Express® EMPLOYMENT PROFESSIONALS

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A SAFETY NET... OR A TRAP?

Government Benefit Programs And Their Impact on Employment

An Express Employment Professionals White Paper

"Getting people back to work should be our number one goal in America. When there are concerns about whether our social programs are keeping people from working, then we have to ask some serious questions. The safety net has an important role in our society, but it can't become a trap. Benefit programs must serve as a ladder for upward mobility."

– Bob Funk, CEO and Chairman of the Board
Express Employment Professionals

IT'S TIME TO ASK QUESTIONS

At Express Employment Professionals, we believe a job can make an incredible difference in a person's life. It offers opportunity, hope, security, and satisfaction. But the reality is that not everyone who needs or wants a job in America can find one. As a result, many government programs and benefits are administered to support those who have no work or too little work.

That support takes the form of unemployment benefits, "food stamps," disability insurance, and other forms of supplemental income and assistance, usually designed to offer temporary support until an individual can get back to work or self-sufficiency.

There's an ongoing debate in America about these programs and their effectiveness. Are they achieving their goals? Or, as some have suggested, are they doing more harm than good?[1]

Is it possible that programs designed to get people out of unemployment or out of poverty are actually keeping some people unemployed and prolonging poverty?

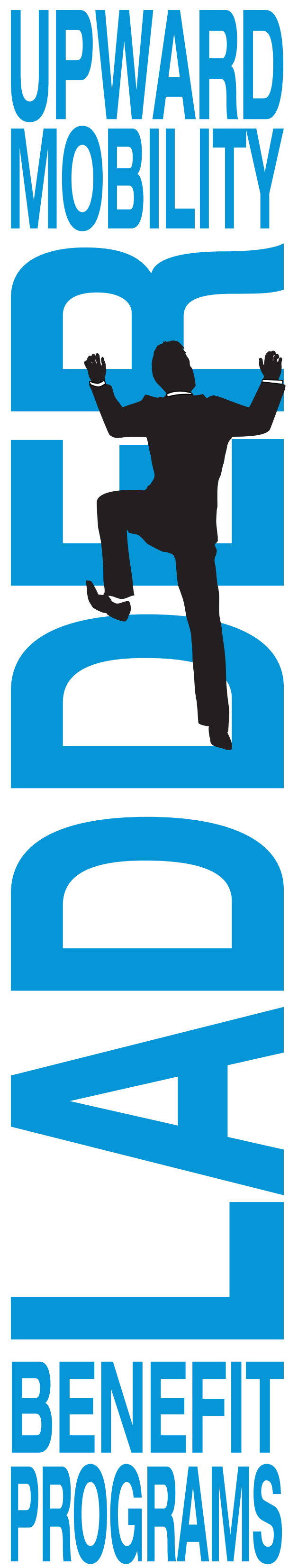
These questions have taken on new urgency due to tight government budgets. The nation's unemployment rate has been much too high for much too long, even after the economic recovery began in 2009. The labor force participation rate is at a 36-year low; the percentage of Americans in the work force is at the lowest point since President Carter was in office. In addition, more than 45 million people are currently living in poverty.[2]

So, it's worth asking: are government benefits offering a ladder of upward mobility? Or are Americans getting trapped in a dangerous safety net?

This white paper will approach the issue from four important facets:

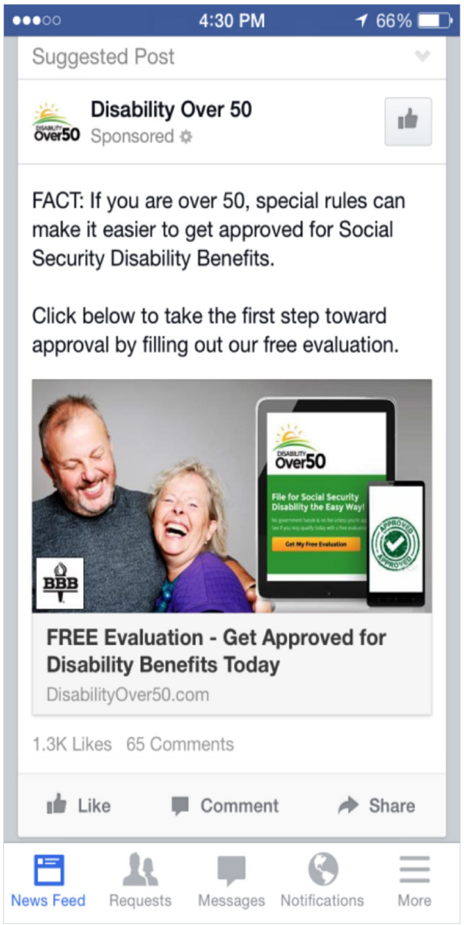
1. Are people abusing the disability insurance program?
2. Are unemployment benefits prolonging unemployment?
3. Are welfare benefits creating a "low-wage trap"?
4. Have other programs become inefficient and counterproductive?

