

Administrative burdens in the time of Covid-19

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TAKEAWAYS

It is difficult for individuals to get needed assistance from most U.S. social safety net programs due to their design.

The Covid-19 crisis has strained programs beyond the breaking point, with many people unable to quickly apply for and receive needed unemployment benefits and public assistance.

Social Security in the United States and safety nets in Europe offer models for programs that deliver benefits with little burden on the individual.

Shifting administrative burdens from individuals to the government would get benefits to more people more quickly.



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The Covid-19 crisis has left tens of millions of Americans out of work. The social safety net is intended to help soften the blow for those in economic need, with programs that include unemployment insurance, Medicaid, and the Supplemental Nutrition Assistance Program (SNAP, previously called the Food Stamp Program). For example, as shown in Figure 1, weekly initial claims for unemployment insurance rose precipitously early in the pandemic, and, even months in, exceeded the peak number of initial claims during the Great Recession. Federal legislation such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act has expanded some of the available benefits. Still, many who may be eligible for this relief are finding that the gap between the promise of safety net programs and the reality of their implementation makes it difficult to obtain assistance. While we have previously documented administrative burdens in government programs, it is clear to us that a crisis response built on existing systems will fall short.¹

Based on our prior research, we expect that in the short term the way services are provided in the United States will lead to unmet needs and profound frustration among individuals, will increase inequality, and will hamper economic recovery. If we take these concerns seriously, the long-run outcome should be a reconfiguration of how the government administers safety net programs in the United States. In this article, we detail different types of administrative burdens, describe their origins and effects, and offer some suggestions for how to reform systems to more effectively provide help to those who need it.

Defining administrative burdens

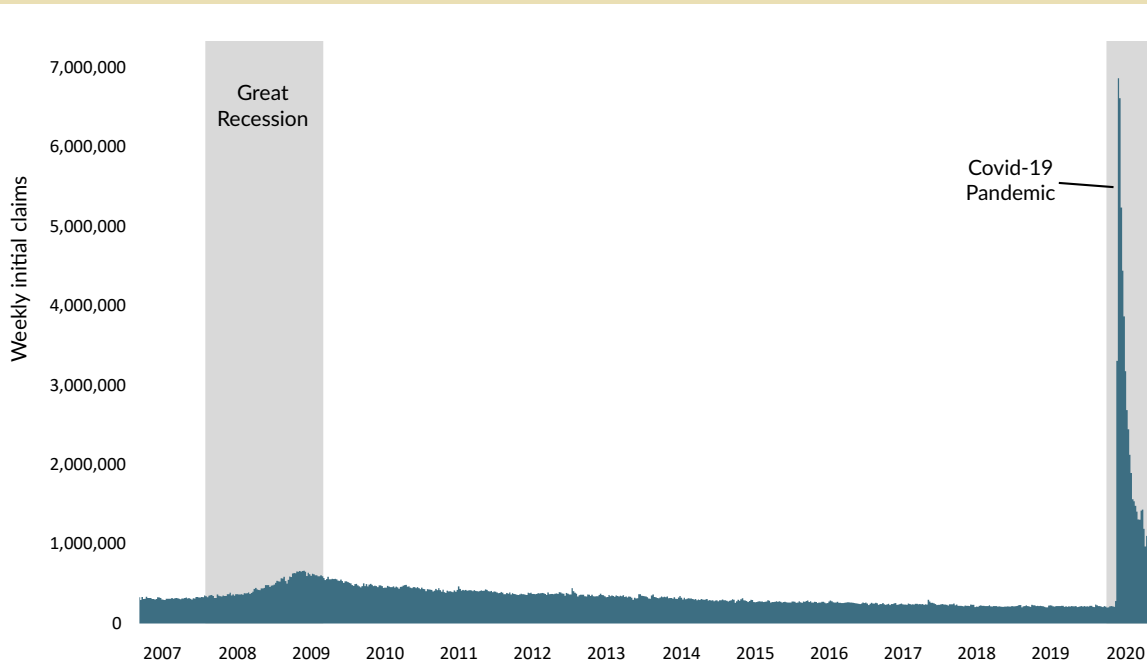
The term “administrative burdens” refers to the onerous experiences that people encounter when dealing with the government. The particular barriers we are concerned with in this article are those faced by individuals when they attempt to access the U.S. social safety net. These burdens may take several forms, including learning costs, compliance costs, and psychological costs (see text box on types of administrative burden).

