

Regulatory Sludge: Reducing Paperwork Burdens to Preserve Our Time

By: Julie Balla | March 20, 2019

Time is the most precious commodity – let’s see if we can find ways to give our fellow citizens more of it. – Cass Sunstein

Cass Sunstein, Robert Walmsley University Professor at Harvard and former Administrator of the Office of Information and Regulatory Affairs (OIRA), thinks the costs of paperwork burdens imposed on the American people must be justified by their benefits—now.

On Friday, at the [Society for Benefit-Cost Analysis](#) Annual Conference & Meeting, Sunstein delivered a keynote speech on “[sludge](#),” the friction created by the unnecessary paperwork burdens inhibiting access to government programs and benefits. In it, he highlighted his forthcoming Duke Law Journal paper titled “[Sludge and Ordeals](#),” in which he details the problems with sludge, the (sometimes legitimate) reasons it exists, and a few proposals to reduce it. His passionate remarks urged immediate, but realistic, efforts to reduce this paperwork burden.

In brief...

Cass Sunstein spoke at the Society for Benefit-Cost Analysis Annual Conference & Meeting on March 15th, graduate assistant Julie Balla summarizes his remarks which included a call to action to tackle both the stock and flow of paperwork burdens.

The cost of “sludge”

The Office of Management and Budget’s [2015](#) Information Collection Budget estimates the size of the paperwork burden on the American people at around 9.87 billion hours per year. Sunstein mentioned that the current estimate is closer to [11.3 billion hours](#) but noted that even this number is likely conservative. Time isn’t the only thing lost to paperwork, though. Other costs include psychological ones, like frustration and humiliation, leading to procrastination and resignation. A combination of factors might cause perfectly eligible (and rational) people to give up on complicated forms that would have granted them access to beneficial government programs and resources.

Sunstein highlighted the “Free Application for Federal Student Aid” (FAFSA), among other sources of sludge, as ironically being not “free” at all if you consider the lost value of time associated with filling out the complicated online forms. The benefits of receiving federal student aid are accessible only to those with enough time to learn the procedures and complete them correctly.

Costly time burdens can disproportionately affect the poor, disabled, and elderly, among other vulnerable populations. Government programs, like Medicaid and the Supplemental Nutrition Assistance Program (SNAP), are meant for people experiencing ongoing physical or socioeconomic challenges. Yet the sludge required for participation may discourage potentially worthy recipients. While extensive application and reporting requirements are often imposed out of a well-intentioned concern for program integrity, Sunstein argued that administrations—past and present—haven’t paid enough attention to the cost tradeoffs involved. Agencies should establish “institutional sludge audits” to explicitly quantify the time spent on sludge and evaluate whether it is worth it.

Our agriculture sector research supports Sunstein’s claim

In Sunstein’s remarks, he noted the need for an increase in empirical approaches to understanding and quantifying sludge. A recent cooperative agreement between the GW Regulatory Studies Center and the U.S. Department of Agriculture adds to this body of work. Through quantitative analysis of the relationship between regulatory restrictions and agricultural productivity, the forthcoming report details how different [regulatory forms](#) carry a mixture of consequences for crop yield, a measure of productivity. Specifically, the results suggest that an increase in the growth of “monitoring, reporting, and verification requirements” demonstrate a statistically significant association with a drop in the growth of crop yield. Monitoring, reporting, and verification requirements include recordkeeping and might fit Sunstein’s definition of sludge.

Though there are competing theories on the effects of regulation on productivity, our study supports Sunstein’s concern that time-intensive regulatory requirements impose real costs, at least in the agriculture sector. While our research didn’t address distributional effects, these burdens are likely felt most directly by smaller farms and businesses. These findings suggest the need for further research on the measurable costs of paperwork and other forms of sludge across industries.

A call to action

Sunstein called those attending the SBCA Conference to prioritize empirical research and analysis as a first step towards tackling both the stock and flow of paperwork burdens. His keynote energized the policymakers and analysts to think more carefully about the hidden problem of sludge, and consider both its costs and benefits.

Julie Balla is a graduate assistant at the GW Regulatory Studies Center.