



Behavioral Economics Research and Human Services

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Two Views of Human Behavior

Traditional view (neoclassical economics):

- Well-informed
- Stable preferences
- Perfect self-control
- Good at processing information
- Consistently makes decisions to maximize well-being



Behavioral view (behavioral economics):

- Limited cognitive capacity
- Mental shortcuts
- Choice overload
- Imperfect self-control
- Procrastination
- Small factors can influence big decisions



What is Behavioral Economics?

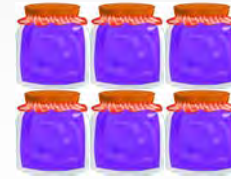
- ❖ Many public policies and programs are designed based on a traditional economic model of human behavior.
- ❖ Traditional economics models presume individuals are calculated and unemotional decision makers who always use all available information to make the best decisions and maximize their well-being.
- ❖ Behavioral economics is a mix of psychology and economics that offers an alternative to the “traditional” or neoclassical economics view of human behavior.
- ❖ Behavioral economics provides a more realistic representation of human behavior.

What is Behavioral Economics?

- ❖ Experimental evidence shows that humans often act in ways that deviate from what would be predicted by neoclassical economics, and, moreover, that these deviations are to some extent **systematic and predictable**.
- ❖ Program and policy designers can leverage these insights about human behavior to improve program performance.

Illustrative Behavioral Economics Principles

- ❖ People can only pay attention to and understand a limited amount of information at a given time – *limited cognition, limited attention*



- ❖ People give more weight to the present than the future – *psychological distance, present bias, procrastination*



- ❖ Small factors can have an outsized impact – *channel factors, hassle factors*



- ❖ People are influenced by how they see themselves and others – *identity, social influence*



- ❖ People are more motivated by losses than by gains – *loss aversion*



Psychology of Scarcity

- Research into the **psychology of scarcity** shows that the pressure of negotiating life under conditions of poverty can place a particularly high toll on cognitive resources, as people often need to make many trade-offs to manage their lives with limited financial resources



The Behavioral Interventions to Advance Self-Sufficiency (BIAS) project

BIAS seeks to answer the question:

How can behavioral economics apply to human services policies and programs?

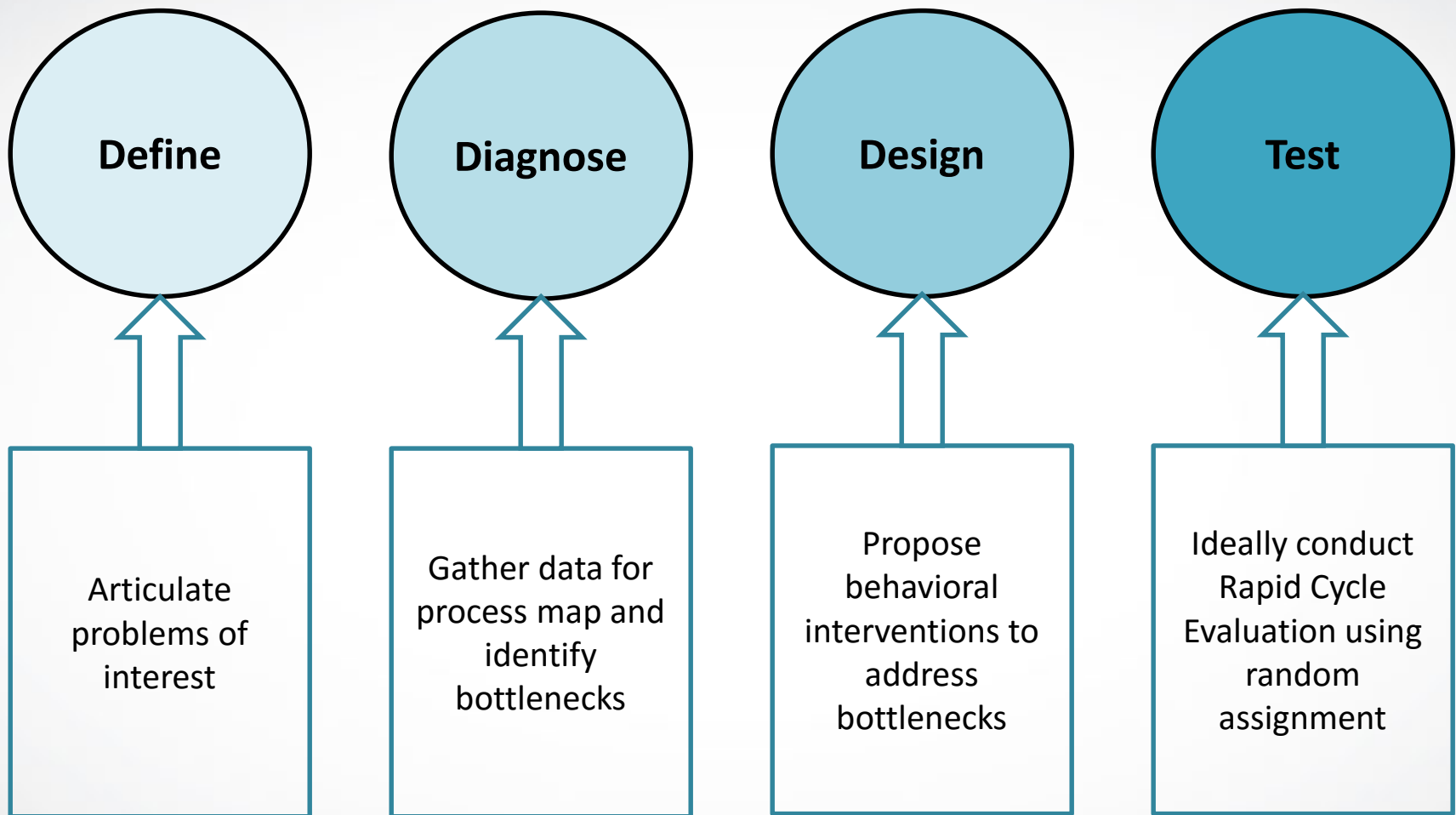
The purpose of the BIAS project is to apply insights from behavioral economics to issues related to ACF programs by designing and testing behavioral interventions.

