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Nudges to Increase Completion of Welfare Applications

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POLICY BRIEF

Nudges to Increase Completion of Welfare Applications

Christopher J. O’Leary, Dallas Oberlee, and Gabrielle Pepin

BRIEF HIGHLIGHTS

- We estimate the effects of a low-cost intervention to increase completion of welfare applications in a four-county region of southwest Michigan, where applicants must visit a regional public employment office at least four times to be eligible for benefits.
- We do not find that providing more detail in reminder calls increased participation in the initial orientation session.
- Conditional on attending the initial orientation session, applicants who received reminder calls before additional appointments were more likely to complete all application requirements.
- Evidence suggests that reminder calls increase attendance at public employment office appointments but that providing more detail in such calls has a limited impact.

For additional details, see the working paper at https://research.upjohn.org/up_workingpapers/336/.

The Temporary Assistance for Needy Families (TANF) program provides cash assistance to very-low-income families with children in the United States. Application procedures to receive TANF benefits, however, often involve substantial transaction costs likely to reduce take-up (Currie 2006; Deshpande and Li 2019; Finkelstein and Notowidigdo 2019; Moffitt 1983). In Michigan, applicants must visit a regional public employment office at least four times to demonstrate a determined effort to seek employment. The application process takes at least 28 days, and 60 percent of initial applicants fail to meet application requirements and therefore do not receive benefits. Because TANF serves some of the most vulnerable families in the United States, ineligibility for benefits may significantly reduce household well-being.

In this paper, we estimate, through a randomized controlled trial design, the effects of a low-cost intervention, or nudge, to increase TANF application completion in a four-county region of southwest Michigan. Before their first appointment at a regional public employment office, all of Michigan’s TANF applicants receive a short reminder telephone call that lists the appointment date, time, and location. In 2015, Michigan Works! Southwest, the local agency that coordinates Michigan’s TANF application process for area residents, provided more detailed telephone calls to some applicants. During these calls, in addition to listing the appointment’s date, time, and location (as in the phone calls normally made to applicants), callers emphasized services and employment networks the agency uses to connect applicants to employment opportunities and welcomed questions regarding orientation. Additionally, applicants who received these more in-depth and open-ended calls received reminder calls before each of the three required appointments after orientation, whereas the remaining applicants did not receive additional reminders. We do not find that the reminder calls increased participation in the initial orientation session. However, conditional on attending the first session, applicants who received the treatment were more likely to complete all application requirements. Evidence suggests that reminder calls increase attendance at public employment office appointments but that providing more detail in such calls has a limited impact.

Background

TANF is a means-tested cash transfer program for families with children. The income, assets, and size of the assistance unit—which comprises children and any adults who care for them—determine households’ eligibility for monthly cash assistance. States set all policy parameters and administer TANF payments but receive about half of their funding from the federal government if they meet spending requirements and have specified portions of their TANF caseloads engaged in work-related activities, such as employment and job training. In 2013, in an effort to fulfill federal work requirements, Michigan implemented the Partnership, Accountability, Training, and Hope (PATH) program. PATH replaced Michigan’s previous welfare-to-work program, known as Jobs, Employment, and Training, and mandated that TANF applicants spend several weeks demonstrating employability skills to be eligible for cash assistance.

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Sixty percent of TANF applicants were deemed ineligible for benefits because they failed to complete the application process.

PATH is a rigorous program designed to “identify barriers and help clients connect to the resources they will need to obtain employment” (Michigan Department of Health and Human Services 2020). Individuals who complete Michigan’s online TANF application are first notified of the PATH participation requirement through a postal letter. The letter lists the date, time, and location of a group orientation session that all parents must attend at the Michigan Works! office in the applicant’s county of residence the following Monday. The letter also references a 21-day application eligibility period (AEP) that will follow the orientation. It clearly informs applicants that failure to attend or reschedule the orientation session within 15 days of the notice being sent will result in application denial.

