The Nature of Work and the Social Safety Net

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Work is at the core of the American dream—it brings the promise of income, dignity, and security. The US social safety net has largely reinforced this work ethic. Its framework includes a large role for employer-provided benefits connected to public programs, policies, and workplace laws and regulations. This social safety net, however, may now be at odds with the realities of today's labor market and trends for the future.

We define the US social safety net broadly, including structures and supports that have proven essential across the many types of workers. This framing of the social safety net includes government programs and policies related to work, legislation regulating work standards, and benefits provided by employers. Most workers in the US from after World War II until at least the mid-1970s could rely on employer benefits in combination with public policies and programs as a social safety net (box 1). Unemployment Insurance helped those out of work. Social Security, employer retirement and health benefits, and Medicare (health insurance for the elderly) helped those in retirement. Workers compensation and disability insurance helped those injured on the job. Paid leave from employers (including sick leave, vacation, family leave, and paid time off) allowed workers some flexibility when they were sick or needed to attend a family member's needs. Wages, often bolstered by union bargaining, allowed a reasonable standard of living (even for many without a college degree). The social safety net was never perfect: many workers faced discrimination, poor working conditions, and other ongoing issues. However, economic trends since the 1970s and ongoing changes in the nature of work have created fundamental challenges to the social safety net. In this brief, we examine these economic trends and the changing nature of work and discuss the implications for the social safety net; we conclude by offering some potential solutions.

BOX 1

Details of Traditional Public Safety Net Programs

Here we describe a subset of some of the largest and most commonly referred to traditional public safety net programs.

- Temporary Assistance for Needy Families: This program provides cash assistance to qualified low-income parents with minor children for up to five years while requiring participation in work activities.
- Supplemental Nutrition Assistance Program: This program provides nutrition assistance benefits to qualified low-income people (including families, individuals, and the elderly) with work requirements for certain able-bodied adults.
- Medicaid: This program provides access to health services for qualified low-income families and individuals, including people with disabilities and the elderly.
- Housing assistance: This program provides assistance with rent or public housing for qualified low-income families.
- Supplemental Security Income: This program provides cash assistance to qualified low-income people with disabilities and to low-income elderly families.
- Child care subsidies: This program provides subsidies to qualified low-income families with children.
- Earned income tax credit: This tax credit is designed to supplement the earnings of low-income workers by reducing taxes owed or providing funds. The amount is based on the level of earnings and is substantially higher for people with minor children.
- Unemployment Insurance: This program provides benefits (based on prior wages) for 26 weeks (sometimes extended) for qualified workers who are actively seeking work, have enough prior earnings and work experience, and who lost their job for a qualifying reason.

Note: All of these except the Unemployment Insurance program are "means-tested," meaning they are available based on a person's income. For more information on means-tested safety net programs, see Moffitt (2016).

Economic Trends and the Changing Nature of Work

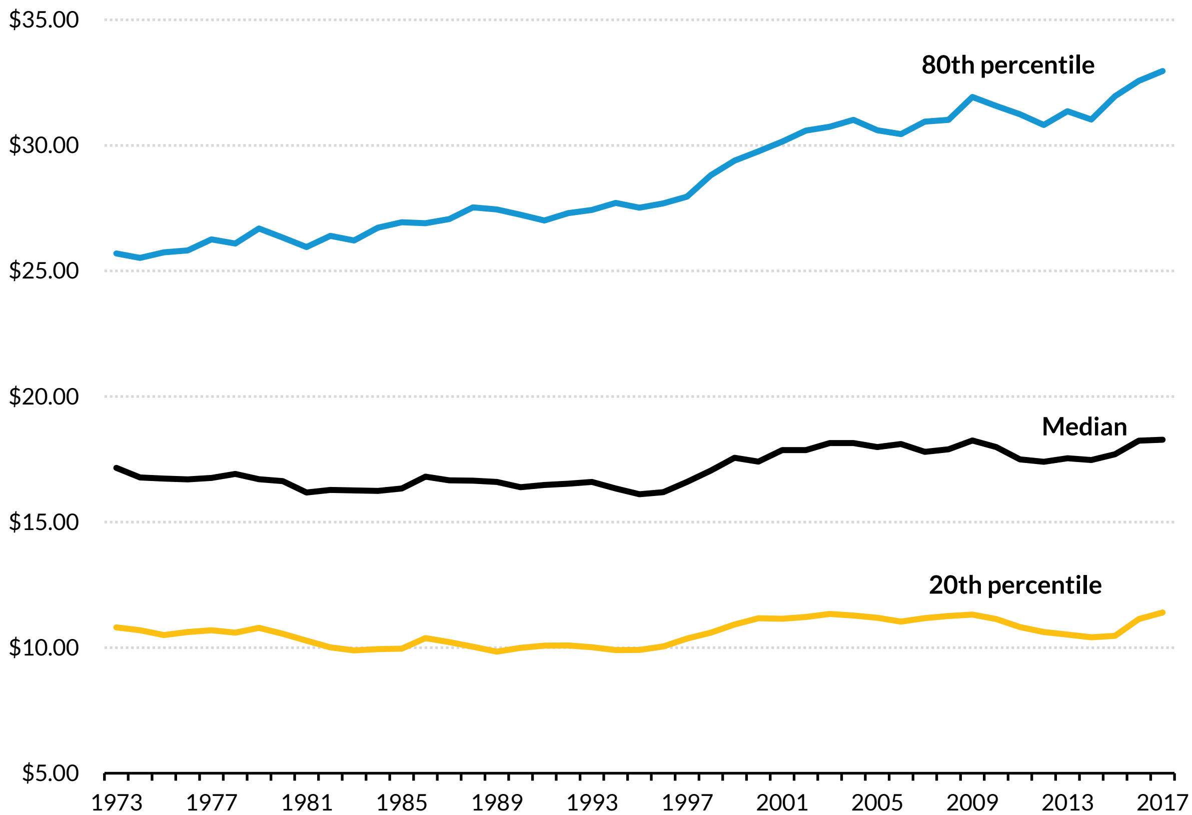
Major changes in the labor market have implications for the social safety net. Wages are stagnant for many workers (especially less educated, low-wage workers), increasing numbers of workers are out of the labor market, and access to employer-sponsored benefits is declining. Further, trends suggest an increasing number of jobs in the future will be structured in ways incompatible with current social safety net policies and programs, and automation of jobs could disproportionately impact many low-skill workers.

