

Doubling Down: How Work Requirements in Public Benefit Programs Hurt Low-Wage Workers

Today, many jobs that once provided workers with economic security have been replaced by temporary, part-time, and other contingent employment arrangements that offer few benefits or basic labor protections. These typically low-paying and low-quality jobs are often the only ones available to low-income individuals, meaning many workers are not able to earn enough to cover basic needs. Therefore, they frequently need support from public benefit programs, such as Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP) and Medicaid, to make ends meet.

In the face of a labor market that offers many low-income people only unstable, low-quality jobs, these crucial programs help people find and keep work and also lift millions of families out of poverty every year. Recently renewed efforts to impose work requirements to receive public benefits reflect a profound misunderstanding of the realities of low-wage jobs. When the nature of the low-wage labor market is taken into account, it is clear that work requirements are misguided, hinder people's ability to get ahead, and are an administrative burden for state governments.

The reality of low-wage work

Low-wage jobs occupy a growing share of the labor market with nearly one in three workers earning under \$12 an hour.¹ Six of the 20 largest occupations in the country — retail salespersons, cashiers, food preparation and serving workers, waiters and waitresses, stock clerks, and personal care aides—have median wages close to or below the poverty threshold for a family of three (\$20,420).² Policymakers considering work requirement policies must understand the reality that many low-wage workers face. Because such workers are provided limited benefits—including little to no paid sick days or leave—and are subject to volatile work schedules, they often need public benefits to supplement their hard work.

Limited health benefits

With few employers offering health insurance to their low-wage or part-time employees, workers often have to rely on Medicaid to get health coverage for themselves and their families, or they will go uninsured. Only 12 percent of workers earning the lowest wages³ had employer-provided health insurance in 2016.⁴ Even at higher wages, part-time workers have less access to health coverage—just 22 percent of part-timers have access to health insurance coverage compared to 73 percent of full-timers.⁵

Volatile schedules

Scheduling challenges take a variety of forms, with some low-wage workers experiencing several at once. Such challenges are widespread among low-wage workers—about half of low-wage hourly workers have schedules that don't conform to the traditional Monday-Friday, 9-5 work schedule.⁶ Three common types of scheduling challenges are fluctuating hours, unstable schedules, and involuntary part-time work.

Fluctuating hours

Many workers have hours that vary from week-to-week or season-to-season. Nearly one-third of Americans experience considerable fluctuations in their incomes, with over 40 percent attributing these fluctuations to irregular work schedules.⁷ Three-quarters of early-career (ages 26 to 32) hourly workers experience fluctuations in their weekly hours (meaning total hours worked vary by more than eight hours per week on average).⁸ For example, a retail worker may be scheduled to work 35 hours a week during December for the holidays but only 10 hours a week during February when business is slower. Fluctuating hours mean families are unable to maintain a consistent budget to plan for their expenses because of paycheck variations from month-to-month.

Unstable schedules

Many workers can't predict when they will be working, receive little notice of their shifts, or are assigned split shifts (shifts with non-consecutive hours, interrupted by unpaid time longer than a meal break) or on-call shifts (shifts during which they must wait for notification of whether or not they will work). In a study of early-career workers, 41 percent received less than one week notice of their schedules.⁹ According to another national poll, 24 percent of workers experience unstable work schedules, including irregular and split shifts.¹⁰ Additionally, many workers are subject to employer retaliation, including reduced hours or even job loss, when they are not available for on-call shifts. Such unpredictability at work prevents planning and coordination for child care, transportation, education, or a second job.

Involuntary part-time

A significant number of workers want to work full-time but are only receiving part-time hours from their employer. In the most recent data, just over 5 million workers reported working part-time involuntarily.¹¹ While this is well below the rate at the peak of the Great Recession, it remains significantly higher than in previous periods of low unemployment. The persistence of involuntary part-time work is the result of employer preferences and structural changes in how businesses function. For instance, advances in technology have allowed businesses to use the "just-in-time" scheduling approach, which lets employers modify schedules in real-time to respond to changes in sales and demand, ignoring the effect on workers' lives and wellbeing.

Inability to take time off for illness or family care

Approximately 42 percent of all workers in the lowest 25 percent of wage earners have no paid leave of any kind.¹² With no federal law guaranteeing workers the ability to earn paid sick days or paid family and medical leave, low-wage workers—especially working parents—must make challenging choices between health and employment.

BOX 1. COMMON SCHEDULING CHALLENGES

- Inadequate hours
- Highly variable hours per week
- Little advanced notice of shifts, including being sent home from work early or called in right before a shift
- Little worker input or control over schedules
- Split shifts and on-call shifts

Low-wage workers are both the least likely to get paid sick days and the least able to get by when forced to miss a day's pay.¹³ Nearly 60 percent of workers in the bottom quartile of wage earners (those earning under roughly \$28,000 per year) are not paid when they miss work due to illness.¹⁴ Consequently, they are not able to take care of their own health or the health of family members, lose wages from having to miss work, and may even lose their jobs. In one survey, almost one in five low-wage working mothers reported having lost a job due to sickness or caring for a family member.¹⁵

Further, low-wage workers rarely have access to paid family or medical leave or even unpaid job-protected leave. Low-income workers are both less likely to be eligible for leave through the federal Family and Medical Leave Act (FMLA),¹⁶ and less likely to receive pay when taking leave.¹⁷ About 49 percent of workers earning less than \$40,000 per year are eligible for FMLA, compared to about 60 percent of those earning \$40,000 or more per year.¹⁸ Moreover, serious racial and ethnic inequities persist for low-income families in accessing unpaid FMLA or paid leave through employers. Lacking paid family and medical leave reduces the chance that caregivers stay employed at their current job.