The PATH orientation session, which lasts about two hours, outlines weekly AEP requirements. During the 21-day AEP, parents must engage in work-related activities for a specified number of hours per week. Specifically, one-parent households must complete 20 hours of work-related activities per week if there is a child younger than age 6 in the household, and 35 hours otherwise. Two-parent households with children younger than age 6 must complete 30 hours of work-related activities per week; two-parent households *without* young children must complete 55 hours. PATH participants also are required to complete a number of activities that may count toward the weekly work requirement, such as creating a personalized employment strategy, completing a job skills assessment, and attending workshops on résumé and interview preparation. Finally, participants must attend weekly one-on-one employability interviews at their county’s Michigan Works! office. Participants who fail to complete AEP requirements within 45 days are denied assistance and must restart the application process to receive TANF benefits.

On the Friday before their scheduled orientation session, PATH participants receive a short telephone call that reminds them of the orientation date, time, and location. PATH participants normally do not receive reminders before their weekly AEP interviews. Between 2013 and 2014, about 40 percent of Michigan’s TANF applicants fulfilled all PATH requirements. Hence, 60 percent of TANF applicants were deemed ineligible for benefits because they failed to complete the application process. There is therefore considerable scope to increase benefit receipt through increases in application completion.

Research Design

In 2015, the W.E. Upjohn Institute for Employment Research collaborated with Michigan Works! Southwest to conduct a telephone reminder-call intervention. The intervention took place in Kalamazoo, Calhoun, St. Joseph, and Branch Counties, where about 500,000 individuals, or nearly 5 percent of Michigan’s total population, reside. Box 1 shows that the treatment consisted of detailed reminder calls made on the Fridays preceding the orientation session and sometime during the week preceding each of the three AEP interviews. In addition to the date, time, and location of the applicant’s orientation session, this more detailed orientation reminder informed applicants as to how long orientation might last and some of the services Michigan Works! provides, including résumé preparation, mock job interviews, transportation assistance, and job training. Additionally, the caller welcomed questions regarding directions to the Michigan Works! office and the orientation session more generally. The AEP reminder call provided the date and time of the applicant’s upcoming weekly one-on-one session, and the caller also welcomed questions. Applicants who did not receive the treatment instead received the typical short orientation reminder that specifies the date, time, and location of the orientation session. They did not receive reminders before the AEP interviews.

Of the 702 applicants who had orientation sessions scheduled between July 27, 2015, and January 4, 2016, 358 were randomly assigned to receive the treatment. To estimate the effects of the treatment on orientation attendance and completion of welfare applications, we compare outcomes of applicants who received the treatment to those of applicants with orientation sessions scheduled between May 18, 2015, and January 4, 2016, who did not receive the treatment.

Conditional on attending orientation, 58 percent of individuals in the treatment group and 48 percent of individuals in the control group completed all welfare application requirements.

Box 1 Detailed Telephone Reminder-Call Intervention

First component of treatment: To attend orientation
Orientation script read to the control group:
Hi, this is [name] from the Michigan Works! PATH program calling to remind you that you are scheduled for your PATH orientation this coming Monday, [date], at [time]. We are located in the Michigan Works! building at [address]. See you Monday.
Orientation script read to the treatment group:
Hi, this is [name] from the Michigan Works! PATH program in [city]. I'm calling to remind you about your PATH orientation this coming Monday, [date], starting at [time]. Orientation begins promptly and could last until [time], depending on how many people attend. We are located in the Michigan Works! service center at [address]. <i>If speaking with the person:</i> "Do you know how to get there?" <i>and explain.</i>
During orientation you'll learn about the free employment services available to you at Michigan Works! We can help you with résumé writing, job interview skills, employment leads, transportation assistance, and education or job training opportunities. <i>If speaking with the person:</i> "Do have any questions?" <i>If leaving a voicemail:</i> "If you have any questions, please call [number]." We'll plan on seeing you Monday at [time]. Thank you. Goodbye.
Second component of treatment: To attend weekly AEP appointments
No calls to the control group.
AEP script read to the treatment group before each of three weekly appointments:
Hi, this is [name] from the Michigan Works! PATH program in [city]. I'm calling to check in on your weekly plan and to remind you of your next one-on-one appointment on [date] at [time]. <i>If speaking with the person:</i> "Do you have any questions or concerns regarding your plan?" <i>If leaving a voicemail:</i> "If you have any questions, please call [number]." Thank you.