"Getting people back to work should be our number one goal in America. When there are concerns about whether our social programs are actually keeping people from working, then we have to ask some serious questions. The safety net has an important role in our society, but it can't become a trap. Benefit programs must serve as a ladder for upward mobility."
–Bob Funk



QUESTION 1:
Are people abusing the disability insurance program?

Have you seen an ad like this on Facebook?



Have you seen television ads explaining that you may qualify for disability benefits and don't even know it?

These ads promise benefits without specifying any qualifications, instead citing "special rules" and promoting "FREE evaluations."

In recent years, dependence on Social Security Disability Insurance has skyrocketed, leading to concerns that it's being used by people for whom it was not originally intended. That's not surprising, given the volume of advertisements promising benefits without preconditions.

Social Security Disability Insurance has an important purpose: providing income for those who are physically unable to earn income for themselves. But in some ways, it has become another form of unemployment insurance. Express also covered this topic in the August 2013 white paper, "The Great Shift"[3]

A study from the Federal Reserve Bank of San Francisco found that Americans are leaving the labor force, in part, due to the "increased use of some social benefit programs, notably disability insurance."[4] Roughly 13 million Americans, including 8.5 million former workers receive disability.

There's no doubt that age, ailment, injury, and other factors leave millions of Americans unable to work, but "disability insurance has clearly become, in part, a form of extended unemployment insurance and early retirement, with Medicare benefits," says Michael Boskin, a Stanford economics professor and former chairman of the president's Council of Economic Advisors.[5]

Disability Fraud Case Study: The Long Island Railroad

Part of the problem is fraud, and it can happen on a large scale. One of the most notorious cases of disability fraud in recent history involved former employees of the Long Island Railroad (LIRR) in New York. The $1 billion scam has been referred to as a "the gravy train."

From 2000 to around 2008, 93 to 97 percent of career employees of the LIRR retired early and then received federal disability payments, according to The New York Times. Claims were almost never rejected.[9] Since then, LIRR retirees who were receiving disability have been caught earning their black belts in jujitsu or working as volunteer firemen, to cite two examples. Clearly, they weren't disabled.[10]

According to the Social Security Administration, in less than a decade there's been a 44 percent increase in disability claims by people formerly in the workplace.[6] The top 10 states with the largest percentage increases between 2000 and 2012 were Texas, Utah, New Hampshire, Idaho, New Mexico, Oklahoma, Nevada, Washington, Alabama, and Wisconsin. In many states, the number of former workers on disability doubled from 2000 to 2012.