The ultimate goal is to learn how insights and tools from behavioral science can be used to improve the well-being of low-income and vulnerable children, adults, and families.

BIAS Interventions

- **Increasing child support collections**
 - Increasing collection of owed monthly child support payments (Franklin and Cuyahoga Counties, Ohio) and increasing payments made before wage withholding begins (Cuyahoga County, Ohio)
- **Right-sizing child support orders**
 - Increasing modification applications from incarcerated noncustodial parents (Texas, Washington State)
- **Improving child care subsidy recertification processes**
 - Increasing on-time subsidy renewal (Indiana, Oklahoma)
- **Promoting use of higher quality child care**
 - Increasing the number of CCDF voucher recipients who choose QRIS rated child care providers (Indiana)
- **Improving engagement**
 - Increasing attendance at TANF reengagement appointments (LA)
 - Increasing attendance at Paycheck Plus information meeting (NYC)

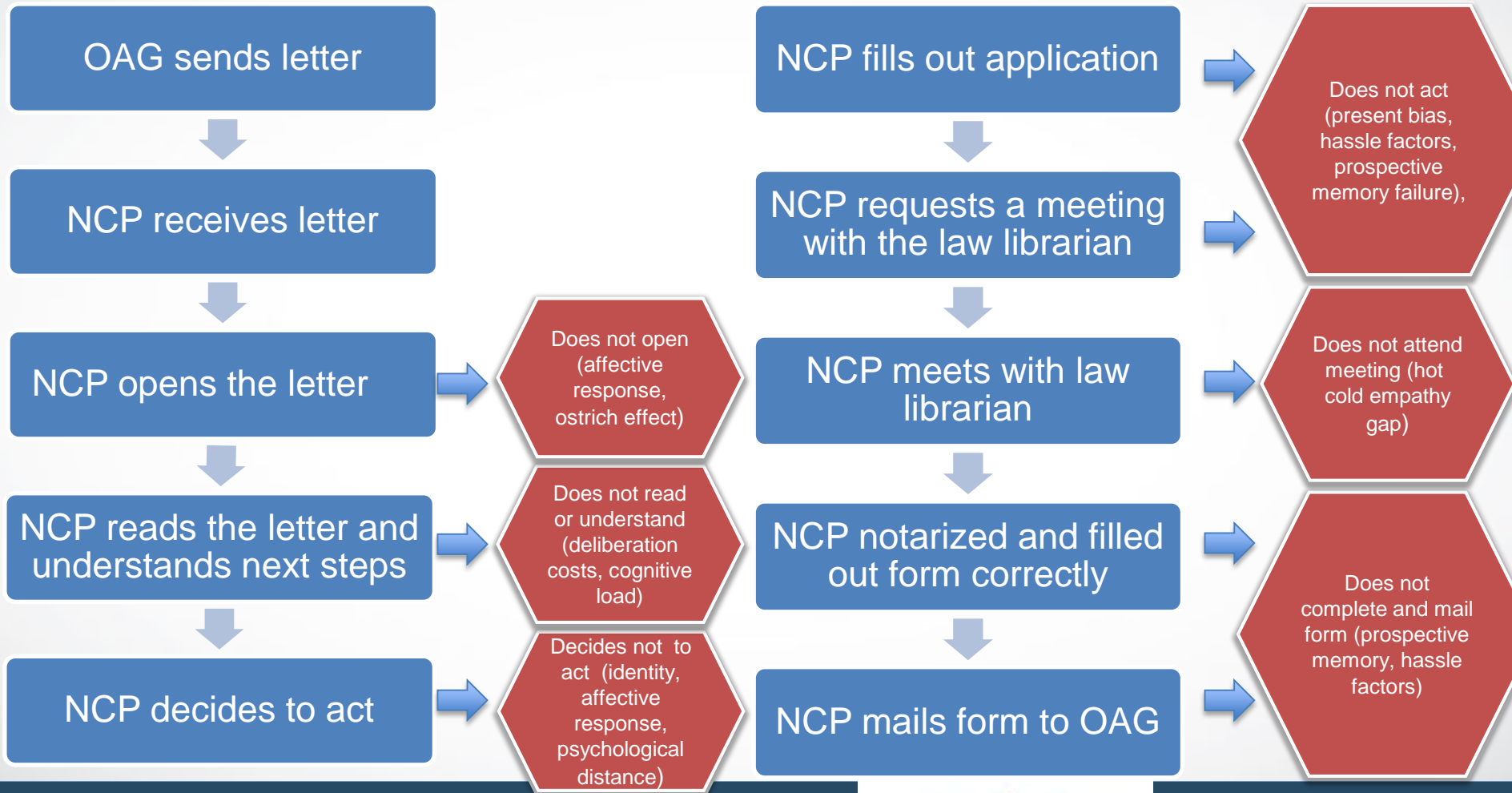
Behavioral Diagnosis and Design



Texas Child Support - DEFINE

- Texas Office of the Attorney General Child Support Division wanted to increase the number of incarcerated noncustodial parents who apply for child support order modifications
 - Incarcerated parents have limited ability to pay their child support orders
 - One study found that the average incarcerated obligor parent leaves prison with \$20,000 in arrears
 - Significant arrears can pose a serious barrier to re-entry into society and regular employment and ability to support child after release
 - Incarcerated parents in Texas may apply to reduce their monthly child support payment, but only 31% of inmates who were sent a letter informing them of their ability to apply for an order modification completed the request for modification

Texas Child Support - DIAGNOSE



Texas Child Support - DESIGN

Does not open
(affective
response,
ostrich effect)



- Remove OAG return address
- Send a teaser postcard

Does not read
or understand
(deliberation
costs, cognitive
load)



- Lower reading level