Wages Remain Flat, Especially for Low-Wage, Less Educated Workers

Overall, wages have been fairly stagnant (in constant dollars, after adjusting for inflation) for a large portion of the workforce. Figure 1 shows the trend in hourly wages for workers since 1985 at the 20th, 50th (median), and 80th percentiles. In real terms, growth in hourly wages for workers in the middle or bottom of the wage distribution has been relatively flat.

FIGURE 1

Hourly Wages for All Workers at 20th, Median, and 80th Percentile

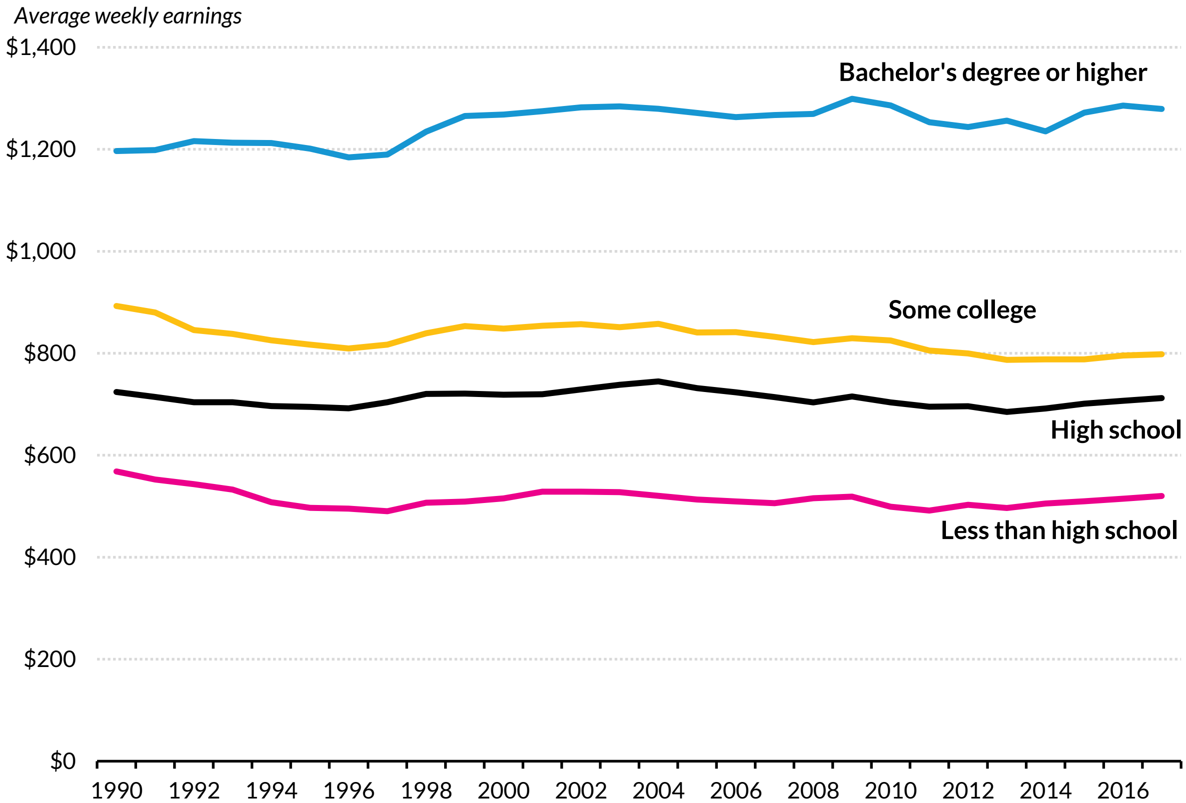


Source: Current Population Survey, Bureau of Labor Statistics, US Department of Labor, accessed from Economic Policy Institute's State of Working America Data Library.
Note: Data are in inflation-adjusted 2017 dollars and include all wage and salary workers.

Economic returns have been concentrated among those with higher levels of education. Figure 2 shows the growth in median usual weekly earnings (adjusted for inflation) for full-time workers since 1990. We show results for full-time workers to focus on differences in earnings rather than hours worked. Wages for those with a four-year degree or greater are considerably higher than for groups with less education. Further, wage growth for those with a four-year degree or greater outpaced wages for other lower-education groups, for which wages have largely remained stagnant. These trends have contributed to growing inequality in income and wealth across the labor market. For some workers, employment alone is less likely than in the past to adequately sustain families financially and less likely to keep people out of poverty.

