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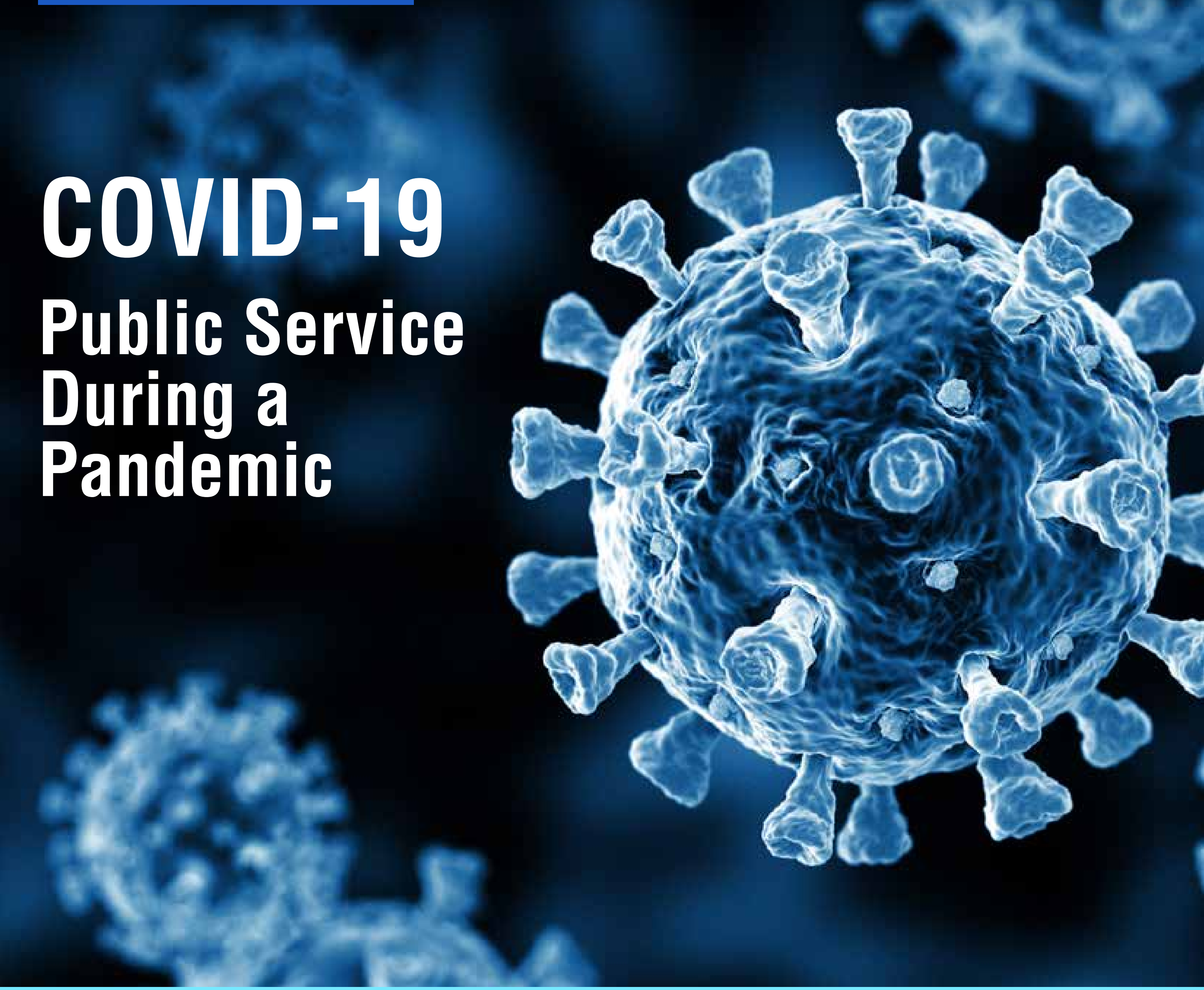


COVID-19

Public Service During a Pandemic

The Lessons of COVID-19 for the Administrative State

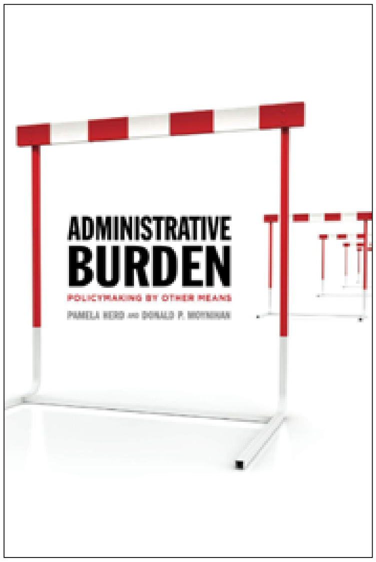
By Pamela Herd and Donald Moynihan

The COVID-19 pandemic has revealed systematic vulnerabilities in the administrative processes used to fulfill basic promises of the U.S. safety net. What can we learn from this failure? First, the administrative problems that people encountered were not inevitable, but the result of choices in how the United States implements social welfare policy. Second, when the pandemic struck, policymakers made choices that overtaxed administrative capacity by creating new programs, rather than using tried and tested options.

Since the beginning of the crisis, as people turned to the state for help, they all too often encountered broken administrative systems: long lines, crashing websites, months of delays and the ensuing frustration and despair from not being able to obtain desperately needed help. It is not just that governments were overwhelmed with historic demand. In many cases, unemployment insurance policies and systems were *designed* to fail. Florida's governor described his state's system this way: "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.'..It was definitely done in a way to lead to the least number of claims being paid out."

