



Transcript for “Administrative burden and access to government programs”

Featuring Pam Herd and Don Moynihan

Hosted by Dave Chancellor

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[Chancellor] Thanks for tuning in to a podcast from the Institute for Research on Poverty. I’m Dave Chancellor and for this December 2013 podcast, we’re going to be talking about red tape. I was lucky enough to catch up with IRP affiliates Pam Herd and Donald Moynihan--both of the La Follette School of Public Affairs at UW-Madison--to learn more about how people interacting with social programs experience red tape or, as they call it, administrative burden.

To get started here, let’s turn to Professor Herd to learn what they mean by administrative burden.

[Herd] Basically, what we’re talking about when we mean administrative burden are things, procedures, administrative procedures for example, that make it difficult for people to apply to a given social welfare policy program. So, for example, for Medicaid, if you apply as an individual with a low income, to receive Medicaid as your health insurance for you or your child, you might need, in a given state, you might need to document your income. And that could mean going to a judge to document the child support you receive, going to multiple employers to document your income. All of that documentation would be an example of a burden to apply to a given program, to receive welfare benefits or social welfare benefits.

[Chancellor] Professor Moynihan says that one point that’s basic to understanding these concepts is that relatively minor barriers can have surprising effects on whether people take up benefits or not.

[Moynihan] We’re learning more about why this is now by looking at behavioral economics where simply requiring people to send in an additional form might make a pretty dramatic effect on whether they access a benefit or not. And, behavioral economics helps us to understand that by pointing to biases that people have—like a preference or their default status, whatever that happens to be, and in public programs, the default status is you don’t receive a benefit—you have to sort of keep up with the bureaucratic demands if you’re going to receive the services that you’re entitled to.

[Chancellor] Moynihan explains that, as we're thinking about these barriers, we might break them up into specific kinds of costs. One of these—learning costs—is just figuring out what's involved in applying for a program, whether you're eligible, and what the size of the benefit might be.

Nonprofits or other third parties can play an important role in reducing these learning costs. We might think about the EITC—that is the earned income tax credit—which has been so successful as a program in part because there are legions of tax preparers, both of the for-profit and the volunteer variety—that have an interest in helping people claim those benefits.

[Moynihan] So, when they get them in their office, they'll help to inform them what they are eligible for, they'll help to get them to apply for those benefits and make sure they actually get them and so there you have someone helping you to overcome the learning costs. But, in a lot of cases, we don't have that helping hand.

[Chancellor] Once people have learned about a program, a second category of costs are what Moynihan and Herd call compliance costs. That can come as part of the application or as part of maintaining eligibility for the program. This could be things like documenting your income or documenting who lives in your home or just turning in interim paperwork. But even after taking learning costs and compliance costs into account, Moynihan said there is another type of cost that we don't often think about.

[Moynihan] A third type of cost that's perhaps obvious to miss is what we call psychological costs, and so they involve applying for what might be an unpopular program—so there's some level of perhaps stigma in doing that. Or, going to a welfare office and experiencing some level of stigma in that process or a loss of power and autonomy when you're dealing with a worker who has a good deal of control over your status and you have relatively little control over the outcome.

[Chancellor] The burdens imposed by this type of red tape may be particularly difficult to overcome for the low-income people for whom these programs are designed.

[Herd] Generally people living on low incomes don't have a lot of extraneous time. They have, potentially, very demanding work schedules, potentially transportation issues, which make it difficult oftentimes to manage those burdens.

[Chancellor] Professor Herd also points out that proving eligibility for some programs like Social Security Disability or Medicaid Long Term Care is particularly difficult—to the extent that some people hire a lawyer to help them navigate those processes—but, if you don't have a lot of money, that's a huge cost.

[Herd] Yeah, so, the interesting thing, right, is that you're trying to balance two things. On the one hand you want people who are eligible for these programs to receive benefits—at least mostly we think we want that to happen. On the other hand you don't want people to receive benefits who don't qualify for them, hence all of the rules. So, how do you continue to have these rules to ensure that people who are eligible for these benefits are actually receiving them versus those who aren't vs. not creating a whole set of barriers?