Learning costs

Individuals experience learning costs when they have to figure out what government programs are available and how to apply for them. To successfully access and maintain benefits, individuals need to learn whether they are eligible for a particular program, what the benefit would be, which forms need to be completed, what documentation is required, and whether an application can be completed online or requires going to a government office. Obtaining this information is not necessarily straightforward. Learning costs may mean that someone: is unaware of a program they may be eligible for; incorrectly believes they are not eligible for a particular program; underestimates the value of a benefit; or is prevented from being able to figure out how to apply for a program that would benefit them.

An example of the effects of learning costs can be seen in the extent to which eligible families receive the Earned Income

Figure 1. Weekly initial claims for unemployment insurance rose precipitously early in the pandemic, and even months in, exceeded the peak number of weekly claims during the Great Recession.



Note: The Great Recession officially began in December 2007 and ended in June 2009.

Source: Unemployment initial claims from U.S. Department of Labor, Office of Unemployment Insurance, Weekly Claims Data, retrieved September 14, 2020 from: https://oui.doleta.gov/unemploy/claims_arch.asp; recession data from National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, retrieved September 14, 2020 from: <https://www.nber.org/cycles.html>.

Tax Credit (EITC), a refundable tax credit for low- to moderate-income working people, particularly those with children. An estimated one-quarter of those who are eligible for the EITC do not receive it.² Research suggests that low awareness of the program contributes to lower take-up.³

Learning costs increase when there are changes in policy, especially when a number of changes are implemented over a short period of time, as is the case with rule changes resulting from federal and state coronavirus relief legislation.

Types of administrative burden

Learning costs—figuring out what government programs are available and how to apply for them.

For example, learning costs may mean that someone: is unaware of a program they may be eligible for; incorrectly believes they are not eligible for a particular program; underestimates the value of a benefit; or is prevented from being able to figure out how to apply for a program that would benefit them.

Compliance costs—administrative rules and requirements that must be followed in order to complete the application process; “red tape.”

For example, compliance costs may include filling out forms, providing needed documentation, and paying costs associated with applying for or continuing to receive benefits such as the costs of traveling to an office to obtain or submit needed documentation, or hiring a lawyer or other professional to assist in the application process.

Psychological costs—these may include stigma, loss of autonomy, and stress or frustration.

For example, stigma may be experienced when participating in a program viewed negatively by the public; loss of autonomy when public employees have the power in the application process; and stress or frustration when dealing with processes that are difficult to negotiate, particularly when the individual's financial security is on the line.

Compliance costs

Individuals experience compliance costs when they have to follow administrative rules and requirements in order to complete the application process. Compliance costs include filling out forms, providing needed documentation, and paying costs associated with applying for or continuing to receive benefits such as the costs of traveling to an office to obtain or submit needed documentation, or hiring a lawyer or other professional to assist in the application process. The burden these costs impose range from fairly trivial to rather significant. For example, whereas all documentation required for the Social Security program (described in more detail below) is collected by the government and the application process is straightforward, the EITC can only be obtained by filing income taxes (even when no tax is owed). The difficulty of completing and filing tax forms prompts many to use tax preparers who charge a fee.

Psychological costs

Finally, some individuals also face psychological costs when applying for and receiving benefits. Examples of psychological costs include the stigma of participating in a program viewed negatively by the public, the loss of autonomy when public employees have the power in the application process, and the stress or frustration of dealing with processes that are difficult to negotiate particularly when the individual's financial security is on the line. For example, in a survey of individuals who were likely to be eligible for food stamps but were not receiving benefits, 27 percent said they would not apply. Among those individuals, nearly half reported factors related to avoiding stigma, such as not wanting people to realize that they were poor.⁴

Burdens affect whether people can access services that they need.

Why burdens matter

There are times when the government has a legitimate interest in imposing costs on individuals, such as administrative requirements that ensure that poverty-based policies serve only those who are poor. However, there are also times when these costs are too high relative to the legitimate function that they serve, such as requiring someone to file a form in person, when the same function could be served online or over the phone. Some burdens are unnecessary because they address problems that do not exist, such as adding fraud-prevention measures when the level of fraud is already extremely low.