NUMBER OF FORMER WORKERS RECEIVING DISABILITY BENEFITS, BY STATE, IN 2000 AND 2012 AND PERCENTAGE OF INCREASE

State	2000 Recipients	2012 Recipients	Percentage of Increase
Alabama	121,253	233,849	92.86%
Alaska	7,233	12,931	78.78%
Arizona	85,763	154,917	80.63%
Arkansas	76,532	140,597	83.71%
California	433,005	704,936	62.80%
Colorado	60,958	103,473	69.74%
Connecticut	53,815	81,125	50.75%
Delaware	14,600	27,298	86.97%
Dist. of Columbia	8,340	14,183	70.06%
Florida	307,500	537,803	74.90%
Georgia	157,748	277,169	75.70%
Hawaii	13,854	23,281	68.05%
Idaho	20,737	42,382	104.38%
Illinois	175,929	289,906	64.79%
Indiana	109,696	203,621	85.62%
Iowa	46,465	76,228	64.05%
Kansas	41,949	74,640	77.93%
Kentucky	125,832	209,409	66.42%
Louisiana	88,568	154,283	74.20%
Maine	35,023	58,922	68.24%
Maryland	69,741	126,323	81.13%
Massachusetts	123,930	200,147	61.50%
Michigan	183,045	346,803	89.46%
Minnesota	67,849	124,641	83.70%
Mississippi	85,194	132,246	55.23%
Missouri	122,975	218,208	77.44%
Montana	16,828	27,897	65.78%
Nebraska	25,320	42,016	65.94%
Nevada	31,460	61,166	94.42%
New Hampshire	22,806	47,094	106.50%
New Jersey	125,686	198,641	58.05%
New Mexico	31,544	63,286	100.63%
New York	338,265	517,071	52.86%
North Carolina	194,528	329,366	69.32%
North Dakota	9,004	14,187	57.56%
Ohio	194,624	345,176	77.36%
Oklahoma	64,892	126,396	94.78%
Oregon	56,269	105,885	88.18%
Pennsylvania	214,106	403,388	88.41%
Rhode Island	23,431	36,927	57.60%
South Carolina	101,967	177,534	74.11%
South Dakota	11,900	19,032	59.93%
Tennessee	143,191	250,888	75.21%
Texas	257,413	567,705	120.54%
Utah	21,850	46,791	114.15%
Vermont	12,437	22,313	79.41%
Virginia	127,904	211,535	65.39%
Washington	90,121	174,263	93.37%
West Virginia	60,494	96,310	59.21%
Wisconsin	82,672	157,689	90.74%
Wyoming	7,912	12,777	61.49%

One factor contributing to the rise in disability is that states are happy to shift Americans from welfare or unemployment to disability because it means the federal government, rather than the state government, picks up the tab.[7]

Once on disability, there are incentives for people to stay on it. For some people, it can be an easier source of income than finding a job.

Promoting the growth of the disability programs are attorneys and law firms that profit from helping people get on disability, even if the individuals might be able to work. A recent investigation by Planet Money and NPR dubbed this the "Disability-Industrial Complex."

There are also more than 1.2 million children on disability. Children can qualify if it is determined something is keeping them from progressing in school. What does this have to do with working age adults? Some families come to depend on their children's disability checks according to Chana Joffe Walt, a reporter for NPR. This too creates a moral hazard. On the one hand, parents want their children to overcome their learning disabilities; but on the other hand, they don't want to lose income on which they've come to rely.[11]

"America is a caring country, and those who are disabled need and deserve help," says Express CEO Bob Funk. "But we're all in trouble if able-bodied workers are classified as disabled, so they don't need to go out and find work. And it's certainly not fair to those who need benefits if healthy people are taking the money that the disabled deserve."

Disability programs cost American taxpayers in excess of a quarter trillion dollars a year.[12] Much of it is certainly needed, but the system can also make relying on disability seem like a better option than going to work. That, in turn, leads to dependence on government benefits, fewer Americans in the workforce, and a greater strain on the social safety net.

Question 2:
Are unemployment benefits prolonging unemployment?

Created in 1935, Unemployment Insurance (UI) benefits are jointly administered by the federal and state governments and funded by state and federal taxes on employers.

As the Center for Budget and Policy Priorities explains, "To qualify for unemployment insurance benefits, a person must:

1. Have lost a job through no fault of his or her own;
2. Be 'able to work, available to work, and actively seeking work;' and
3. Have earned at least a certain amount of money during a 'base period' prior to becoming unemployed."[13]

While there are differences among the states in the duration, dollar amount, precise qualifications, and other parameters, UI is typically available for a maximum of 26 weeks.[14]

During periods of economic downturn, however, qualified individuals are often eligible to receive UI benefits for more than 26 weeks. In the aftermath of the recent recession, residents of some states were at one time eligible for as long as 99 weeks, provided they showed they were still looking for work. This extended eligibility is due in part to emergency actions taken in the wake of the Great Recession. Benefits were "extended" multiple times because unemployment remained high.[15]

That raised concerns of a moral hazard—or distorted incentives.[16] These benefits are of course designed to help support people until they find work. But if the work a person can find pays the same or only slightly more than the benefits they receive—or if they don't like the work available to them—they could choose to stay unemployed. This is why policymakers and citizens alike have expressed their worry that extending unemployment benefits may contribute to a high unemployment rate.