Setting the record straight on work requirements

Work requirements are based on the false assumption that many people receiving benefits could be working but aren't. However, most working-age adults receiving benefits are working, or in working families, but need support to help them make ends meet because of a low-wage labor market rife with low-paying, unstable jobs.

The realities of the low-wage labor market help to set the record straight on the effectiveness of work requirements and their implications. First, strong evidence shows that work requirements frequently lead to a loss of benefits, which only makes it harder to work. Second, there is little evidence that work requirements increase employment outcomes or reduce poverty. Finally, work requirements create an unnecessary burden for workers and state governments.

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Work requirements lead to loss of benefits

Since the 1990s, both cash assistance under TANF and nutrition assistance under SNAP have required some or all recipients to work or participate in education and training activities. Work hour requirements in SNAP and TANF were set arbitrarily, with no relationship to the labor market. In SNAP and TANF, failure to meet the arbitrary requirements eventually leads to recipients being cut off from critical benefits—without taking into account the demands of the low-wage labor market. For example, TANF recipients are typically required to participate in a limited set of countable activities for at least 30 hours per week (20 hours for single parents of children under 6). Under SNAP, states can require adult recipients to engage in employment and training activities for up to 120 hours a month.

The most common effect of work requirements is that recipients lose benefits. Largely due to implementation of the SNAP time limit for unemployed childless adults, an estimated 500,000 childless adults lost food assistance at some point in 2016.¹⁹ TANF work requirements have sharply reduced the share

of families in poverty who receive cash assistance. In 2015, just 23 families received TANF benefits for every 100 families with children in poverty, down from 68 families when TANF was first enacted.²⁰ This is not because fewer families need assistance: the Government Accountability Office has calculated that 87 percent of the TANF caseload decline from 1995 to 2005 was due to fewer eligible families participating not because they no longer financially qualified.²¹

Those most likely to be affected have personal or family challenges, such as physical or mental health issues, homelessness, or lack of child care or transportation, that limit their ability to work or participate in education and training activities. Work requirement policies often fail to recognize an individual's limitations that may make it harder to work. For example, an Ohio study found that one-third of those referred to a SNAP employment program reported a physical or mental limitation and nearly 20 percent had applied for disability benefits within the previous two years.²² This occurred even though formal policies exempted recipients with physical or mental limitations. Similarly, repeated studies of TANF programs have found that clients with physical and mental health issues are disproportionately likely to be sanctioned.²³ Such clients may not understand what is required of them or may find it difficult to complete paperwork or travel to appointments to be assessed for exemptions.

Other recipients will lose their benefits should their hours dip below the arbitrary threshold for reasons they can't control. For example, poor sales may result in retail workers being called in for fewer hours than scheduled. Although workers were scheduled and wanted to work more, they may lose benefits because their employer cut their hours last minute and now their hours don't meet the arbitrary work hour requirement. Additionally, workers may struggle to retain employment because of a lack of paid time off or other workplace protections. A worker who does not have paid sick days may lose wages when taking time off to care for a sick child and also risks losing critical benefits if their hours dip below the requirement. It is not feasible for workers to simply find another job that is more stable and predictable; workers often have limited skills and training, and the characteristics of low-wage work are similar across many industries.

Little evidence work requirements promote work or reduce poverty

Cutting people off from benefits because of arbitrary work requirements only makes it harder to work because people will be hungrier, less healthy, and more stressed. Programs, such as TANF, SNAP, and Medicaid help bring stability to people's lives—providing the necessary support for focusing energy on finding and keeping work.²⁴ For example, a study of Ohio Medicaid expansion beneficiaries found that three-quarters (74.8 percent) of unemployed Medicaid expansion enrollees looking for work reported that their health coverage made it easier to seek employment.²⁵ Denying people benefits makes it harder for them to find and keep work.

Since many recipients of public benefit programs are working and connected to the labor force, yet require assistance because of the realities of low-wage work, mandatory employment and training programs do little to improve employment outcomes or reduce poverty.²⁶ For recipients not attached to the labor force, many face one or multiple barriers to work. Mandatory work requirement programs would do little to help recipients overcome these barriers.

Programs provide the necessary support for people to focus their energy on finding and keeping work.

Instead, states should focus on voluntary employment and training programs that have been shown to increase earnings and employment without the harmful consequences of mandatory programs.²⁷

Work requirements are burdensome for workers and state governments

Evidence shows that verifying work requirements is costly and leads to more administrative time and resources being spent on tracking work hours than providing services.²⁸ Workers and state administrators will have to devote considerable time documenting endless changes to changing schedules and hours—leaving less time and resources for creating or strengthening effective education and training programs. There is little reason to believe that these costs will be offset by savings. Even when workers find jobs, they typically do not earn enough to transition off benefit programs.

Conclusion

Benefit programs are intended to help families get on their feet and into the labor market. With the changing labor market and the nature of low-wage work, imposing work requirements on public benefit programs is simply bad policy that is not rooted in today's workers' experiences. States and the federal government should not expand or add work requirements to public benefit programs, whether through legislation or administrative action, that put workers at risk of losing public assistance when they need it the most. Rather, states should focus on providing robust programs and services and enact job quality policies that meet the needs of those employed in today's labor market.

Endnotes

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