The importance of administrative burden has been highlighted by the pandemic, as many who are newly eligible for public assistance after losing income face the often-frustrating task of trying to access that assistance (see example in text box).

Accessing public assistance during the coronavirus crisis

An Arizona worker lost her job in March when the restaurant where she worked laid off staff members in response to the coronavirus crisis. She and her young daughter are eligible for public assistance, ranging from food stamps to Medicaid, to help soften the blow. But after she spent hours filling out forms and uploading dozens of documents, the online system crashed. "I want to cry," she texted her aunt. "They make it impossible to actually get assistance."

Burdens are consequential

The effects of administrative burdens are consequential for those who experience them. Burdens affect whether people can access services that they need. Administrative burdens can also undermine key policy goals. While legislation such as the CARES Act was intended to allay the economic and health consequences of the pandemic, this relief has not always reached the people to whom it was targeted. Part of the reason for this is that coronavirus relief was structured to use an existing set of social welfare programs that have high burdens.

Unemployment insurance is a prime example of a social welfare program stressed beyond its limits during the Covid-19 pandemic due to its high level of administrative burden. While unemployment insurance has some federal funding, states have a great deal of control in setting rules for who qualifies and what must be done to continue to receive benefits. There is, consequently, a lot of variation across states in the level of administrative burden faced by potential applicants. Even prior to the pandemic, only about three-quarters of those eligible for unemployment insurance received benefits, with a great deal of variation between states. The state systems that are used to administer the program were not built for the volume of applications received during the pandemic; as layoffs rose quickly in March 2020, these systems became almost immediately overwhelmed. One reason why these systems collapsed was the level of burden already present, which demanded more documentation than was possible to process when mass unemployment struck. Florida's unemployment insurance system provides one example of this (see text box).⁵

Another reason for the inability of states' unemployment systems to quickly implement federal coronavirus relief provisions for unemployment insurance was that the CARES Act added a new category of beneficiaries—the self-employed, independent contractors, and gig-economy workers. This addition meant that states needed the ability to process different types of documentation than had previously been required. While the CARES Act was signed into law on March 27, 2020, the states did not receive guidance on the Act's Pandemic Unemployment Assistance program until April 5, 2020. In most states, benefits were not extended to the new category of beneficiaries until late May 2020.

Another provision of the CARES Act is the Paycheck Protection Program, which was intended to provide loans to small business, with the loan amounts forgivable if at least 60 percent was used to cover employee salaries. However, the experience of small business owners trying to access this program turned out to be very similar to the experience of unemployed people trying to access unemployment insurance, including broken websites, confusing instructions, and the sense that the government did not really want to help.

Burdens affect participation

Administrative burden can mean that some people who are eligible for a program do not receive it. The SNAP program, which has

Multiple burdens may be applied in a single program

As of May 12, 2020, Florida had paid benefits to just over one-quarter of the 1.9 million people who had applied for unemployment insurance since mid-March of that year.

It took more than two months for the state to adapt its computer system to administer the 13-week federal increase in unemployment benefits.

Applications for unemployment insurance were only available online, which may have made the process more difficult for those without reliable internet access.

These difficulties in getting unemployment benefits out to those who needed them stemmed from years of putting mechanisms in the system that were designed to control costs, and that effectively increased the administrative burden, making it harder both to apply and to provide the documentation needed to continue to receive benefits after initial approval.

experienced increased demand during the pandemic, is a clear example of this. SNAP is an efficient way to quickly get money to people in need, and it provides an effective stimulus in a slowing economy. In fact, every additional dollar spent on SNAP during the Great Recession, when SNAP benefits were expanded, generated \$1.74 in economic activity.⁶ But instead of just increasing SNAP benefits, the CARES Act created a new food relief program targeted at children eligible for free or reduced-price school meals. States had to create entirely new administrative structures to implement the program. Not surprisingly, after three months, just 12 states had started the program, and only 15 percent of eligible children had received benefits.⁷

Coronavirus relief provisions did provide states with some flexibility in SNAP administration. For example, states were allowed to eliminate in-person visits and delay recertification for SNAP, though not all states reduced these burdens.⁸ However, this flexibility was temporary, lasting only through August 2020.⁹

Medicaid is another program for which demand has increased as a result of the pandemic. Since the majority of Americans get health insurance through an employer, loss of employment during the pandemic has resulted in millions losing their insurance. Many of these people will be trying to get access to Medicaid, which has very high levels of administrative burden in some states, including difficulty in accessing information about the program, and in providing all the documentation needed to apply. As a result, take-up of Medicaid varies significantly across states and eligibility groups, but on average, 30 percent of those eligible and uninsured do not receive benefits.¹⁰

Providing the documentation to show that one is below the eligibility threshold inherently necessitates a higher level of burden than a universal program designed to be accessible to nearly everyone.

