

AMERICA EMPLOYED

INSIGHTS FROM EXPRESS EMPLOYMENT PROFESSIONALS

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In Hot Job Market, Why Are Some Still Unemployed?

Wages Are Up, But Many Still Rely on Government Assistance

Express Experts Cite Transportation, Child Care, Health Care as Key Barriers

OKLAHOMA CITY, Oct. 10, 2018 – Wages are [on the rise](#) with major employers announcing [higher starting wages](#), but for some Americans, that's not enough to join the workforce or work more hours. Express Employment Professionals franchise owners report that many Americans who rely on government assistance to cover household costs do not yet see an incentive to take on a job.

One of the key reasons, as Express reported in a previous [white paper](#), is many benefit programs are structured in such a way that earning slightly more money can trigger a dramatic decrease in benefits. A working single parent can find a job that pays more money, but could also pay an effective marginal tax rate of up to 80 percent on those new earnings.

"We see a lot of government benefits creating a disincentive to work," said Luke Sodergren, an Express Employment Professionals franchise owner with offices in Michigan and Wisconsin. "Some potential workers see the benefits as 'free money' and don't want to turn it down in favor of a job."

Sodergren observes that even though wages have drastically gone up in his area, it has not changed the thought process of those deciding between welfare and work.

"Health benefits are a major factor," he said. "Why would an employee take a job and pay for benefits when they can get them for free?"



Transportation and child care are two other major hurdles that keep people from taking a job and transitioning off government assistance.

“Ride sharing is a good idea,” Sodergren said. “I know of a company that picks people up from all sorts of cities at park-and-rides and they all take a van to work together. In our area, a lot of people are also not able to afford day care. Companies will need to be more flexible with families and maybe offer some kind of supplemental child care.”

Terri Greeno, an Express franchise owner in Crystal Lake, Illinois, sees many of the same issues.

“We struggle with this constantly,” she said. “A single mom with two kids can earn the equivalent of \$12/hour of government assistance for food and housing. Why would she go through the hassle of finding and paying for day care for her children to accept a position with an entry-level wage?”

However, rising wages still are not enough.

“We have seen increasing wages for about two years now,” Greeno said. “Although they’ve increased, it isn’t necessarily enough to engage the disengaged workforce.”

Greeno also cites the importance of transportation and child care in helping people transition into the workforce.

“Perhaps companies could offer some type of a subsidy to help offset the cost of day care,” she said. “Benefits that are affordable and can help parents provide medical care for their children are a valuable perk. Transportation may help as well.”

“Everyone who wants to work should have the chance to do so; it provides purpose and dignity and a chance for upward mobility and a better life,” said Bill Stoller, Express CEO. “But the structure of government benefit programs can be a disincentive. After all, who wants to work more hours and earn virtually nothing more? Assistance programs have a vital purpose, but we all have a stake in making sure that they don’t keep people who can work or want to work from pursuing a career.”

If you would like to arrange for an interview with Bill Stoller to discuss this topic, please contact Sheena Karami, Director of Corporate Communications and PR, at (405) 717-5966.

About Bill Stoller

William H. "Bill" Stoller is chairman and chief executive officer of Express Employment Professionals. Headquartered in Oklahoma City, the international staffing company has more than 800 franchises in the U.S., Canada and South Africa. Since its inception, Express has put more than 6 million people to work worldwide.

About Express Employment Professionals

Express Employment Professionals puts people to work. It generated \$3.4 billion in sales and employed a record 540,000 people in 2017. Its long-term goal is to put a million people to work annually. For more information, visit ExpressPros.com.

