

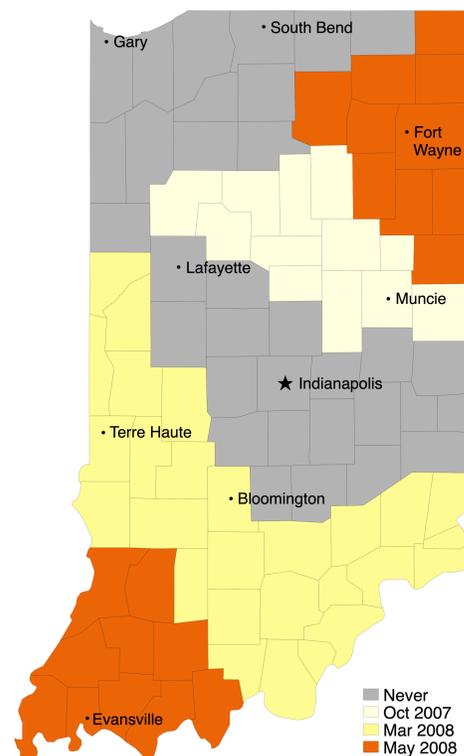
Welfare Cuts and Well-Being: Evidence from Indiana in the Great Recession

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Overview

- Government programs are often associated with numerous administrative burdens
- Automation of welfare administration is usually considered an improvement over face-to-face administration, but it can lead to even more burdens when imperfectly administered
- **This Project:** Studies an effort by Indiana to automate its welfare services (covering SNAP, TANF, and Medicaid) by outsourcing their management to the IBM Corporation
- IBM used online and phone platforms to replace face-to-face interactions with local caseworkers; burdens included zero-tolerance policy for errors, resubmission of all eligibility documents, and long wait times at call centers
- Automated system was rolled out to 2/3 of Indiana's counties in staggered fashion before it was permanently halted
- **Research Questions:** What are the effects of the administrative burdens on welfare take-up and targeting? What are the impacts on incomes and well-being?

Rollout of IBM's Automated System



Data Sources

- SNAP, TANF, & Medicaid enrollment by county/month
- American Community Survey (ACS) microdata
- In ongoing work: linked survey and administrative microdata covering administrative welfare records, IRS tax records, Numident, Decennial Census, and ACS

Methods

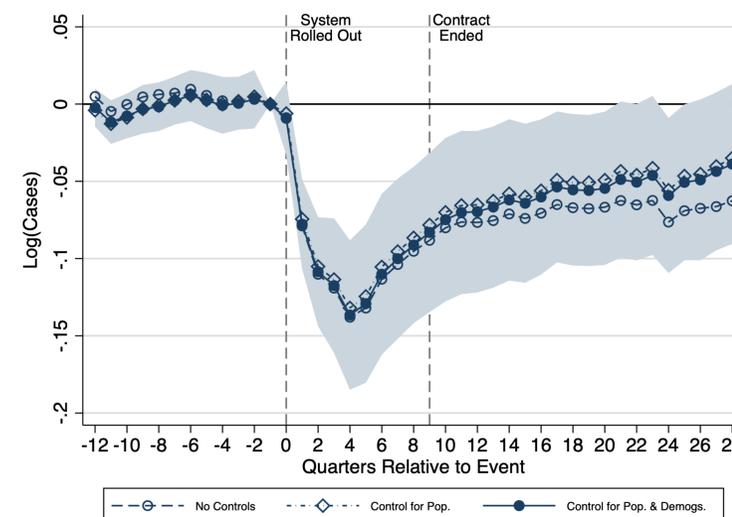
- Estimate following difference-in-differences specification:

$$\log(y_{ct}) = \mu_c + \lambda_t + \sum_k \gamma_k D_{ct}^k + \beta X_{ct} + \varepsilon_{ct}$$

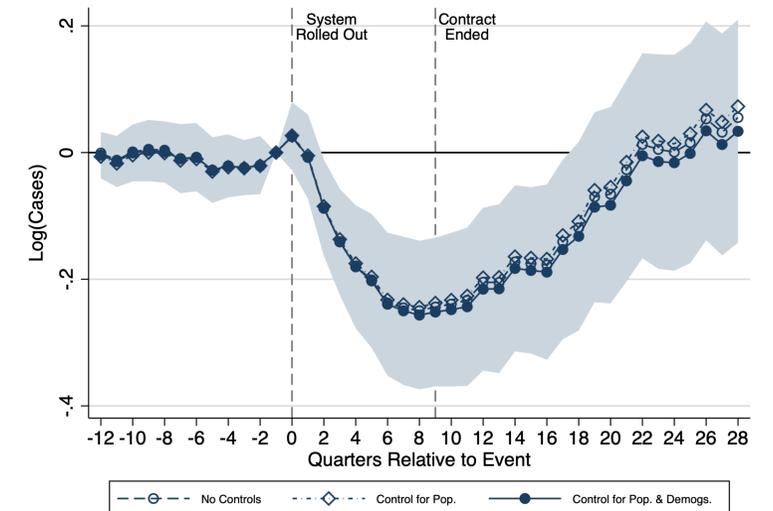
where y_{ct} is an outcome (e.g., number of SNAP cases) for county c and year-month t

- D_{ct}^k is a dummy variable equaling 1 if county c receives treatment and month t is k periods after treatment
- X_{ct} is a vector of county- and time-varying covariates (e.g., population, demographic cuts, etc.)
- Robustness checks comparing treated/untreated counties:
 - Parallel trends in pre-treatment period
 - Similar trends in economic conditions before/after treatment and during prior recessions
 - Similar patterns in receipt of other programs (Social Security, SSI, Medicare, FARM) not automated by IBM
 - No differences in trends for eligible households

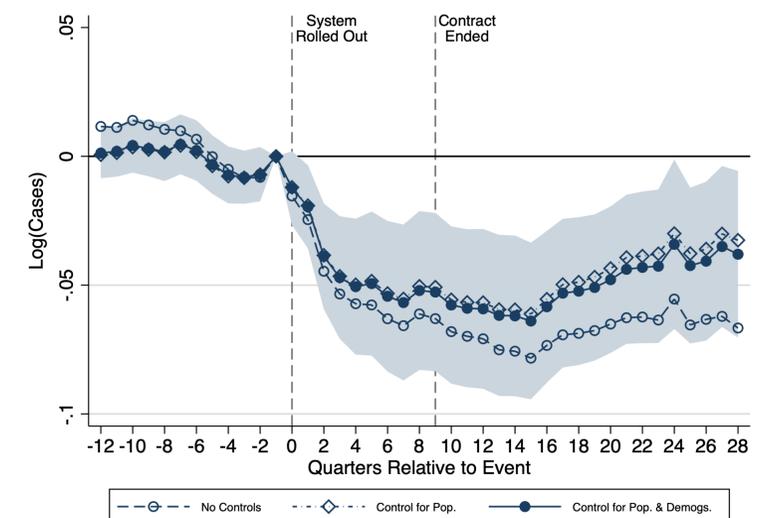
Effects on SNAP Receipt



Effects on TANF Receipt



Effects on Medicaid Receipt



Additional Results & Next Steps

- Larger declines in small-pop. and high-poverty counties
- Households screened out more likely to have children, non-relatives, physical/mental disabilities, lower education
- Next steps: parse out effects on enrollment and retention, further unpack factors behind enrollment changes, and analyze effects of welfare cuts on incomes (e.g., earnings, other programs) and well-being (e.g., health, financial solvency, migration, homelessness, and child incomes in adulthood)