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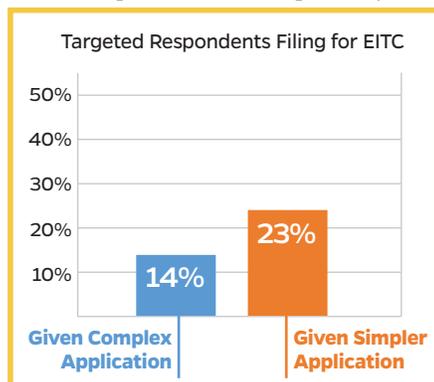
The Costs of Complexity
The most sophisticated programs are the simplest.

Background

The Earned Income Tax Credit (EITC) provides tax credits to low-income workers, up to about one month's income. Despite the credit's substantial benefits, about one in four eligible individuals fail to file for the EITC each year, **leaving tens of millions of dollars in benefits unclaimed.** Why?

Scholars hypothesize that one important reason is the **complexity** of filing. A mailed reminder to households includes a textually-dense, double-sided letter summarizing the program and a double-sided worksheet to determine eligibility. To test if such complexity dissuades eligible people from filing, academics and IRS employees collaborated to randomly assign a simpler reminder to some households: (i) a single-sided letter that had a cleaner layout and avoided repeating the worksheet eligibility requirements, and (ii) a shorter worksheet that eliminated repetition and was easier to read. **The simpler package increased take-up of the EITC by 65%** (see figure).[1]

The Impact of Simplicity

Targeted Respondents Filing for EITC

14% Given Complex Application
23% Given Simpler Application

To ensure that only eligible people apply for our programs, we often inadvertently dissuade many eligible people from ever applying. When we design programs, **the application process should be as simple as possible.**

Success Story

Academics and H&R Block collaborated to experimentally test if reducing the complexity of the Free Application for Federal Student Aid (FAFSA) would help low- and moderate-income families. They prepopulated forms using pre-existing tax information, offered in-person assistance to complete any final questions, and filed the form on the families' behalf. **Families who used simplified forms were 15.7% more likely to file the FAFSA, and approximately 29% more likely to enroll in college** compared to the control group, which used regular FASFA forms.[2]

Application Ideas

Want to get more re-enrollees? Pre-populate online signup forms with information from their previous sign ups. Not sure that you want to pre-populate the entire form? Try just pre-populating demographic information — even that change can help reduce the "psychological frictions" when signing up.

Are you looking to increase overall enrollment? For some of the largest agri-environmental programs (e.g., CRP, CSP, EQIP), establish a committee to review the application process and looks for ways to shorten it and make the forms easier to read. Every additional sentence or step reduces the likelihood that a producer will complete the enrollment process.

Design Tips

Think critically about the information you truly need from your participants, and when you need it. Many times, we ask repetitive or unnecessary questions — **Can you simplify what information is collected? Can you ask for some information later in the process?**

Testing Ideas

Testing a new program's design allows you to estimate its impacts. Simpler enrollment procedures can be rigorously tested with randomized controlled trials. With testing, we can design evidence-based programs with greater levels of participation, participant satisfaction, and improved environmental outcomes.

Where to Begin

Well, CBEAR of course! Use the information below to contact us.

Next Up in Our Series

In our next Behavioral Insights Brief, we examine how humans tend to weigh losses more than equivalent gains, and what that tendency implies for program design.