[Chancellor] Herd says that one option is for state programs to make use of data that they may already have access to.

[Herd] So rather than asking people to collect a million different kinds of identification to document their income, look in state records, go to the IRS, go to the state taxation agency to collect that information on behalf of participants.

[Chancellor] One interesting example that Professor Herd points to is in Wisconsin in 2008—they wanted to expand the pool of people eligible for Medicaid to low-income working adults, but they didn't want those adults on the program if they could get insurance through their jobs. So, initially, they just asked individuals to get documentation from their employers about the insurance they had access to.

[Herd] Well, it turned out to be kind of a disaster—it was really hard for individual employees to get this information from employers and they actually saw a big reduction in Medicaid receipt among individuals because of it. And so they flipped it around and decided that the state would take on the burden instead and the state would figure out whether or not employers were offering health insurance that people should be receiving, instead of receiving Medicaid.

[Chancellor] That sounds great, but what about the costs of doing this? If we want to keep the rules and eligibility constraints, but shift the burden to the state, doesn't this get expensive?

[Herd] I think it depends, to be honest. Oftentimes, it's relatively costless for the state to do it. They have access to these databases to begin with. Versus requiring caseworkers to track down individuals applying for programs and cross checking what documentation they have and evaluating whether the documentation is adequate or not—still involves a fair amount of state manpower when you're still requiring the recipients to do a lot of work vs. 'oh-we can just mine the taxation data and figure out how much they're making and they qualify or they don't.' That's actually pretty simple—a lot simpler than having a caseworker fish through an application and sorting out what documentation is adequate and what isn't. But, I think it depends.

[Chancellor] Ok, in all of this, we can see that there are costs to excessive administrative burden but Herd and Moynihan argue that the implications go beyond whether or not a person is able to access a program.

[Moynihan] Our focus is mainly on the experience of the welfare state but I think the points here are broadly true to other ways in which we experience the state when we go to do mundane things like, to the Department of Motor Vehicles—a lot of our complaints about that experience or maybe our positive assessments of that experience will have to do with things like “how difficult was it for me to find out if it was open, what time it was open?” Learning costs—how many forms did they have to fill out, did they have to go through on line? Two lines? Three lines? The compliance costs. And whether, in my experience dealing with officials, they were respectful of me, they observed a certain measure of due process in how we engaged, those sorts of psychological costs. And there, the costs and benefits of that example might be a lot lower but they still form the basis for how we as citizens experience the state.

[Herd] One broader kind of implication about this is that there’s a lot of evidence that people who interact with a range of different means-tested programs in the U.S.—so, for example, TANF, have really negative interactions and, consequently, have a negative perspective of the government. So, that’s sort of the broader issue and we also see in those groups of people—particularly low income individuals, they are less likely to vote, less likely to participate—they are less likely to participate in an active way in our democracy.

[Chancellor] Herd says that, as a counterfactual, we might look at political scientist Suzanne Mettler’s work on the GI Bill—which offered housing and education benefits for World War II veterans. Mettler argues that the very positive experience that veterans had with the GI bill helped make them better, more engaged citizens because it communicated to them that government was for people like them.

But, the GI Bill and, say, TANF or Social Security Disability, are very different programs with very different stigmas attached to them. But even so, it makes sense that the way programs are implemented will make a difference for those accessing them.

[Moynihan] A lot of what we’re talking about seems to be mired in the murky details of administration. Things like how long a form is, how many questions you’re asked, what sort of documentation do you have to provide—and so, historically, those sorts of decisions get delegated to the executive branches—there’s not a lot of political attention to them. I think you can make the argument—especially in the last 15 years or so, there’s much greater awareness of how these little details matter a lot and as a result of that, they’ve sort of migrated into the political realm of decision making.

[Chancellor] So much of this boils down to the details of implementation. Even the best-intentioned policies can flounder when the people who hope to access programs struggle to learn about the program or get signed up. The infrastructure faults underlying the ACA rollout that we've seen in October and November of this year clearly show this point and speak to the challenge of addressing administrative burden in complex programs.

Thanks to Pam Herd and Don Moynihan for taking the time to talk about their work. You've been listening to a podcast from the Institute for Research on Poverty.