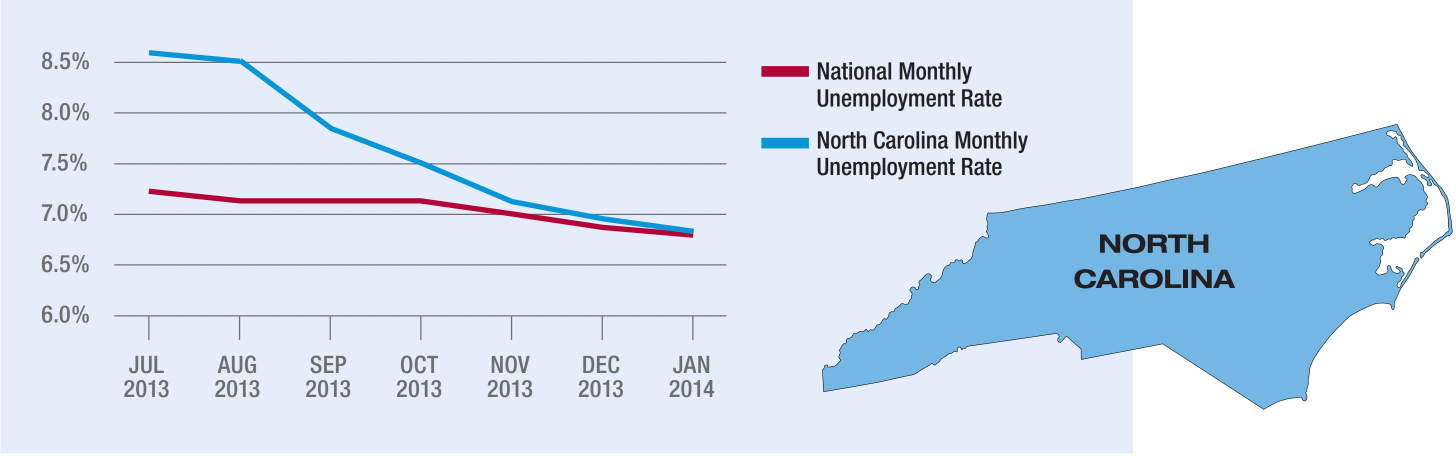
In December of 2013, the "extended" benefits expired, and Congress did not pass legislation to extend them again, meaning the unemployed in most states are now eligible only for a maximum of 26 weeks of benefits.[17] There is, however, an ongoing debate in Congress about extending them again. Some want to provide additional benefits retroactively.[18]

While there are differences among the states in the duration, dollar amount, precise qualifications, and other parameters, unemployment insurance is typically available for a maximum of 26 weeks.

Interestingly, we have a "market test" to examine, as The Wall Street Journal put it. [19] North Carolina ended long-term unemployment benefits in mid-2013, roughly six months before they expired nationwide, meaning individuals were eligible for a maximum of 19 weeks of unemployment benefits.[20]

During the second half of 2013, most Americans were eligible for unemployment benefits for two to four times longer than North Carolinians were. So what happened in North Carolina? When unemployment benefits were scaled back, unemployment in North Carolina decreased faster than the national average—from 8.1 percent in July 2013 to 6.7 percent in January 2014. The national rate only declined from 7.3 percent to 6.6 percent .

EXAMINING NORTH CAROLINA'S FALLING UNEMPLOYMENT RATE



SOURCE: bls.gov[21]

Some people left the labor force altogether, meaning they gave up on looking for work. But a large number of people who were previously unemployed finally went back to work. Between July and January, the number of employed North Carolinians increased by more than 45,000.[22]

That's not to say the North Carolina experience was all positive. Food banks in North Carolina saw a spike in demand, according to local reports. In September 2013, Alan Briggs, executive director of the North Carolina Association of Food Banks, told a local news outlet, "What we're seeing is food banks are being asked to be the safety net of the safety net."[23]

Nevertheless, this "experiment" in North Carolina is in line with previous research on the topic. One 2008 study by Princeton professor Alan Krueger, who served as an economic adviser to President Obama, and his colleague Andreas Mueller of Stockholm University and Princeton, found that "job search is inversely related to the generosity of unemployment benefits."[24]

In other words, if a person can get by on unemployment benefits, there's less incentive to look for work. The study also found that when an individual knows benefits are about to expire, he or she will search more diligently. However, when an individual expects benefits to be available indefinitely—as had seemed the case until recently—he or she will not search as hard.

