A HUMANE APPROACH TO WORK FOR WELFARE:
An Assessment of the Mental Health Effects of Employment, Unemployment and Solutions for Improving the Well-being of Welfare Beneficiaries

Introduction

Fewer topics are more controversial and politically polarizing than the topic of “work for welfare” programs, which require welfare recipients to work in order to qualify for benefits. It should be noted that this divide exists between the left and the right because of fundamentally different policy objectives and emphases.

Those on the right side of the aisle often voice their support of work for welfare programs on the basis of fairness, a pragmatic desire to lessen taxation burdens for citizens, and an interest in promoting the personal independence of welfare recipients.

The Heritage Foundation, for instance, has long supported the implementation of work requirements. Their policy analysts argue that work requirements are important because they are fair; those who receive benefits from society should also contribute to society in some way. The group also proposes that work requirements promote the personal independence of beneficiaries.

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Individuals and organizations on the left have historically opposed work for welfare programs because they add unnecessary stress to individuals who are already struggling to get by, or because the idea that work for welfare programs are “fair” does not ring true.

Opponents of work for welfare have at various points focused on the relationship between sick populations and work requirements. For the most part, they have expressed concerns that people are forced to work when they are sick, and requiring people to enter the workforce only exacerbates poor health.

The Center on Budget and Policy Priorities (CBPP), for instance, opposes President Trump’s decision to allow states to mandate work requirements for those who cannot prove that they have a mental health condition due to concerns that many mentally-ill individuals were being classified as able-bodied. In 2018, they also opposed adding federally-mandated work requirements for some able-bodied adults who were not serving as a caretaker, citing concerns about the mental health of beneficiaries.

Another progressive organization, the Center for American Progress, has expressed concerns that work requirements are “draconian” and that many who have been deemed ineligible for assistance are in fact suffering from mental illness or other forms of illness.

KEY findings

- Public health concerns regarding mental health have only increased in the U.S., particularly for young adults.
- Prior to the pandemic, roughly 1/3 of those who committed suicide were unemployed. The data also indicate that the likelihood of suicide increases the longer unemployment lasts.
- Unemployment, social isolation and poverty create a cycle that is difficult to escape.
- Meaningful employment increases self-efficacy.
- Research has found that depression is linked to lower socioeconomic status while increases in earnings are a key reason for decreased levels of depression.
- Reinstating Medicaid work requirements is both compassionate and the best means of ensuring its recipients remain self-sufficient and escape poverty and its related adverse mental health effects.
This report will account for the characteristically compassionate concerns of those on the left and consider how the traditional solution of work requirements actually promotes the ideal of compassion that is typically prioritized by left-leaning groups.

Unemployment has a detrimental effect on mental health; thus we should not promote nor strive to maintain a system that incentivizes people to remain unemployed. A broad body of research indicates that employment actually improves mental health, which only reinforces the idea that work requirements for the vast majority of beneficiaries does not threaten the well-being of these individuals—in fact, enforcing work requirements is a compassionate measure.

This brief will outline the relationship between unemployment and mental health as well as some of the mental health benefits associated with employment. It will also highlight common concerns raised by organizations and individuals who oppose work for welfare policies, and address two of Maine’s primary entitlement programs—Medicaid and the Earned Income Tax Credit (EITC)—to consider how they can be adjusted to support those who need assistance while also encouraging individuals to move in the direction of self-sufficiency.

Background

The Center for Disease Control and Prevention acknowledges that “The high rate of unemployment among emerging adults (aged 18 to 25 years) is a public health concern.” Various studies, both within the US and elsewhere, have concluded that mental health in particular suffers as a result of unemployment; those who are unemployed are more likely to experience elevated levels of depression, anxiety, and mental deterioration. Public health concerns regarding mental health have only increased for young adults in particular—in the last 10 years, we have seen an uptick in suicide rates, depression, and anxiety.

The negative mental health effects that arise from unemployment in young adulthood can last for decades, if not a lifetime. It is also the case that middle-aged individuals have poorer mental health when they do not work. Furthermore, years of research indicate that social engagement is necessary for robust mental health, and work is a major source of social engagement for most people, especially in a rural state like Maine where there are fewer opportunities for community engagement.

Research also indicates that engaging in the workforce has notable mental health benefits for those who have previously been unemployed, indicating that those who are mentally ill tend to benefit from employment.

