

ECONOMIC FINDING • AUGUST 2022

Stigma In Welfare Programs

Based on BFI Working Paper 2022-103, "[Stigma In Welfare Programs](#)," by Pablo A. Celhay, Pontificia Universidad Católica de Chile; Bruce D. Meyer, University of Chicago; and Nikolas Mittag, CERGE-EI, Praha, Czech Republic

Welfare recipients tend to misreport their participation in the program due to perceived social stigma; this stigma decreases when more peers participate and when recipients report anonymously.

Choices you make are often influenced by your perception of how others may judge you for your actions. For example, would you admit to doing something if you believed that others would think less of you? This phenomenon, known as stigma, is of interest to policymakers because people who might otherwise benefit from a particular program choose to opt out because of perceived stigma attached to participation. Understanding stigma, then, is key to designing effective policies. However, stigma is hard to measure and, thus, little empirical evidence exists on the presence and nature of stigma in shaping decisions.

This paper addresses this gap by introducing a novel approach to study stigma in welfare programs. The authors examine whether failure to report program receipt in surveys is negatively associated with program participation in the census tract of survey respondents. For this relation to provide evidence on the presence and nature of stigma, underreporting needs to be related to stigma, and higher local participation should decrease stigma. In other words, people

may be disinclined to admit that they receive welfare payments unless enough of their peers also participate in the program.

As the authors discuss fully, their methodology aligns with the identification strategy in studies of social image concerns, which typically examine how actions vary with the probability that peers will observe those actions. This allows the authors to examine a key determinant of social image concerns: how actions vary with their social desirability to peers. Briefly, the authors find the following:

- Misreporting among true recipients is negatively associated with local program receipt, which is strong evidence for stigma. The authors confirm this finding through empirical evidence from additional analyses. Also, stigma decreases when more peers participate; for example, for Supplemental Nutrition Assistance Program (SNAP) in the American Community Survey (ACS), a 10-percentage point increase in local

participation leads to a 0.9-percentage point decline in the conditional probability of misreporting.

- Stigma effects are stronger in the presence of interviewers (in-person or phone) compared to mail-back responses, where stigma should matter less.
- Finally, the authors test whether their findings are driven by overall survey accuracy being lower when program participation is higher, finding that this is *not* the case.

The bottom line for policymakers: the authors' results provide robust evidence that welfare participation is associated with stigma, which is key for improved policy and survey design. Importantly, stigma is stronger when participation among peers is less common, and stigma is amplified in the presence of an interviewer.

READ THE WORKING PAPER

NO. 2022-103 · AUGUST 2022

Stigma In Welfare Programs

bfi.uchicago.edu/working-paper/2022103

ABOUT OUR SCHOLAR



Bruce D. Meyer

*McCormick Foundation Professor,
Harris School of Public Policy*

harris.uchicago.edu/directory/bruce-d-meyer



THE UNIVERSITY OF CHICAGO
**HARRIS SCHOOL
OF PUBLIC POLICY**