Therefore, to at least some extent, long-term unemployment benefits could actually discourage people from finding work.

What do the unemployed say?

In April 2014, Express Employment Professionals commissioned a poll of the unemployed, conducted by The Harris Poll. Unemployed Americans were asked about the effect of unemployment insurance on their lives.[25]

Here's what they had to say:

82% *of those receiving unemployment benefits said if their unemployment compensation were to run out prior to their finding a job, they would "search harder and wider for a job."*

48% *agree that they "haven't had to look for work as hard" thanks to unemployment compensation.*

72% *agree that compensation has been a "cushion" and 62 percent agree with the statement, "It has allowed me to take time for myself."*

The Krueger-Mueller study also compared American unemployment patterns with those in Europe. They found that Americans who are unemployed spend more time looking for work than their European counterparts. They explained this by noting that in most states in the U.S., unemployment benefits are "relatively modest," compared to much more generous programs in Europe that offer benefits for longer durations.[26]

That doesn't mean unemployment insurance is not important or that unemployed Americans are not struggling. Unemployment insurance provides much needed support to those who have lost their jobs. As a country, we've made a commitment to helping each other when someone is struck with joblessness.

But there's room to improve the program. And there's reason to question the extent to which it's helping transition people from joblessness to employment as quickly as possible. If not, it may in some cases actually be prolonging the problem it seeks to alleviate.

QUESTION 3:
Are welfare benefits creating a "low-wage trap"?

If there's concern that unemployment benefits prolong unemployment, there's equal if not greater concern that other welfare benefits meant to alleviate poverty are actually trapping people in poverty.

How could that be possible?

Imagine this: you're receiving welfare benefits and you want to find work that pays more. You look for a better job and you find one you like, only to realize that if you take it, you won't actually make more money than you do right now. Why? Because you'll lose welfare benefits and have to pay taxes on your new earnings.

In technical terms, you face a high effective marginal tax rate. A marginal tax rate is the percentage you pay in taxes on an additional dollar of income. If making that extra dollar also means you lose income from welfare, then your marginal tax rate is higher.

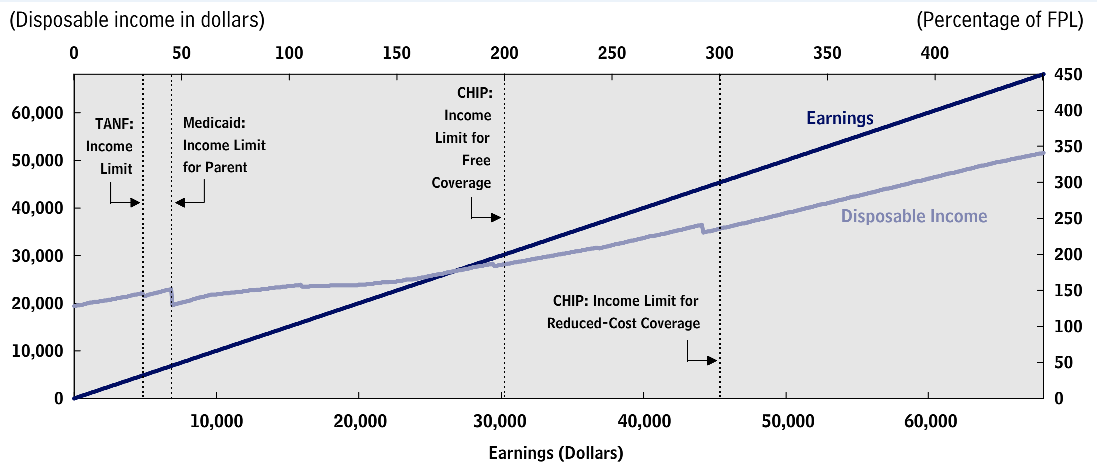
According to the Congressional Budget Office, some Americans receiving welfare benefits have an effective marginal tax rate of up to 100 percent, meaning if they could go to work and bring home a paycheck, they wouldn't end up with more money in the bank.

