

Badger Institute: Policy brief: Despite Wisconsin's strong economic recovery, participation in government programs remains high

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October 11, 2021- While Wisconsin's unemployment situation has rebounded since April 2020, participation in government safety net programs remains elevated, according to a new Badger Institute brief authored by Dr. Angela Rachidi, senior fellow in poverty studies at the American Enterprise Institute and Badger Institute Visiting Fellow.

In her brief, titled "[Employment and the Safety Net During the Pandemic](#)," Rachidi found that as of September 2021, receipt of unemployment insurance, federal food assistance and cash for low-income parents in Wisconsin remains higher than pre-pandemic levels. Although the economy has improved dramatically and the labor market is tight, food and cash aid caseloads continue to rise.

"Increased federal benefits and relaxed requirements have created incentives that have likely kept some recipients from returning to the workforce," said Rachidi. "State lawmakers should continue to monitor participation in these programs and reinstate work requirements to encourage labor force participation."

Rachidi examined data on three key safety net programs including unemployment insurance, the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) program. Although the unemployment rate in Wisconsin has fallen to near pre-pandemic levels, participation in these three programs remains elevated. In the case of TANF and SNAP, the number of Wisconsinites receiving benefits continues an upward trend.

Additional findings in the brief include:

- By the first week of September, the number of continuing unemployment insurance claims in Wisconsin was 41,000, still almost double the number of claims during the same week in 2019.
- Payments to SNAP households in Wisconsin have skyrocketed, increasing 167% from June 2019 to June 2021, while participation increased almost 30%. This is more per SNAP household on average in constant dollars than at any time in the past 20 years.
- The number of people receiving TANF started increasing in March 2020, consistent with a higher unemployment rate, but has continued to increase even as the employment situation in Wisconsin has improved.
- The labor force participation rate in Wisconsin was 66.5% in August 2021, slightly below the rate in August 2019 of 67.2%.

Higher government benefits increase the likelihood that people will reduce work hours or leave employment altogether, according to Rachidi. For Wisconsin's economy to regain its footing fully, people must be available and willing to work.

The promotion of entitlements disconnected from work is also the topic of the latest [Free Exchange podcast](#) featuring AEI President Robert Doar and Badger Institute President Mike Nichols.

Read the full brief [here](#).