Relationship Between Unemployment, Depression and Suicide

Prior to the coronavirus (when a significant portion of the population became unemployed), roughly one-third of those who committed suicide were unemployed. This alone is not enough to indicate that unemployment drives suicide; however, the data also indicate that the likelihood of suicide increases the longer unemployment lasts. Research indicates that unemployment increases risk of depression, and the prevalence of research supports the claim that, in addition to increasing the risk of suicide, prolonged unemployment worsens depression. Not only does unemployment lead to depression, research shows that employment lowers levels of depression.

Relationship Between Unemployment and Anxiety

Anxiety is elevated for those who are unemployed. In one key study, two groups were compared—one group was employed and the other became unemployed after entering the research study. The results indicated that those who had become unemployed had increased levels of anxiety. Other studies support the claim that unemployed individuals are more likely to experience anxiety than employed individuals. Furthermore, over the long-term (more than one year), unemployment leads to increases in self-reported anxiety.
Relationship Between Unemployment and Substance Abuse

A large and diverse array of studies from around the globe indicate that unemployment is associated with an increase in drug use. Unemployment is associated with not only an increase in drug use, but is also associated with increased experimentation of novel, often more hazardous substances, in addition to more conventional drugs like marijuana. Furthermore, individuals who have struggled with substance abuse in the past and received treatment are more likely to relapse if they are unemployed. It is also the case that individuals struggling with substance abuse are more likely to remain sober if their addiction treatment is paired with employment.

Relationship Between Unemployment and Cognitive Decline

Unemployment is also associated with cognitive decline. This makes sense—when we work, our brains are stimulated, but when we face no demanding tasks, our brains start to atrophy from the lack of stimulation. The fact that unemployment leads to cognitive decline corresponds with the well-established fact that brain functioning declines with underuse. Accounting for factors such as socioeconomic status, educational achievement, and adverse events occurring early in life, studies indicate that those with gaps in their employment are more likely to experience cognitive decline earlier than those without gaps in employment.

It is also worth noting that increased drug use results in cognitive decline, which increases the likelihood that younger populations, who experience unemployment and engage in drug use more frequently than their employed counterparts, are more susceptible to cognitive decline.

Relationship Between Unemployment and Social Isolation

It almost goes without saying that unemployment leads to social isolation. Social isolation is known to increase the likelihood of several mental illnesses, including depression and anxiety. Especially among young demographics, unemployment increases the likelihood of isolation. Unfortunately, unemployment, social isolation, and poverty create a cycle that is difficult to escape. Furthermore, individuals unemployed for longer periods of time are more likely to report less support from their social networks. As joblessness stretches out over time, the unemployed are increasingly alienated from their communities.

Meaningful Employment Increases Self-efficacy

Self-efficacy is defined by Merriam-Webster as, “a person’s belief that they can be successful when carrying out a particular task.” An individual’s sense of competency and purpose in life declines with loss of employment and is restored for individuals who are able to procure a job. For young adults in particular, unemployment is associated with lower self-efficacy.

Even those who are experiencing or have experienced mental illness in the past feel more capable when employed. Those with common mental health illnesses, such as depression and anxiety, gain a better sense of self-efficacy and mastery as a result of employment. And though there are certainly some forms of chronic mental illness that are debilitating, research indicates that for individuals with more chronic, severe forms of mental illness such as bipolar and schizophreniform illnesses, employment improves self-efficacy and levels of self-reported happiness.

Employment as a Preventative Factor for Vulnerable Populations: Employment Helps Reintegration for Formerly Incarcerated People

For individuals who are exiting incarceration, finding a job is often a priority. This is an important step in the right direction; those who become employed after
incarceration are less likely to become incarcerated again.\textsuperscript{34} It is also the case that those who find employment after incarceration stay out of jail for longer periods of time than their counterparts who are not employed after incarceration.\textsuperscript{35}

The personal testimonies of formerly incarcerated individuals speak to the importance of work for this demographic: James, a former inmate at Maine State Prison, says that his employer “helped change my life,” and he feels that he is “on the right track” after gaining employment.\textsuperscript{36} Matt Pelletier, also a former inmate at Maine State Prison, is quoted as saying, “The thing about hiring people who are getting a restart is the appreciation. You don’t have an appreciation for things until you’ve gone without.”\textsuperscript{37} Clearly, individuals working to overcome counterproductive behavioral patterns benefit when our social system prioritizes helping them find work.