Other studies have revealed marginal tax rates that exceed 100 percent, meaning individuals or families would actually lose money by earning more money in a job.[27] The increase in earnings from work would be canceled out by a loss of benefits and a loss to taxes.[28]

This occurs because benefits are means-tested, and they don't usually phase out gradually; they phase out suddenly at specific income thresholds.[29] Earning a few more dollars can mean losing thousands of dollars in benefits.

The graph below from the Congressional Budget Office illustrates how as earnings increase for a hypothetical single parent with one child, disposable income doesn't increase as quickly. Notice that in the $20,000 to $30,000 range an increase in earnings doesn't produce much of an increase in disposable income—and can actually mean a small decrease in income. Also notice that for families making under $10,000, disposable income also goes down when earnings increase, due to lost eligibility for programs like Troubled Assistance for Needy Families (TANF) and Medicaid.

DISPOSABLE INCOME FOR A HYPOTHETICAL SINGLE PARENT WITH ONE CHILD, BY EARNINGS, IN 2012



Notes: Disposable income is that which remains after accounting for taxes and transfers. The taxes considered in this illustration are federal and state individual income taxes and federal payroll taxes. The transfer programs considered in this illustration are TANF, Medicaid, SNAP, CHIP, and the Housing Choice Voucher Program.

In 2012, the federal poverty guideline (abbreviated as FPL) for a household of two is $15,130.

TANF = Temporary Assistance for Needy Families; SNAP = Supplemental Nutrition Assistance Program (formerly known as the Food Stamp program); CHIP = Children's Health Insurance Program.

SOURCE: Congressional Budget Office[30]

Who can blame someone for not taking a job in such a situation? It hardly seems logical for an individual to go to work to earn $1 only to lose $1 in other benefits and taxes. What mother would want to earn a few more dollars if doing so meant losing healthcare for her child or for herself?

"All else being equal, people tend to work fewer hours when marginal tax rates are high," notes the CBO.

A 2013 study from the libertarian-leaning CATO Institute calculated the value of welfare benefits available to a mother of two, which can be substantial. The chart below shows the value of benefits available in each state, broken down by program, for a hypothetical single mother with two kids.[31]