FIGURE 2

Median Usual Weekly Earnings for Full-Time Workers by Education Level



Source: Current Population Survey, Bureau of Labor Statistics, US Department of Labor.
Note: Earnings are in inflation-adjusted 2017 dollars.

Labor Force Participation Is Declining, Especially among Youth and Prime-Age Workers

The labor force participation rate, or the percentage of the population who are either working or actively searching for work, has been declining for many years, especially since the late 1990s. Declining labor force participation is affected by many complex factors, such as changing population demographics (e.g., aging and retiring groups), global competition and US industrial composition, shifting immigration patterns, and technological advances (Abraham and Kearney 2018; Krause and Sawhill 2017; Krueger 2017). Some people cycle in and out of the labor market, others are more chronically not employed, and some may be in the informal economy and thus not captured in official surveys. Figure 3 shows the decline has been occurring since the mid-1970s for men. For women, after increasing through the mid-1990s, the labor force participation was relatively flat until the mid-2000s, after which it has been declining. The Bureau of Labor Statistics projects this decline for men and women will continue for at least another decade. This trend is evident for all groups regardless of gender, education, or race.

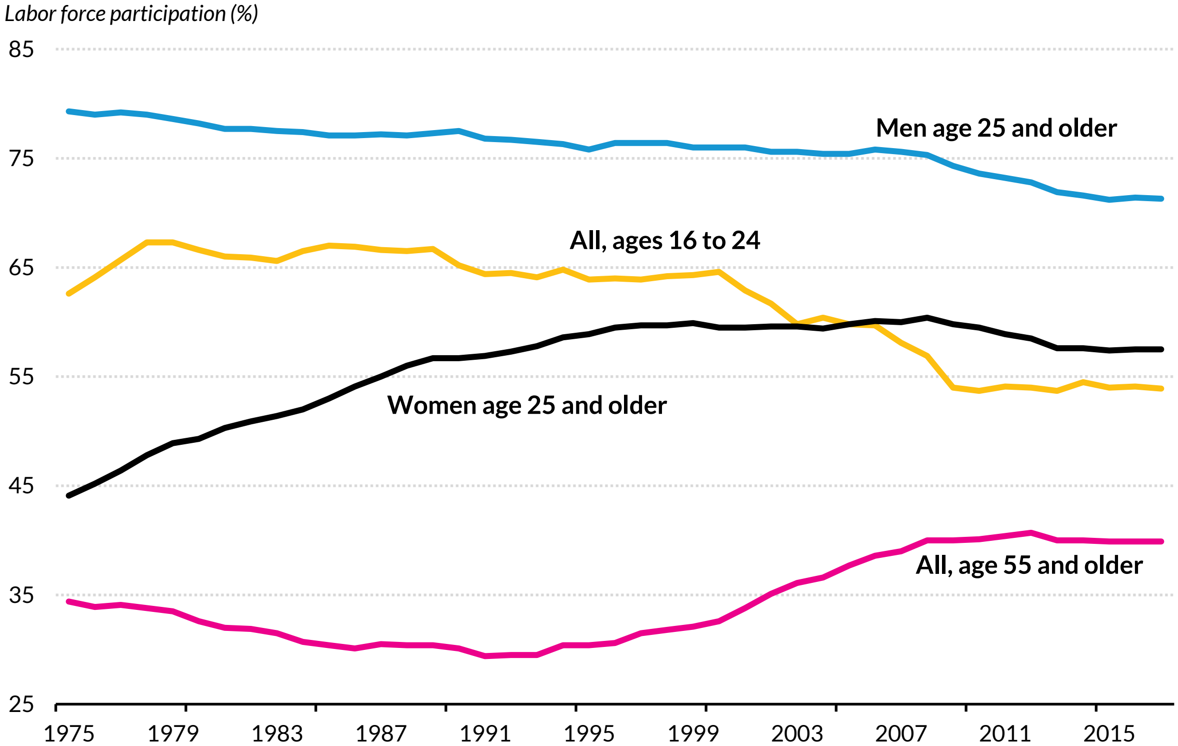
The sharpest decline in labor force participation is among teenagers and young workers. These declines are even greater for young African-Americans and those with a high school education or less. One major reason this is that more young people are attending school, and fewer are working while in school (Morisi 2017). Some research, however, suggests that about half or more of the drop in employment comes from a rising share of young people who are neither working nor in school (Holzer and Lerman 2014). Among young people 20 to 24 years old, 10 percent are “disconnected”—they are not working or in school; have less than an associate degree; have income below 200 percent of the federal poverty level; and are not living in group quarters, such as dorms or correctional facilities. The rate is higher (17 percent) among African American youth (Ross and Svarjlenka 2016). Being out of the labor market has concerning negative long-term implications on future work prospects for people who are not in school (Bell and Blanchflower 2011). For example, they may not have been able to build retirement accounts during their working years and will therefore need more assistance from public safety net programs.

People age 55 and older constitute one exception to the general downward trend in labor force participation is for (figure 3). Their labor force participation rates are lower than other groups’, but their participation rate is rising and projected to continue to rise over the next decade. This is in part because older people are in better health now than in the past but also because of economic necessity: retirement is less affordable today because of erosions in pension coverage and retiree health insurance coverage from private-sector employers (Johnson 2018).