**Increased Income Directly Relates to Quality of Life**

It is clear that having more financial resources can improve mental well-being. Some who find a job after remaining on welfare programs enter into low-income jobs, but on the whole, research has found that depression is linked to lower socioeconomic status and increases in income are a key reason for decreased levels of depression.\textsuperscript{38}

One national study conducted by the Department of Health and Human Services (DHHS) examined 20 “work for welfare” programs and found that all groups who participated had increased earnings three years after joining the program.\textsuperscript{39} In our own state, we have seen that those who exit welfare programs and find a job experience increases in income. When former Governor Paul LePage required Mainers receiving certain forms of benefits to meet work requirements, participants in the program saw a 114 percent increase in wages after one year.\textsuperscript{40}

**What Critics Say About Work for Welfare**

Despite the extensive body of research indicating that unemployment harms individuals and work enhances mental well-being, some who oppose welfare programs have posed thoughtful critiques of this research. Several of these views are worth careful consideration. The CBPP speculates that a significant number of the unemployed are already struggling with mental illnesses and that mental illness is likely the cause of unemployment for many.\textsuperscript{41}

While mental illness probably does increase the likelihood of unemployment, the inverse is also true. Researchers have taken measures to factor out the possibility that mental illness causes unemployment in their studies. One such research group, who published their article with the American Psychological Association, used a sample consisting of individuals who self-reported that they had never been diagnosed with or experienced mental health problems within the 52 weeks. The group was then divided into those who were employed, unemployed, or partially employed for the past 52 weeks. The study found that, while short-term unemployment does not significantly harm mental health, long-term unemployment does.\textsuperscript{42}

Another study used longitudinal data to determine if individuals who had no prior history of mental illness were at a greater risk of depression after becoming unemployed. The results support the conclusion that even for those who have no previously documented mental illness prior to unemployment, the likelihood of depression increases for these individuals.\textsuperscript{43} These carefully developed studies are part of a broader body of literature indicating unemployment causes depression and is not merely indicative of an underlying mental illness.\textsuperscript{44}

In response to welfare reforms proposed in 2018, The Commonwealth Fund noted that it might be impossible for states to determine whether some people are mentally ill or not, which means that some who are mentally ill will be pushed into the workforce when they are not healthy enough to work.\textsuperscript{45}

Mental health exists on a spectrum, like all other aspects of health. As mentioned earlier, for individuals who are suffering from mental illnesses that affect personal functioning less, like mild to moderate forms of Substance Abuse Disorder and mild to moderate forms of Major
Depressive Disorder, work requirements will likely help, rather than hinder, these individuals. Of course there are people who are not healthy enough to participate in the workforce. Proposed welfare reforms have historically exempted those suffering from debilitating forms of mental illness from work. These are individuals who qualify for social security disability or supplemental security income. In Maine, the eligibility criteria and application process are generally uncomplicated and reasonable: it is possible to apply for both social security disability and supplemental security income over the phone—applicants do not even need to visit an office. Maine Disability Determination Services usually requires medical records, a doctor's note, and a personal statement from the applicant explaining why disability income is needed to determine eligibility.

Gerard Vitti, a long-time healthcare expert who has been an outspoken supporter of Medicare enrollment for years, has voiced his opinion that work for welfare programs only push people into low-wage jobs that are likely to negatively affect emotional well-being. This policy view has also been presented in The Atlantic. Olga Khazan, in an article entitled “Is Any Job Really Better than No Job?“ promotes the view that working low-wage jobs might cause more mental health issues than unemployment.

There is some evidence that entering into low-wage positions may actually worsen mental health (at least for a short period of time). However, as one researcher points out, this fact shouldn’t deter individuals from continuing to work—these individuals should negotiate with employers and coworkers to develop a better working environment.

Federal research produced by the DHHS, for instance, indicates that five years after moving from unemployment to employment, three-fourths of those who participate in work for welfare programs had found employment and increased their earnings.

The Urban Institute found after two years, 40 percent of white, middle-aged, low-wage workers were able to move into high-wage work. It should be noted that 95 percent of Maine’s population is white, and the average age in Maine is 39. Upward mobility is an issue in our society, but it is not as significant of a problem as some might assume.