TOTAL VALUE OF WELFARE BENEFITS, BY STATE

Rank	Jurisdiction	TANF ($)	SNAP ($)	Housing ($)	Medicaid ($)	WIC ($)	LIHEAP ($)	TEFAP ($)	Total ($)
1	Hawaii	7,632	8,827	23,798	6,776	1,289	553	300	49,175
2	District of Columbia	5,136	6,081	21,775	8,136	1,071	600	300	43,099
3	Massachusetts	7,416	6,247	17,203	9,920	979	450	300	42,515
4	Connecticut	6,804	6,312	14,243	9,175	1,253	675	300	38,761
5	New Jersey	5,088	6,145	17,428	8,153	1,265	348	300	38,728
6	Rhode Island	6,648	6,249	12,702	11,302	1,156	275	300	38,632
7	New York	8,292	5,251	12,044	10,464	1,309	344	300	38,004
8	Vermont	7,980	4,999	13,083	9,988	1,154	200	300	37,705
9	New Hampshire	7,500	4,837	13,296	10,044	825	358	300	37,160
10	Maryland	6,780	5,881	13,056	7,884	1,320	450	300	35,672
11	California	8,676	4,994	14,821	4,459	1,170	868	300	35,287
12	Wyoming	6,924	6,312	9,044	9,612	799	128	300	33,119
13	Oregon	5,652	6,312	10,701	7,452	957	300	300	31,674
14	Minnesota	6,384	6,247	8,207	9,000	1,041	424	300	31,603
15	Nevada	4,596	6,312	12,475	6,455	908	363	300	31,409
16	Washington	6,744	5,164	11,040	6,400	999	169	300	30,816
17	North Dakota	5,724	6,312	8,568	8,280	1,163	335	300	30,681
18	New Mexico	5,364	6,312	8,711	8,467	936	345	300	30,435
19	Delaware	4,056	6,312	11,989	6,084	1,001	633	300	30,375
20	Pennsylvania	4,836	6,164	8,947	8,100	1,184	286	300	29,817
21	South Dakota	6,468	5,648	7,428	8,261	1,100	233	300	29,439
22	Kansas	4,836	6,312	8,197	8,309	962	480	300	29,396
23	Alaska	11,076	7,017	–	8,467	1,256	1,159	300	29,275
24	Montana	5,664	6,312	8,551	6,876	1,030	390	300	29,123
25	Michigan	5,868	6,312	8,344	6,618	980	450	300	28,872
26	Ohio	4,920	6,312	8,152	7,857	864	317	300	28,723
27	North Carolina	3,264	6,312	9,393	7,452	1,083	338	300	28,142
28	West Virginia	4,080	6,312	8,070	7,742	1,056	167	300	27,727
29	Indiana	3,456	6,312	8,827	6,534	912	550	300	26,891
30	Missouri	3,504	6,312	8,295	7,092	935	400	300	26,837
31	Oklahoma	3,504	6,312	8,061	7,342	959	306	300	26,784
32	Alabama	2,580	6,312	8,196	6,560	1,197	1,493	300	26,638
33	Louisiana	2,880	6,312	8,556	6,776	1,247	467	300	26,538
34	South Carolina	3,156	6,312	8,337	7,063	1,118	250	300	26,536
35	Wisconsin	7,536	5,919	–	6,540	1,035	153	300	21,483
36	Arizona	4,164	6,312	–	8,676	1,012	900	300	21,364
37	Virginia	4,668	6,312	–	8,640	786	178	300	20,884
38	Nebraska	4,368	6,312	–	8,388	1,055	375	300	20,798
39	Colorado	5,544	6,312	–	6,901	973	720	300	20,750
40	Iowa	5,112	6,266	–	7,024	883	516	300	20,101
41	Maine	5,820	6,312	–	6,000	989	450	300	19,871
42	Georgia	3,360	6,312	–	7,920	1,345	560	300	19,797
43	Utah	5,688	6,312	–	6,228	859	225	300	19,612
44	Illinois	5,184	6,301	–	5,961	1,146	550	300	19,442
45	Kentucky	3,144	6,312	–	7,560	973	474	300	18,763
46	Florida	3,636	6,312	–	6,196	1,077	600	300	18,121
47	Texas	3,156	6,312	–	7,337	703	229	300	18,037
48	Idaho	3,708	6,312	–	6,012	884	550	300	17,766
49	Arkansas	2,448	6,312	–	6,377	1,113	873	300	17,423
50	Tennessee	2,220	6,312	–	7,344	1,006	231	300	17,413
51	Mississippi	2,040	6,312	–	6,909	1,023	400	300	16,984

SOURCE: The CATO Institute[32]

Hawaii tops the list. On average, a mother of two can receive welfare in the value of $49,175, or the equivalent of $60,590 in pre-tax dollars in the Aloha State. In other words, that mother of two would have to earn more than $60,590 in a job before she could take home more money after taxes than she could qualify for in welfare benefits.[33]

In the middle of the list is Ohio, where a mother of two can receive benefits in the value of $28,723.

As the co-author of the study notes, "[People on welfare are] not stupid. If you pay them more not to work than they can earn by working, many will choose not to work."

And that creates a problem. It means they won't take the lower paying jobs that often provide the experience and skills needed to move on to higher paying jobs, which in turn allow them to move up into the middle class. They end up stuck in what some have called the "low-wage trap." People are "trapped" because in order to earn more they would first have to make less.

As Jennifer Romich of the University of Washington notes, this reduces the chances of upward mobility.[34]

What does that mean for the country? In short, it means that programs meant to help people are designed in a way that's hurting some. The intent behind the programs is good; the outcome produces mixed results.

At Express, we don't believe this is fair. People shouldn't be faced with such impossible choices.

We believe in putting people back to work; that's our mission. But if there aren't people looking for work, it hinders our ability to match people with jobs and get America working again. It also prevents people from reaching their potential.

The presence of a "low-wage trap" should be a call to action.

Express recommends considering a few policy initiatives in order to stop the devastating effects of the low-wage trap:

1. Phase out benefit payments gradually, not all at once at certain thresholds.
2. Expand the Earned Income Tax Credit to incentivize work.
3. Impose additional work requirements for eligibility, which will also incentivize working and looking for work.

We should be encouraging people to work. That's the best way to prevent them from being trapped in poverty. Right now, the unintended combined consequence of welfare programs is to incentivize not working or not taking slightly higher paying jobs.