Higher rates of disability and health issues and, in recent years, increases in the use of opioids and other drugs may all be associated with reduced labor force participation, especially for males in their prime years for work (Institute of Medicine and National Research Council 2013). One study found that about half of prime working-age men not in the labor force have a serious health condition that is a barrier to work (Krueger 2017). Additional factors, such as ongoing racial, ethnic, and gender discrimination; educational disadvantages; criminal records; child support payment arrears, young parenthood; and disparities in geographic employment opportunities also make it more difficult for some workers to obtain jobs and remain regularly employed (Goldin and Rouse 2000; Cajner et al 2017; Chetty, Hendren and Katz 2016). One implication of this decline for the social safety net is that the assumption of employment for those in their prime working ages, especially full-time, steady employment, is no longer true for many.

FIGURE 3

Labor Force Participation by Age and Gender, 1975 to 2017



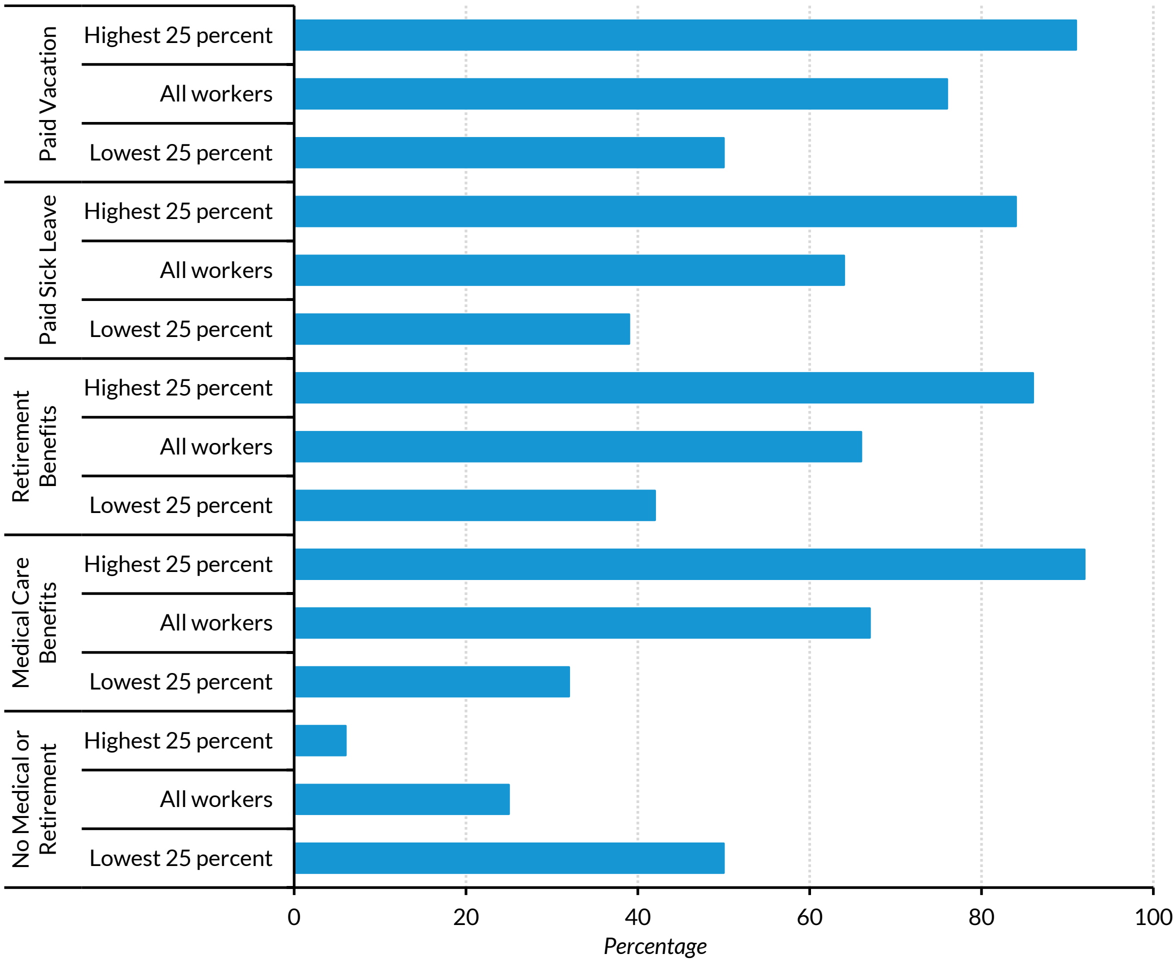
Source: US Bureau of Labor Statistics, Current Population Survey.

Access to Employer-Sponsored Benefits Is Declining

Over time, fewer workers are getting benefits through their employer. Access to employer-sponsored retirement plans and employer-sponsored health insurance has declined over the past few decades (US Government Accountability Office 2017; Long et al 2016). In the current labor market, access to employer-sponsored benefits varies by wage, with those in high-wage jobs enjoying greater access than those in low-wage jobs. Figure 4 shows the percentage of workers with access to several benefit types (meaning that their employer offers the benefit and they are eligible to receive it).[1] Across the board, access to these benefits is substantially lower for workers in the lowest 25 percent of the wage distribution compared with those in the highest 25 percent. Access to employer benefits also varies by employer size and hours of work, with workers in smaller firms and part-time workers having less access to benefits.

