

Macro Roundup Article

Headline: [Do Reemployment Bonuses Increase Employment? Evidence from the Idaho Return to Work Bonus Program](#)

Article Link: <https://www.aei.org/research-products/working-paper/do-reemployment-bonuses-increase-employment-evidence-from-the-idaho-return-to-work-bonus-program/>

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Tweet: Idaho's Return to Work Bonus of up to \$1,500 was associated with a 0.4pp decrease in the unemployment rate and a 2.4% increase in nonfarm payroll employment. @MichaelRStrain

Summary: We estimate the effects of the Idaho RWB program, which gave recipients up to \$1,500 to leave nonemployment, on a variety of labor market outcomes. Among prime-age workers, our most controlled DD models suggest that the Idaho RWB program increased employment by 3.2pp, increased the flow of unemployed workers into employment by 18.2pp, and increased the flow of nonparticipants into employment by 4.2pp. Using state-level outcomes with a similar specification, we estimate that the Idaho RWB program is associated with the employment-population ratio increasing by 2.9pp, the unemployment rate decreasing by 0.4pp, the nonparticipation rate decreasing by 2.5pp, and nonfarm payroll employment increasing by 2.4%. We find the estimated actual effects for Idaho are significantly larger than the placebo effects for states that did not enact the program. Related: Post-Pandemic Recovery for America's Prime Age Labor Force: A Tale of Two Sexes and Why Is Prime-Age Labor Force Participation So High? and Men's Falling Labor Force Participation Across Generations

Primary Topic: Unemployment/Participation

Topics: Academic paper, Database, Unemployment/Participation, Weekly, Workforce

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