Joe Grogan, director of the Domestic Policy Council, contended in an article published by the Washington Post that forcing unemployed people to fulfill work requirements puts these individuals’ health at risk—including mental health—because they are often unable to meet these requirements.

In the state of Maine, under Governor LePage’s administration, work for welfare requirements were not terribly stringent—young-to-middle-aged people without disabilities who weren’t taking care of anyone were expected to work, engage in job training, or volunteer for 20 hours per week (half the average work week), to receive benefits. In addition, a five-year lifelong limit was placed on cash assistance, to name a few of the controversial requirements.

Solutions

We should not feel squeamish or uncompassionate about setting limits on welfare and discouraging welfare dependency. There are several steps we can take to address the unemployment of those who are reliant on entitlement programs.

Reinstitute Medicaid Work Requirements

Beneficiaries of MaineCare (Maine’s Medicaid program) who are capable of working and not caring for family members should be expected to either work or apply for jobs in order to receive benefits. In January 2019, Governor Janet Mills withdrew the state’s request for a federal waiver in order to establish work requirements for MaineCare recipients. These requirements should be reinstated.
Mandate Work Requirements for Select Case Management Beneficiaries

Behavioral health services, including case management services, are covered by MaineCare. To qualify, individuals need a primary mental health diagnosis, which could be anything from a mild, single-episode mood disorder to severe, chronic forms of mental illness. For individuals who have a substance abuse disorder or milder forms of mental illness, having a job might very well be a step toward wellness rather than an impediment. The most successful workforce development programs have focused on individual support and have emphasized consistent follow-through on behalf of case workers. Case management services should be mandated to emphasize entry into the workforce for eligible MaineCare recipients, and case workers should be held accountable for assisting these beneficiaries in finding work or applying for jobs.

Workforce development programs that emphasize entering the workforce rather than meeting educational requirements tend to produce larger earnings. Since increased earnings tend to result in greater life satisfaction, in the majority of circumstances, it would be best to emphasize direct entry into the workforce rather than prioritizing educational programs for unemployed individuals.

Expand EITC Payments

The Earned Income Tax Credit (EITC) is an extremely popular policy solution that is supported by policy institutions on both the left and right side of the aisle. EITC incentivizes people to work because it offers a tax credit to low-income individuals who engage in the workforce. This tax credit has shown to decrease unemployment, thereby increasing financial self-sufficiency, which over time decreases the total amount of tax funds allocated for entitlement programs. The National Bureau of Economic Research found that increasing EITC by $1,000 resulted in more than a 7 percent increase in employment nationally. It may seem counterintuitive, but our state should consider expanding Maine's state-level EITC program by increasing the tax credit offered to recipients who do not have children by a relatively small margin. Maine currently offers recipients without children 25 percent of the federal amount of EITC offered. This means that our state's maximum EITC tax credit for these beneficiaries can total to roughly $135. While the federal-level EITC program offers a tax credit that is significant enough to encourage individuals to move into the workforce, our state could be doing more.

Expanding EITC would not have to cost taxpayers more money—money saved from reinstituting Medicaid requirements (using funds that are made available when recipients drop from the program once work requirements are mandated) could be reallocated to expand the EITC program. Data from Maine's DHHS indicate that when Maine instituted work requirements for work-capable Supplemental Nutrition Assistance Program (SNAP) recipients, 80 percent of these individuals left the program. It is impossible to say with certainty that applying work requirements to MaineCare would result in a comparable decrease in caseload, but when Arkansas, a rural peer state of Maine, instituted work requirements for Medicaid benefits, 18,000 individuals left the program. Expanding the EITC program would be a cost-effective way to encourage Mainers to participate in the workforce.

Conclusion

Those who purport to look after the interests of the most vulnerable are remiss if they fail to consider the importance of work. Unfortunately, in 2019, Governor Mills needlessly rolled back Governor LePage's work requirements for MaineCare that were designed to help healthy, work-aged individuals find employment. Despite the myriad evidence indicating that unemployment harms individuals and employment is beneficial for the majority of healthy, young to middle-aged people, legislators and the governor seem to have concluded that work requirements are harmful for those who need to meet them. Maine DHHS, the department responsible for determining MaineCare requirements, and The Office for Family Independence, the branch within DHHS that is responsible for implementing programs such as EITC, should restructure their programs to prioritize helping welfare beneficiaries gain independence through employment.