FIGURE 4

Percentage of Private-Sector Workers with Access to Employer-Sponsored Benefits by Wage, 2016



Source: BLS, National Compensation Survey: Employee Benefits in the United States, March 2016. https://www.bls.gov/ncs/ebs/benefits/2016/.

The Structure of Work Is Changing

Businesses across the US are changing how they organize themselves as well as their work and production in ways that affect workers' benefits and the social safety net. More businesses are outsourcing activities (including everything from janitorial work to hiring) to other businesses; in the past, these activities would have been performed by standard employees (Dey, Houseman, and Polivka 2012). And businesses are using more contract, temporary, and other contingent workers, often for short periods or irregular schedules and sometimes working through a third-party agency.

MORE FISSURED WORKPLACES

Companies have always contracted out for some activities, but it now is more common for businesses to contract out core functions, such as information technology, facility maintenance, accounting, and legal services. This leads to what David Weil calls a “fissured workplace,” where the primary company is no longer the direct employer of these workers and does not have an employer’s legal obligations regarding health and safety, wage, and other areas of regulation (Weil 2014). Increasing use of the franchise model of business is another way the labor market is fissured. A hotel, for example, may be branded as a national chain, but the brand company often only owns the name. Other firms own the restaurants (sometimes as franchises) and others still own the lodging operation. Each firm may in turn outsource some of its functions, such as accounting, information technology, housekeeping, and maintenance. The brand company may hold specific standards for products and processes (McDonald’s, for example, sets requirements for how to prepare and serve food), but it does not have responsibility for compliance with minimum wage, overtime, and occupational safety laws. The company that employs the janitorial workers or the franchisee is often running at a much lower profit margin than the brand company, facing increasing economic pressures that can lead to lower wages, variable scheduling (discussed in detail later in this section), and incentives to skirt labor regulations.

MORE NONSTANDARD WORK ARRANGEMENTS

A small but growing percentage of people in both fissured and traditional workplaces are in nonstandard work arrangements (meaning they are not regular employees). This includes “contingent workers,” including temporary workers, sometimes hired through an agency; contract company workers; on-call workers; and independent contractors, which include independent consultants and freelancers (Houseman and Heinrich 2016). These jobs also include what today are referred to as “gig” jobs, such as ride sharing, delivery services, or other work where online platforms are used to request, match, and schedule jobs. According to the Bureau of Labor Statistics’ National Survey of Contingent Workers, contingent work arrangements made up only a small share of the formal US workforce in 2017, from 1 to 4 percent (or 2 to 6 million workers) depending on the definition.[2] Another 7 percent, or more than 10 million workers, were independent contractors. These results show no increase (or a slight decrease) in nonstandard employment since 2005, the next most recent year of the survey. The lack of growth could be in part because the survey only captures contingent or alternative work that is the individuals’ main job (the one where they work the most hours). Results from new BLS survey questions that try to identify and isolate gig jobs (defined as those found and paid through a mobile app or website) are yet to be released.

MORE AMBIGUOUS EMPLOYER-EMPLOYEE RELATIONSHIPS

Health insurance, retirement savings, workers’ compensation, family leave, and unemployment insurance are generally tied to one’s employment status. Fissured business models and contingent work arrangements confuse the categorization of employee and employer. Under the Fair Labor Standards Act, the Occupational Safety and Health Act, the Family and Medical Leave Act, and other legislation, employers are responsible for complying with laws governing minimum wage, overtime, health and safety, and other labor standards. In standard employment arrangements, it is clear who the employer is. But in nonstandard work arrangements, the designation is not always straightforward. Some workers are misclassified by their firms as independent contractors when they rightly should be classified as regular employees. Some workers are unclear on their own employer-employee arrangement (Daly et al 2014).

HOURS AND SCHEDULING

Some employers use flexible or variable scheduling for standard jobs, providing workers with limited advance notice of schedules and no minimum number of hours. For some employers, keeping a relatively high number of workers on the payroll while offering fewer hours and posting schedules with a week or less of notice allows them to avoid paying overtime or benefits and maximizes their desire for flexibility to meet demand (Ansel and Boushey 2017; Lambert 2008). But a unpredictability in scheduling and hours can make it difficult for workers to balance work with family responsibilities or education and leave them less able to depend on stable earnings. Data on the extent of these practices is limited because for the most part they are not reported in government surveys. The existing data show that 10 percent of the workforce has an irregular work schedule or on-call shifts, and this share is double that among part-time workers. Among early-career workers, about one-third report they are given a week or less of notice of their schedule (Golden 2015). These figures are higher in industries with higher rates of low-wage work, such as hospitality and retail. Although flexible work hours can be beneficial when workers have more control and ability to arrange their schedule, this is generally true for professional, salaried workers. Studies show that employees in hourly jobs often have little control over the number and timing of work hours (Lambert 2008; Lambert, Fugiel, and Henly 2014). Some research suggests unpredictable scheduling can have negative effects on financial stability, worker health, and parenting practices (Schneider and Harknett 2016).