The case of unemployment insurance reflects a deeper problem. As we discuss in our book, *Administrative Burden*, most U.S. social welfare programs are administered in ways that ensure eligible claimants struggle to receive the benefits promised. Between 20 and 70 percent of those eligible for a wide array of social welfare programs, from child care subsidies to food stamps, never receive the benefits, due in no small part to administrative burdens: the barriers that people encounter in their interactions with the state. These include the learning costs people face when trying to figure out what programs might help, whether they are eligible and how to obtain benefits; the compliance costs of satisfying administrative requirements to enroll and verify eligibility; and the psychological costs that come from navigating the overwhelming bureaucratic maze.

We should not underestimate the psychological costs of forcing 50 million people to engage in our dysfunctional unemployment insurance systems. The stress, the uncertainty, the frustration, the sense of failure, the feeling of being neglected. "People that are here, we're all glitches. We fell through the cracks. The computer system didn't work for us," said one frustrated claimant.



Comparatively, workers in many European countries did not deal with these hassles or stresses at the onset of COVID-19 because policymakers elected to pay employees to keep them on payroll, albeit at reduced rates. These employees also did not have to worry about negotiating the public health insurance system if they lost their jobs. The contrast reflects the structural nature of these choices: The U.S. social safety net is designed to stop ineligible applicants from receiving benefits, rather than help the eligible receive needed assistance. Moreover, because states largely administer U.S. social welfare benefits—like unemployment insurance—some choose to make them even more burdensome than required by the federal government, either by reducing public spending or, due to political ideology (though they rarely admit it), preferring instead to use the threat of fraud to justify burdens.

The result? Policymakers often failed to take administrative difficulties into account when choosing how to distribute and administer pandemic aid. Too often, they proposed new programs rather than rely on existing programs. An example is the Pandemic Electronic Benefits Transfer (EBT), a new program intended to reduce food insecurity created by the loss of school lunch programs. Just 15 percent of kids got benefits within two months, as the program was designed.

What is the lesson? Building complex, new administrative systems—that you rely on overstretched governments to implement—during a crisis is malpractice. The federal government asked overwhelmed states to take on and quickly implement new eligibility processes and collect new data to implement an unfair task. These are not conditions where bureaucracies work well. In this case, the burdens shifted to lower levels of government. It is like telling the owner of a blazing building to put the fire extinguisher away and start installing a room-by-room sprinkler system. It might work in the long run, but it does little to help with the crisis at hand.

How could states think about extending help while minimizing burdens during a crisis?

First, *limit conditionality on new programs*. Narrowly targeted programs require more administrative capacity, making it less likely they will work in emergency conditions. The $1,200 checks Congress sent out were delivered quickly, partly because the government made a tradeoff between accuracy and speed; in some cases, the dead or those living outside the United States received the benefits. But, under the circumstances, that was a tradeoff worth making.

Second, *look for the simplest existing administrative option*. Instead of new programs like Pandemic EBT, Congress should have expanded Supplemental Nutritional Assistance Program (SNAP, or food stamps), increasing benefits to the same population almost immediately. SNAP is one of the most effective forms of stimulus in a slowing economy. One analysis found that for every dollar spent, it yielded $1.74 in economic returns in the early stages of the Great Recession. From an administrative perspective, SNAP is imperfect, but it works: It has a high take-up rate of about 85 percent and states already have mechanisms to deliver benefits to low income families. It offered a proven and simpler administrative solution to the problem.

Issues of public administration are absolutely central to managing policies surrounding COVID-19. Moving forward, will the public administration community be central to a discussion of a different social safety net? We can offer technical solutions to reduce burdens, including using administrative data and technology to verify eligibility and sidestep onerous processes. Yet ultimately, deeper normative questions must be addressed, particularly those that challenge assumptions about the role of government in American life. Just one: Do we want an administrative state that focuses on keeping ineligible people off programs, or an administrative state that focuses on ensuring those eligible can readily and easily receive benefits?

COVID-19 has provided a large number of Americans with firsthand experience of the realities of dysfunctional public administration. A government that does not work is not liberty—it is administrative tyranny in which people spend too much of their lives separately piecing together second rate alternatives to competent collective action. Whether this experience convinces enough people to set aside the traditional U.S. suspicion of centralized power to build something better is a separate question.

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The initiatives to achieve these goals should be bold and ensure fiscal resilience. For example, cities and counties hit hardest by the COVID-19 recession are those that rely heavily on sales and income taxes. They might consider shifting their revenue portfolio to less volatile sources.

Budgeting for Equity

The call to "defund the police" has been a "pants-down moment" for local leaders, exposing how little they really know about what is inside the police department budgets they fund year after year. Traditional government budgeting is incremental, with new programs layered on top of old ones and arbitrary across-the-board cuts to fix shortfalls. On closer examination, many cities will find a disconnect between their budgets and evolving community values and priorities.

Local governments must hit the budget reset button if they want to advance racial equity without new resources. A reset starts with measurable goals for reducing disparities in employment, education, health and other outcomes. Strategic plans for achieving these goals should guide the budget process, with departments competing and collaborating for every dollar of their funding—not just marginal increases over last year's base—by demonstrating how their programs deliver value.

The events of 2020 have forced us all to do some serious soul searching. I hope local governments will find within them the courage to reimagine their fiscal futures.

Andrew Kleine is author of City on the Line: How Baltimore Transformed Its Budget to Beat the Great Recession and Deliver Outcomes *(Rowman & Littlefield). He has served as budget director for the City of Baltimore and chief administrative officer of Montgomery County, Maryland. Kleine can be reached at andrew@andrewkleine.com.*