

Certification and Recertification in Welfare Programs: What Happens When Automation Goes Wrong?

Derek Wu, University of Virginia, and Bruce D. Meyer, University of Chicago

To allow individuals to apply and recertify for welfare programs remotely, states have increasingly automated caseworker assistance. These changes are often thought to provide greater convenience for program applicants, but they may also lead to greater inflexibility and an inability to tailor services to individual circumstances. In 2007, Indiana outsourced the management of its welfare services – covering SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Assistance for Needy Families), and Medicaid – to the IBM Corporation.

IBM used online and phone platforms to replace face-to-face interactions with local caseworkers, which state officials hoped would streamline the processing of applications and recertifications. Qualitative evidence, however, suggests that the changes resulted in a lack of personalized assistance, lower tolerance for errors, and long wait times at overwhelmed call centers.¹ The literature from behavioral science suggests that these administrative burdens may be particularly salient for individuals in challenging circumstances, who may discount the future benefits of program receipt if the present costs of enrollment are sufficiently high.²

Key Takeaways



While determinations of eligibility that rely on more automated and/or virtual processes are often thought to make welfare program enrollment and recertification more convenient, they may also introduce complexities that are less well understood.



The lack of human contact with caseworkers can have different effects at different points in the application process, and policymakers may want to consider incorporating more in-person and tailored assistance at the recertification stage.



Recertification disproportionately affects those in greatest need of the program, who may struggle with automation-related burdens. This aligns with behavioral models indicating that administrative barriers often weed out the most disadvantaged, as poverty worsens present bias and attention.³

Research Questions

The effects of administrative burdens can depend critically on the context in which they appear. As a result, we seek to understand how barriers to enrollment can have differential effects across programs and application stages:

1

How does automating caseworker assistance affect enrollment in SNAP, TANF, and Medicaid?

2

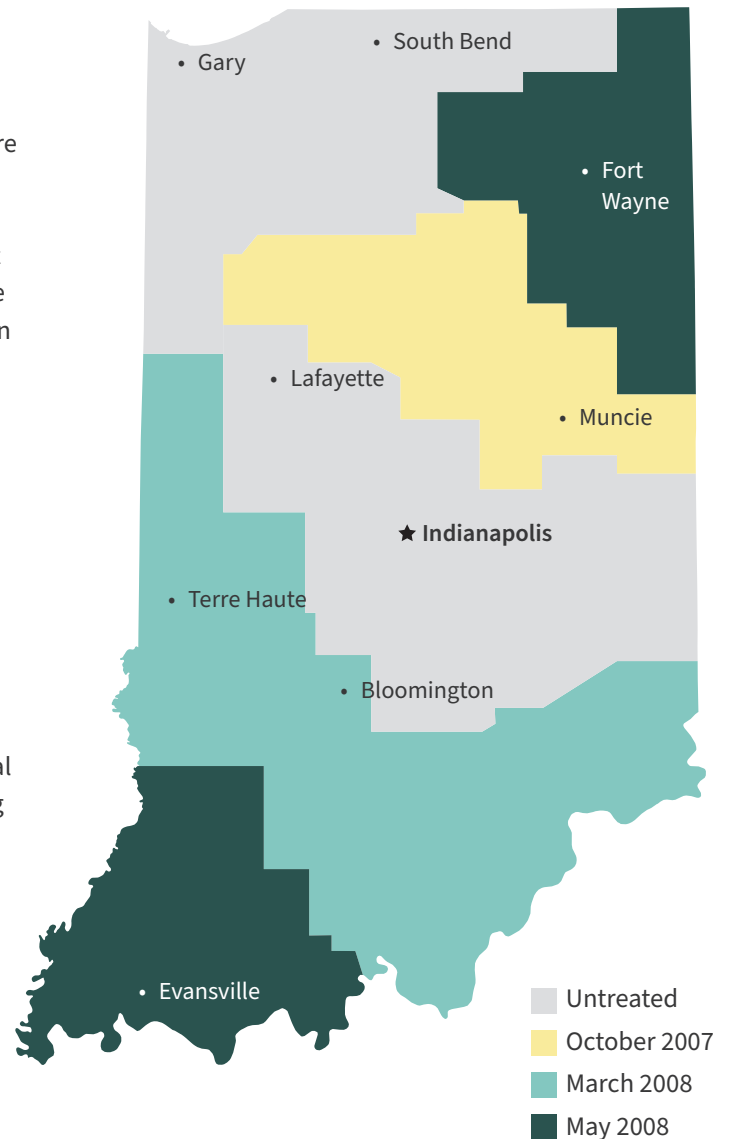
What types of individuals are screened out at a given application stage?

Methods

IBM's automated system rolled out to two-thirds of Indiana's counties over the course of three waves between October 2007 and May 2008. However, the rollout suddenly halted in 2009 due to performance problems. As a result, counties were naturally assigned to treated and untreated groups whose outcomes can be tracked over time using a difference-in-differences methodology. The identifying assumption is that treated and untreated counties, despite differing on baseline characteristics, would have had similar trends in outcomes in the absence of treatment.

Data

The analyses rely on administrative longitudinal welfare records covering nearly 3 million program recipients in Indiana between 2004 and 2015. The longitudinal nature of the administrative panel data enables the disentangling of enrollment effects along the initial application and recertification margins, which would not be possible using cross-sectional data. These records are also linked to Internal Revenue Service (IRS) microdata to be able to use well-being measures (such as prior earnings, asset income, education level, and disability status) to measure program targeting.



Key Findings



SNAP, TANF, and Medicaid **enrollments fall by 15%, 24%, and 4%**, respectively, one year after automation.



For Medicaid, the **overall enrollment reduction persists long after the automated system was disbanded**, rebounding much more slowly relative to SNAP and TANF enrollments.



Differences in enrollment effects across programs are driven by **individuals exiting TANF at higher rates than SNAP or Medicaid**.



Likely as a result of the administrative burdens associated with automation, **those who have greater economic and health challenges** (on a variety of well-being measures) **are least likely to re-enroll at recertification while those who appear to be more well-off are least likely to enroll at initial application**. This suggests differential targeting effects across application stages.

Table 1. Percent Reduction in Program Enrollment Due to IBM's Automated System

	Average Over 3 Years After Treatment	Average Over 6 Years After Treatment
SNAP	10.1%	7.5%
TANF	19.0%	13.2%
Medicaid	2.8%	2.7%

Flow Chart of Typical Certification and Recertification Process (without Automation)



Broader Implications

In recent years, many states have adopted automated and/or virtual processes to determine eligibility for programs, and with these changes, caseworkers are seeing their roles diminish over time. This study, however, shows that the lack of human contact can have unintended consequences, with different effects materializing at different stages of the application process.

1 See Indiana, 4 N.E.3d at 708; Indiana, 51 N.E.3d at 153, 156.

2 See Mullainathan, Sendhil and Eldar Shafir. 2013. *Scarcity: Why Having Too Little Means So Much*. New York: Henry Holt and Company. Herd, Pamela and Donald P. Moynihan. 2018. *Administrative Burden: Policymaking by Other Means*. Russell Sage Foundation.

3 Present bias refers to the tendency of individuals to prefer a benefit that delivers a smaller present payoff over one that delivers a larger future payoff.

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