NOTE: Detailed telephone reminder-call intervention scripts by treatment assignment. Calls were made on the Friday preceding the scheduled orientation session and sometime during the week preceding each of the three AEP interviews.

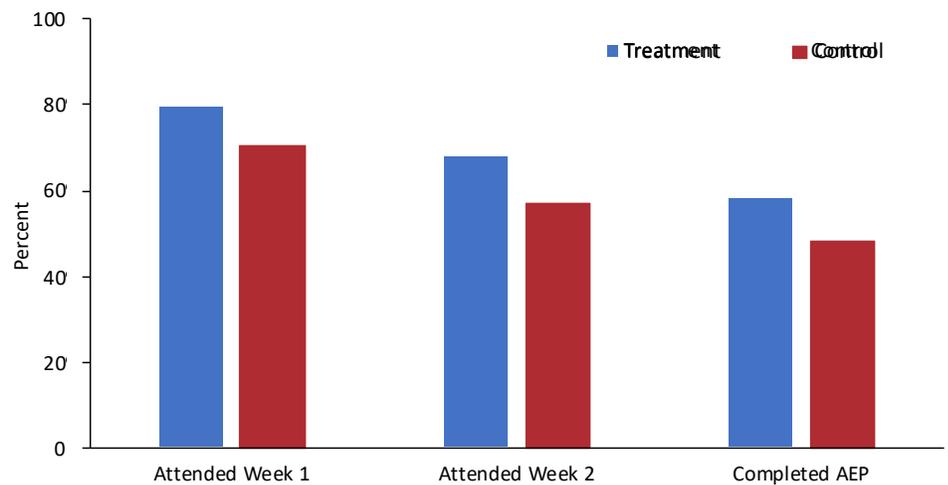
Impacts on Orientation Attendance and Completion of Welfare Applications

Providing a detailed orientation reminder call did not increase attendance at the orientation session, as some 31 percent of applicants in the treatment group and 35 percent of applicants in the control group completed orientation. Among all TANF applicants, we also do not find an effect of the treatment on welfare application completion or on attendance at either of the first two AEP appointments. Some 17 percent of individuals in the treatment group and 16 percent of individuals in the control group fulfilled all application requirements. Conditional on attending orientation, however, 58 percent of individuals in the treatment group and 48 percent of individuals in the control group completed all welfare application requirements (see Figure 1). Among those who attended orientation, individuals who received the treatment also were 11 and 14 percentage points more likely to attend the first and second AEP sessions, respectively. However, estimates conditional on attending orientation are not necessarily causal. For example, the detailed phone call before the orientation session may have caused individuals in the treatment group to attend orientation who, controlling for characteristics, were more likely to complete all application requirements. Nonetheless, we do not find that providing more detail in the orientation call affected orientation completion; therefore, evidence suggests that reminder calls may be an effective tool to increase attendance at public employment office appointments.

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Evidence suggests that reminder calls may be an effective tool to increase attendance at public employment office appointments.

Figure 1 AEP Session Attendance and Completion of Welfare Applications, Conditional on Orientation



NOTE: Figure shows PATH session attendance during the application eligibility period (AEP) for TANF for control applicants and treatment applicants. Treatment applicants received detailed calls reminding them of the date, time, location, and purpose of their session. The differences in attendance levels shown in this figure have been adjusted for differences in age, sex, educational attainment, and family composition, but unadjusted differences are similar.

Policy Implications

Taken together, the results suggest that reminder calls increase welfare application completion but that personalizing such calls has a limited impact. In our context, telephone calls to TANF applicants were already staff activities, so the cost of implementing short calls before weekly one-on-one appointments at public employment offices was quite low. Given the low cost and simplicity of the intervention, similar measures could be implemented in other welfare-to-work programs to improve the well-being of vulnerable households.

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