Burdens are distributive

The goal of most social welfare policies is to reduce poverty and inequality; administrative burdens may undermine that goal because the neediest individuals may lack the resources necessary to apply. An individual's ability to navigate burdens can be influenced by factors such as their level of education, economic resources, health, language skills, and time available to devote to such tasks. For example, there is evidence that people with lower levels of these resources are less likely to participate in programs for which they are eligible.¹¹ While social welfare programs do greatly reduce poverty—without them, the poverty rate in the United States would be much higher—individuals generally have to document their eligibility to receive them.¹² Providing the documentation to show that one is below the eligibility threshold inherently necessitates a higher level of burden than a universal program designed to be accessible to nearly everyone.

While individuals can often access a third party to help them navigate burdens, these services come at a cost. As mentioned earlier, many who apply for the EITC use a tax preparer. In fact, a 2014 study found that about 57 percent of people who claimed the EITC used a tax preparer.¹³ Each year, about 5 percent of the total amount of EITC dollars paid out go to tax preparers; in 2013, this amounted to an estimated \$2.75 billion.¹⁴ Since tax preparers benefit from the burdens in the tax system, they have an incentive to keep administrative complexity in place.

Burdens are constructed

Burdens, like public policies themselves, are often the product of deliberate administrative and political choices. In some cases, policymakers may fail to understand the consequences that follow. Often, however, burdens are used as a policy tool in order to achieve an ideological goal. The Florida unemployment insurance system, highlighted above, again serves as an example. States set the amount of unemployment insurance that is offered, and the maximum in Florida is low—\$275 per week—and has been at this level for over two decades. Prior to pandemic relief legislation, most states offered a standard maximum of 26 weeks of benefits, but Florida’s maximum is only 12 weeks. Florida had also altered its enrollment processes in ways that made the process burdensome and complicated, including implementing a flawed online application process. The current Governor acknowledged the intentionality of the hassles created by his predecessor, saying the goal of the system was, “Let’s put as many kind of pointless roadblocks along the way, so people just say, oh, the hell with it, I’m not going to do that.”¹⁵ Florida is not the only state with systems that make it difficult for people to access and retain benefits; in New York, some unemployed workers were required to fax documents as part of the application process.¹⁶

Strategies to reduce administrative burdens include: asking policymakers to consider both benefits and costs when assessing how much burden a given program should have; using tools such as technology, automation, and personal assistance; and shifting the burden to the government.

How to reduce burdens

We identify a number of different strategies to reduce administrative burdens. These include the following: asking policymakers to consider both benefits and costs when assessing how much burden a given program should have; using tools such as technology, automation, and personal assistance; and, critically, shifting the burden to the government.

Assessing benefits and costs of burdens

One key way to reduce administrative burdens is to ask public officials to consider both benefits and costs when evaluating burdens. Currently, states are required by the federal government to assess and report on how much fraud and abuse exists in a given program by providing data on individuals who are receiving benefits for which they are ineligible due to intentional acts of fraud or inadvertent mistakes. States are not, however, required to report in a systematic way on the proportion of eligible people who are *not* receiving benefits. Most programs have relatively low rates of improper benefit receipt. For example, the SNAP overpayment rate is 5 to 6 percent.¹⁷ In comparison, even in very well-targeted programs like SNAP and the EITC, about 20 percent of eligible people do not receive a benefit. For unemployment insurance in the early months of the pandemic, when unemployment skyrocketed and states struggled to meet the need, this rate was substantially higher.

Technology

Technology can both reduce and increase burden. For example, most people find it easier to fill out a form online than to fill out and mail a paper form, thus decreasing burden. However, technology can also be explicitly used as a burden. For example, if program applications can *only* be accessed online, this would reduce access to the program, since some people lack technological literacy, and those in rural areas and with lower incomes may lack internet access. Technology will only reduce burden if policymakers carefully consider how it can be used to reduce burdens, by, for example, using administrative data to pre-fill forms.