Although research continues to examine the changing structure of work and how it affects demand and access to jobs, some public policy implications are becoming clearer. Workers in temporary, contingent, and other nonstandard jobs have lower wages and less access to employer-sponsored benefits, such as health insurance, worker leave, and retirement plans (US Government Accountability Office 2015). Some evidence also suggests that temporary and nonstandard workers are more likely to be hurt or injured on the job (with variations by industry), perhaps because they have less experience and training. Research in one state estimates that temporary workers have injury rates twice as high as regular workers (Michaels 2015). They are, therefore, more likely to have absences from waged work, less access to workers' compensation and disability insurance, and increased health-related expenses (Boden, Spieler, Wagner 2016; Michaels 2015).

Trends in Demand for Work

Technological advances in recent decades (among other factors) have raised the skills demanded for some jobs; many jobs meanwhile continue to require little or no education or experience and pay low wages. Projections of increasing automation of jobs (e.g., driverless trucks) have created concerns that many current workers with lower levels of education will be unable to find work.

Every two years, BLS releases employment projections identifying how the US labor market is expected to change over the next 10 years. The latest projections, released in December 2016, indicate which occupations and sectors are likely to grow and decline between 2016 and 2026. BLS projects that overall, employment will increase 7.4 percent, representing an increase of about 11.52 million jobs.

Over the next 10 years, low-wage jobs will continue to grow significantly. Table 1 shows the top 15 occupations predicted to add the most jobs from 2016 to 2026. Of these, only five pay annual wages higher than the national median of $37,690 in 2017: software developers, general or operational managers, accountants and auditors, market research analysts, and registered nurses. The other 10 occupations projected to add the most jobs have wages below the median average. The occupation adding the most jobs is personal care aides, with a median annual wage of $23,100. Twenty percent of all new jobs in the next decade are expected to be in the health sector, and another 10 percent are personal care and services jobs.

TABLE 1

Top 15 Occupations with the Most Projected New Jobs, 2016 to 2026

	Added New Jobs 2016–26		Employment		
	Number	**Percent**	**2016**	**2026**	**Median annual wage, 2017**
Personal care aides	778	38.6	2,016	2,794	$23,100
Combined food preparation and serving workers, including fast food	580	16.8	3,452	4,032	$20,180
Registered nurses	438	14.8	2,955	3,393	$70,000
Home health aides	431	47.3	912	1,343	$23,210
Software developers, applications	255	30.7	831	1,087	$101,790
Janitors and cleaners, except maids and housekeeping cleaners	237	9.9	2,385	2,621	$24,990
General and operations managers	205	9.1	2,263	2,468	$100,410
Laborers and freight, stock, and material movers, hand	200	7.6	2,628	2,828	$27,040
Medical assistants	184	29.0	634	818	$32,480
Waiters and waitresses	183	7.0	2,601	2,783	$20,820
Nursing assistants	173	11.5	1,510	1,684	$27,520
Construction laborers	150	12.4	1,217	1,367	$34,530
Cooks, restaurant	145	11.8	1,232	1,377	$25,180
Accountants and auditors	140	10.0	1,398	1,538	$69,350
Market research analysts and marketing specialists	138	23.2	595	734	$63,230
Customer service representatives	136	4.9	2,785	2,921	$32,890

Source: "Employment Projections," Bureau of Labor Statistics, last modified March 6, 2018, https://www.bls.gov/emp/data/occupational-data.htm.

Despite the continued growth of low-wage, low-skill requirement jobs over the next 10 years, predictions of automation bring concerns that many workers will need to learn new skills or change locations to find jobs as whole sectors are displaced. One study projecting the implications of automation in the US found that by 2030, 23 percent of current work activity hours could be automated with currently available technology. In their analysis of the impacts of automation on the economy, the authors predict that although some jobs will be lost to automation, in a moderate economic growth scenario, there will be a net gain in employment. This job creation is caused by several factors including additional consumption from rising incomes, new technologies, and investment in infrastructure and energy. However, automation will likely lead to displacement of workers from their current jobs, with new jobs not necessarily in the same geography or requiring the same skills. The authors predict as much as one-third of the workforce will need to change occupations by 2030 (Manyika et al. 2017). These transitions will likely place new stresses on the social safety net as workers who lose jobs face periods of unemployment and need to reskill.

Implications for the Social Safety Net and Potential Solutions

As the trends described take place, they have major implications for the social safety net. First, as access to employer benefits declines, more workers will need different ways to access benefits traditionally provided by employers. Second, as more workers find that work (or the available work) is not enough to maintain a stable standard of living, the social safety net will have to address these workers' needs. Here, we address both of these problems in turn and discuss potential solutions.

Alternative Models for Increasing Access to Benefits

As discussed, the decline in access to employer benefits comes from reductions in employers offering benefits, more workers not having a traditional employer, and part-time workers not qualifying for benefits. Solutions address different aspects of these trends.

For independent contractors or workers with multiple employers, one solution is the creation of portable benefits. Examples of portable benefit efforts are limited, and they mostly focus on a specific sector or occupation. People engaged in freelance or gig work, for example, can access benefits through nonemployer groups, such as the Freelancers Union. The organization launched a health insurance plan in 2008 and provides access to dental, life, and disability insurance through its platform. In this example, accessing benefits through a group can reduce the costs of purchasing, but the responsibility for that cost is on the worker. An example with alternative funding is a portable benefit product for housecleaners created by the National Domestic Workers Alliance. This provides a mechanism for clients of housecleaners to regularly contribute to a fund the worker can draw on when sick or put toward insurance premiums. Discussions on how to fund these benefits and the ability to obtain employer contributions are ongoing. A bill in Congress introduced last year would have the Department of Labor set up a grant fund to encourage innovation and experimentation by states and localities to develop portable benefit models for independent contractors.[3] Association health plans are a way multiple employers can come together to offer health insurance. A new rule recently announced by the current administration loosens the regulations under which new association health plans can be formed.[4] Association health plans are generally considered a way to help small businesses offer insurance to employees for less cost, but self-employed workers can also form one.