It may sound bizarre that our government programs are structured this way, but it's true and it must change.

QUESTION 4:
Have other programs become inefficient and counterproductive?

2014 marked our nation's 50th anniversary of the "War on Poverty," which President Lyndon B. Johnson declared in 1964.[35] On the anniversary, the U.S. House of Representatives Budget Committee released an in-depth look at the many government programs—many created since the "War on Poverty" declaration—meant to support struggling Americans.

The report notes something many do not realize:

"Today, the federal government's anti-poverty programs are duplicative and complex. There are at least 92 federal programs designed to help lower-income Americans. For instance, there are dozens of education and job-training programs, 17 different food-aid programs, and more than 20 housing programs. The federal government spent $799 billion on these programs in fiscal year 2012."[36]

With numerous overlapping programs managed by different agencies, are taxpayer dollars doing the most good possible? The report gives the numerous programs mixed grades: some are effective; others are failing to achieve their goals.

One recent example of government policies undermining other goals is the Affordable Care Act (ACA). Obviously, the goal of the ACA is to expand access to healthcare for the uninsured. So far it has had limited success doing that.[37]

But at the same time it seems to be causing economic setbacks. Express examined the effects of the ACA in a September 2013 white paper titled, "Changing Dynamics." The ACA has contributed to the erosion of the 40-hour work week and makes it hard for small businesses to expand.[38]

A February report from the Congressional Budget Office also said that the ACA reduces the "incentives to work" and will slow economic growth.[39]

So on the one hand, the government is spending money trying to get people back to work, while on the other hand a different government program is incentivizing people not to work.

Where does this disincentive come from? The CBO says it's "from new subsidies for health insurance purchased through exchanges." Because workers with lower incomes are able to receive help from the government to cover healthcare costs, there's less incentive to earn more or work more.

How big is the impact? The CBO says the reduction in hours worked will be the equivalent of removing 2.5 million full-time workers from the economy by 2024.[40]

Too many Americans lack health care coverage or access. No one disputes that. The question is whether or not a program designed to expand coverage is truly effective if it encourages people to work less.

Finally, there's at least one more reason why programs aren't reaching their full potential: fraud. Fraud further increases the cost of the various programs. Reports have found that anywhere from 20 to 40 percent of state Temporary Assistance to Needy Families (TANF) funds go toward "improper payments." Social Security Disability likewise loses about 10 percent of its money to fraudulent claims.[41] That's significant, considering disability expenditures totaled $135 billion in 2012.[42]

However, some analyses reveal that it's not just individual recipients bilking the system for extra dollars; it is also those providing goods and services—doctors, hospitals, supermarkets—that are collecting wrong payments, either intentionally or otherwise.[43]

So on the one hand, the government is spending money trying to get people back to work, while on the other hand a different government program is incentivizing people not to work.

CONCLUSIONS:

Though the precise amount doesn't stay constant, government benefits have made up as much as 20 percent of Americans' income in recent years, or $2 of every $10 Americans receive, on average.[44]

As the New York Times said in 2012, "Americans are relying on government benefits more than ever before."

Dependence tends to go down when the economy improves and people get back to work. Of course, the paradox is that some of these programs are now disincentivizing work.

What's the way forward? The answers aren't clear cut, but there are important goals we must set for ourselves:

1. Giving more people the stability and pride of a job
2. Spending government resources as effectively as possible to ensure they're spent on those most in need
3. Making government benefits a ladder for upward mobility, not a net that entangles people
4. Championing the value and benefits of a job
5. Making the transition from welfare to work easier

Specific policy initiatives might include:

1. Tightening eligibility requirements on programs like disability insurance to eliminate fraud
2. Phasing out benefit payments gradually, not all at once at certain thresholds, to eliminate the "low-wage trap"
3. Expanding the Earned Income Tax Credit to encourage work
4. Imposing additional work requirements for eligibility, which will also incentivize working and looking for work
5. Streamline and consolidate benefit programs to ensure they don't work at cross-purposes

At Express, our goal is to get people back to work. We want to do our part to eliminate barriers that come between people and the jobs they want or need. If government benefit programs have inadvertently become one of those barriers, then it's time for reform—and it's time to ensure those programs do what they should do: help people, so they can get back to work.

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