

# NUS researchers propose ways to enhance Workfare for low-income

They say external environment has become more challenging, especially for this group

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A team of researchers has put forward recommendations to enhance the Workfare Income Supplement (WIS) scheme to help the plight of lower-income Singaporeans, from removing the age differentiation for payouts to accounting for inflation.

The scheme, which was introduced in 2007, tops up the incomes of low-wage workers and their Central Provident Fund (CPF) savings.

From 2023, the eligible age for WIS has been lowered from 35 to 30, and the income ceiling has been raised from \$2,300 to \$2,500. The scheme is targeted at those whose earnings are in the bottom 20 per cent of the working population.

Presenting their research at the National University of Singapore (NUS) on Thursday, the team from NUS noted that while WIS has been supplementing the living and retirement needs of lower-income workers, the external environment has become more challenging for people, especially those at the bot-

tom of the income distribution.

The project, which started in 2022, was funded and commissioned by venture philanthropy organisation Leap201, as part of its Singapore Rebalanced Programme focusing on the challenges faced by the bottom 20 per cent of working households here.

The research team comprised Associate Professor Irene Ng from NUS' department of social work, NUS senior lecturer Ong EeCheng and research assistant Tan Zhi Han. All three are from the Social Service Research Centre at NUS.

They proposed reimagining the WIS in four ways:

## 1 UPLIFT FAMILIES, NOT JUST INDIVIDUAL WORKERS

A key proposal is to expand the WIS to uplift not just needy workers but also their families, said Dr Ong during a round-table discussion jointly organised by Leap201 and NUS Social Service Research Centre at the university.

Currently, payouts are disbursed at the individual level.

One possibility is to restructure the WIS to the household level to account for household size and needs, said Dr Ong, as individual workers are often responsible not



Mr Michael Lien, chairman of venture philanthropy organisation Leap201, at Thursday's round-table discussion. The National University of Singapore study is part of Leap201's focus on building a fairer and stronger society. PHOTO: LEAP201

just for themselves but also for dependants such as elderly parents and young children.

"(This would) empower workers to invest in their future and children's future," she said.

She cited the Earned Income Tax Credit (EITC) in the United States, which provides varying levels of support for low- to moderate-income parents, depending on family size.

"There have been many studies conducted on the EITC. Economists have found that increased payouts during childhood lead to

improved educational attainment and employment outcomes," she added.

## 2 PHASE OUT DIFFERENCES IN PAYOUTS BY AGE

Currently, WIS payouts increase with a worker's age, as older workers have a shorter period in which to save for retirement.

From 2023, those aged 30 to 34 receive \$2,100, and those aged 35 to 44 get \$3,000. This grows to \$3,600 for workers in the 45 to 59 age group and \$4,200 for those 60 and above.

But Dr Ong said the research team recommends phasing out the age differentiation of payouts, as over time, the pre-independence birth cohorts, who had fewer educational opportunities than their younger counterparts, will "age out" of the labour force.

## 3 INDEX WIS TO INFLATION

Another suggestion is to index the scheme to inflation, to account for rising costs and declining purchasing power, which have hit the low-income especially hard, said Dr Ong.

The Government could consider reviewing WIS yearly to reduce the time lag between inflation and payout adjustments, she added. This could be administered in a manner similar to the way the Public Transport Council conducts the annual Fare Review Exercise.

## 4 INCREASE CASH PROPORTION

Currently, employees receive 40 per cent of WIS payouts in cash and 60 per cent in CPF payouts.

This ratio could be inverted, said Dr Ong, so that more of WIS is allocated to cash payouts, to further reinforce the incentive to work and support immediate expenditure needs.

"The benefits of working become more salient... by creating stronger work incentive by giving (workers)

a little bit more in cash today," she added. "For such low-income families, every dollar counts."

Participants at the round-table session on Thursday discussed the feasibility of such a household-based WIS – from how to simplify the process of applying for subsidies across different help schemes, to the technical aspects of policy design and implementation.

Acknowledging that more needs to be done for low-wage workers and their families, they also raised the need to reassess WIS holistically alongside other subsidies and schemes, such as ComCare and the Progressive Wage Model.

Mr Michael Lien, Leap201 chairman, said that while there are many existing targeted support schemes, one drawback is that low-wage workers who need the most help might be the least able to navigate the complexity of the schemes, with their different eligibility criteria.

"What we're not advocating for is for any of these schemes to be replaced," he said, suggesting instead that some of these support schemes be "banded" and delivered as a single package to working households.

The NUS study is part of Leap201's focus on building a fairer and stronger society, said Mr Lien, adding that building a more inclusive labour market would mean that more social considerations need to be brought into manpower policies.

"A working household with a full-time worker and three direct dependants ought to be able to meet the basic needs of all household members, without having to separately apply for various social support schemes with different eligibility criteria," he added.

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