For workers with several traditional employers or part-time workers currently ineligible for their employers' benefits, an alternative solution is multi-employer or employer-facilitated plans, which are a form of portable benefits and are generally used for retirement benefits. Employers contribute to a third-party benefit provider, and the benefit is attached to the worker rather than the employer. These can be government-regulated 401(k) plans or personal savings vehicles that do not confer the tax benefits of retirement plans. These vehicles allow employers to contribute to retirement benefits on a prorated basis, and similar vehicles could be used to provide paid leave. They also save employer administrative and operation costs of retirement plans and can be attractive to small businesses. Current examples of private third-party retirement savings accounts are Honest Dollar and Betterment. To date, only Vermont has established a state-facilitated multi-employer plan (in the form of a 401(k)), and four other states and several cities have proposed a multi-employer plan (Morse and Antonelli 2017).

Another path for increasing access is for states or the federal government to pass legislation mandating that employers provide certain benefits. Several examples of this exist, although most current laws and regulations still leave out many workers in nonstandard work arrangements. Nine states and Washington, DC, for example, have passed legislation requiring employers to provide paid sick leave.[5] Several state and local laws have been passed related to worker scheduling and hours, such as the recent Oregon Fair Work Week Act, which requires employers in certain sectors to post schedules for hourly wage earners at least a week in advance. Federal mandates, such as the Family and Medical Leave Act, which requires employers to provide unpaid leave and allow employees to return to their jobs, could expand to require paid leave. Other proposals currently being floated include changes to Social Security that would allow workers to take paid leave and delay receipt of their retirement benefits in exchange, allowing workers access to paid leave while permanently reducing their Social Security benefits (Favreault and Johnson 2018). Additional research is needed on how to structure mandates to cover a broader group of workers.

Governments can also create social insurance programs that directly provide benefits or fill gaps in access to benefits for low-wage workers. For example, California, New York, and Rhode Island have created paid family medical leave programs funded through employee payroll taxes; New Jersey has such a program funded with employer payroll taxes. However, these do not always apply to individuals in nonstandard work arrangements. Another example is the evolution of government policies for extending affordable health insurance to individuals and families with low or moderate incomes. The Affordable Care Act, passed in 2010, was designed to address gaps in access to affordable private health insurance coverage by expanding Medicaid availability to people with incomes up to 138 percent of the federal poverty level, providing income-related subsidies for health insurance coverage to targeted groups with incomes between 138 and 400 percent of the federal poverty level, and implementing reforms to the nongroup health insurance market. The Affordable Care Act has contributed to a substantial decline in the number of uninsured people, with larger declines occurring for workers in low-wage occupations, for those in jobs with a lower likelihood of offering employer sponsored insurance coverage, and for those living in states that expanded Medicaid under the -ffordable Care Act (Garrett, Gangopadhyaya, and Dorn 2017).

Safety Net for Unemployed and Displaced Workers

The key social safety net program for unemployed workers is the Unemployment Insurance (UI) program, which provides benefits for a limited period to partially replace wages from a lost job. However, eligibility requires that unemployment is for a "good cause," generally meaning the job was lost to downsizing or termination that is not the fault of the employee. Workers leaving jobs because of family reasons or illness from a job that does not offer paid leave are not qualified for UI benefits. Further, workers need to meet a minimum threshold of earnings in the quarters before the job loss to qualify, and any low-wage and part-time workers do not meet this threshold (Simms 2008). One study found that low-wage workers were only about half as likely to receive UI benefits than higher-wage workers, although they were more likely to be unemployed (US Government Accountability Office 2007). For the most part, workers in nontraditional arrangements do not qualify at all. And in workplaces where profit margins are thin and economic pressures are high, employers often contest workers' claims for UI benefits because the benefits are funded by taxes on employers that rise with the employer's UI usage.

As suggested by the labor market trends described above, this model is not working for many workers now and perhaps will work for fewer workers in the future. As workers lose jobs to normal business cycle fluctuations or are displaced because of broader changes in demand and technology, new ways to assist unemployed workers are needed. One potential change to the system is to prorate benefits for workers with lower hours, allowing for some benefit during unemployment. Greater monitoring and enforcement of the current system to make sure eligible workers receive benefits is also important. Other solutions focus on providing temporary or transitional work to the unemployed. Many examples are also available of programs that attempt in some way to connect more people with paid work, usually focusing on a group of workers with some disadvantage in the labor market (this is sometimes called subsidized employment). For the most part, programs use government funds to subsidize all or part of the wage of a worker. Some programs use private for-profit or nonprofit employers; others focus on government-sector jobs. Most are time limited, although some encourage employers to move workers into unsubsidized work. A review of the history of these programs suggests subsidized employment programs can be an effective tool for increasing paid work (and income) during times of unemployment, and they can provide work experience and a potential bridge to new employment (Dutta-Gupta et al 2016).