Automation

Automation can be an important tool for reducing burden. Researchers find that automatically enrolling people in programs (that is, allowing people to “opt out” rather than requiring them to “opt in”) dramatically increases participation.¹⁸ Existing government databases could be used to automatically enroll those who are eligible; this would greatly reduce documentation requirements for individuals. This approach would require both the necessary administrative capacity and the willingness to implement such a system. One suggestion for using automation to facilitate pandemic relief comes from Representative Pramila Jayapal of Washington State, who has proposed that the Treasury Department use tax return data from 2019 to estimate three months of employer wage costs, and provide that money in the form of a grant to businesses that could use it to continue to pay their workers.

When help is required

While approaches such as simplifying forms and doing better outreach can decrease burden, in some cases, the most effective strategy is simply to have someone else help complete application forms rather than putting this responsibility solely on individuals. This kind of personal assistance can have a large effect on participation; a 2016 survey of those eligible for health insurance under the Affordable Care Act found that 77 percent of those who received assistance ultimately enrolled, compared to 60 percent of those who did not.¹⁹ To truly reduce burden, this assistance would need to be provided without cost to the applicant, unlike, for example, paid tax preparers who help people access the EITC.

Shifting the burden to the government

Shifting the burden away from individuals and to the government can ensure that people receive the assistance for which they are eligible. This may be necessary because small changes to reduce learning and compliance costs will not always be enough to sufficiently reduce administrative burden. Social Security is one of the best examples of government bearing the

Social Security benefits are relatively easy to access

As documented in our book on administrative burden, Social Security stands out as program that is effective in quickly getting benefits to those who need them. For example, after September 11, amidst unimaginable grief, victims' families found themselves awash in paperwork—applying to everything from workers' compensation to private charitable support and life insurance. Meryl Mayo lost her husband in the World Trade Center. In the days following his death she spent countless hours finding out what financial resources she was eligible for, filling out forms, pulling together documentation, and dealing with officials who offered varying levels of help and sympathy. “Everything was scattered all over the place. And then I thought about all the things I had to do and all the laundry that was overflowing from the hamper. And I felt so overwhelmed that I broke down so badly, I couldn't even catch my breath. I sat down on the floor, just like, ‘I have to do this. I have to cry now.’ And I did.” Yet Mayo remembered one application process as being “refreshingly simple”: Social Security. She just had to make a phone call and fill out a simple form online, or if it was more convenient, she could get help at one of the 1,300 Social Security Administration field offices spread throughout the country. The first Social Security checks to victims' family members were mailed out on October 3, 2001.

burden. The documentation required to determine eligibility and benefit amounts for Social Security is complex, and on a par with that required for safety net programs such as SNAP. However, for Social Security, all the burden for collecting this documentation falls on the government rather than the individual. The federal government collects earnings information over an individual's working life; once someone is ready to apply, after retirement or the death of a spouse, the application process requires only one simple form that can be quickly completed online or at one of many Social Security offices. After the September 11th attacks, many people who lost family members were faced with the daunting task of identifying and applying for available financial assistance. Social Security stood out as the lone program that was easy to access and quick to provide benefits (see text box).

Conclusions

The government's approach to delivering pandemic relief has resulted in many people waiting a long time for needed benefits. This failure will likely have continuing consequences like, for example, people being evicted for failure to pay rent. What could have been done differently? An alternative path was followed in many European countries and was proposed by some in the U.S. Congress: the government guaranteed payroll for small business so that individuals kept their jobs and continued receiving their salaries. While pandemic relief essentially created a new program within SNAP, a more effective alternative would have been to simply increase benefit amounts. These are examples of policy choices that made coronavirus relief more difficult to access, choices based on the assumption that administrative complexity is preferable to ease of access. Will the experience of the Covid-19 relief lead to a re-evaluation of this approach? Perhaps. While the costs of a dysfunctional administrative system are easy to ignore when they are imposed on other people, a public newly aware of administrative burdens as a result of their efforts to seek relief during the crisis may demand something better. We encourage our political leaders to reconstruct policy to ensure a more equitable distribution of aid. ■

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