently operating under a waiver. This analysis assumes all work registrants are currently exempt.
52. Oregon's state plan indicated that 66 percent of work registrants are subject to mandatory E&T requirements, but actually operates a completely voluntary program. This analysis assumes all work registrants are currently exempt.
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15275 Collier Boulevard | Suite 201-279
Naples, Florida 34119
(239) 244-8808

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