Safety Net Programs for Economic Security

The economic trends might also increase the need for safety net programs to support workers' basic economic needs. And calls and policy changes to require that people work to receive benefits gives minimal attention to the changing reality that for many low-income people and families, work alone does not always lead to economic security.

In the US today, safety net programs provide income, food, health care, housing, and other forms of support to some low-income people and families. Although substantial literature discusses the adequacy (or lack) of these programs to meet needs, some are concerned that receipt of these benefits provides a disincentive to work (Moffitt 2015). One response to this concern was creation of the Temporary Assistance for Needy Families program in the 1990s, a cash assistance program that, among other requirements, stipulates that recipients must work to receive benefits. Efforts are ongoing to add or broaden work requirements in several other safety net programs, including Medicaid and the Supplemental Nutrition Assistance Program. These efforts again stem from the idea that benefits are deterring work among recipients. However, trends of low wages; shrinking employer benefits; and low, unstable work hours suggest that many recipients of these programs are already working. In reality, many people are unable to work enough hours or earn enough per hour to make ends meet. For example, 58 percent of working-age, nondisabled Supplemental Nutrition Assistance Program households have an employed adult; that share is 62 percent for households with children. In 2017, about 80 percent of nondisabled, nonelderly Medicaid beneficiaries lived in families with a working adult and 60 percent were working themselves. Research also shows that the structure of Temporary Assistance for Needy Families work requirements is complex, and administering them has been costly for programs (Hahn 2018).

Changes to safety net programs could promote and support work by recognizing and responding to barriers to obtaining and maintaining work and increasing returns for those with low wages. For example, greater access to affordable stable child care could help families maintain work (Blau and Robins 1998; Miller 2005), and increased access to paid sick leave could improve workers' health, reducing the total amount of work missed (Miller, Williams, and Yi 2011; Susser and Ziebarth 2015).

One safety net program that requires work but that directly addresses low wages is the earned income tax credit. This benefit supplements the earnings of low- and moderate-income workers, varying the amount of the credit depending on earnings. The earned income tax credit is currently the largest US assistance program for low-income people, although it mainly provides support for parents. An expansion to a broader group of low-income workers (including childless and young workers) is one way the safety net could do more to address stagnant wages.[6]

Connecting safety net program recipients to quality education and training programs that improve skills could lead to higher-wage jobs. Evidence shows that government-funded training programs can improve employment and earnings for youth and adults (US Department of Labor et al. 2014). Studies also suggest publicly funded programs should build in both career pathways to help individuals move from lower-wage to higher-wage jobs and employer involvement to make sure training meets employer demand. Employment and training programs that engage students in career exploration, skill-building, and work opportunities (such as apprenticeships) can successfully target youth that are neither working or in school (Lerman and Packer 2015; Spaulding et al. 2015). An appropriate level of funding, however, is necessary to implement successful employment and training programs. As automation and technology change the labor market and low-wage work, greater focus will be needed on employment and training strategies to meet these challenges (Holzer 2017; World Economic Forum 2018).

Conclusion

Over the past few decades, the industrial and occupational nature of work and workplaces in the US have changed, with important (often subtle) implications for workers and families.

The structure of work and the relationships between workers and employers have changed, in part because the industry mix has shifted from a heavy manufacturing base to include more services and technology. Businesses are more likely to supplement regular workers with more flexible arrangements involving temporary or contractor labor. But most of the nation's social supports, such as health insurance, UI, and pensions, are based on the traditional employer-employee relationship.

One aspect of these structural changes is the rapid technological advances in nearly every aspect of work and life. Wage premiums are being paid to those with technical skills, but wages are generally stagnant for those without such skills or in jobs not requiring them. These shifts have contributed to

- declining access to employer-provided benefits, such as health insurance and retirement plans;
- increasing wage disparity based heavily on skills and education;
- declining (or flat) labor force participation rates; and
- rising economic insecurity for many who are working and even for those receiving public social assistance.

These changes have important implications for public policy. First, we must consider alternative ways that workers can access and retain critical benefits because many do not have access to them through an employer. Second, governments should adopt more comprehensive worker security and protection policies as a safety net to complement employer-based UI and protect income when people are out of work. Finally, the social assistance and tax-based safety net could be strengthened to encourage and support work in ways that both address the needs of workers (such as for increased skills, child care and family leave) and acknowledge the nature of work (including low wages fluctuating hours, and limited benefits).

The mix of occupations and industries will undoubtedly continue to change in the coming years. Public policies should likewise adapt as the nature of work and the needs of workers and families change.

Notes

[1] Because not all workers choose to participate in retirement and medical care benefits, these are overestimates of those actually using or covered by these benefits.

[2] "Contingent and Alternative Employment Relations," news release, Bureau of Labor Statistics, USDL-18-0942, June 7, 2018.

[3] Portable Benefits for Independent Workers Pilot Program Act, H.R. 2685, 115th Cong. (2018).

[4] For more information on association health plans and the recent rule change, see "About Association Health Plans," US Department of Labor, accessed July 6, 2018, https://www.dol.gov/general/topic/association-health-plans.

[5] For details, see "Paid Sick Leave," National Conference of State Legislatures, May 29, 2018, http://www.ncsl.org/research/labor-and-employment/paid-sick-leave.aspx.

[6] See Katz, Poo, Waxman (2018) for discussion of a proposal for expanding the earned income tax credit.

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