- Include a checklist “Four Easy Steps”

Decides not to
act (identity,
affective
response,
psychological
distance)



- Emphasize parent identity, not prisoner identity
 - Emphasize money lost by not acting
- Use social influence - “Other parents have already gotten their orders reduced”

Does not act
(present bias,
hassle factors,
prospective
memory
failure),



- Pre-populate sections of the application
 - Send a reminder



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT
CHILD SUPPORT DIVISION

Can your child support order be lowered?

Name of Incarcerated parent
TDCJ No.12345678 / OAG No. 0009415412
Unit/Address
City/State/Zip Code

Dear Incarcerated Parent,

Your child support obligation (how much you are ordered to pay by the court) does not automatically stop or change when you become incarcerated. While you are in prison, your unpaid child support, along with interest continues to add up.

Due to the change in your circumstances (incarceration), you may be eligible for a modification of your child support payment. This means that the court may lower your monthly child support and/or medical support obligation.

If you are interested in having your child support possibly lowered, please completely fill out the attached application. Upon receipt of your application, our office will contact the other parent (custodial parent) on your child support case to notify them of this process and to ask them for information regarding the case. The court will make a final decision regarding a modification based on all available evidence.

Sincerely,

Oscar Esquivel
Incarcerated Parents Program Specialist
bw

Primes prisoner
identity

High reading level

References the
custodial parent

Apply For a Lower Child Support Payment in Four Easy Steps

John Doe
TDCJ No. 12345678 / OAG No. 0009415412
Pam Lychner State Jail
Humble, TX 77396

Dear Mr. John Doe,

Did you know that you might be able to lower your monthly child support payment if your income has gone down due to incarceration?

Even though your child support order didn't change automatically when you became incarcerated, you can request that a court consider lowering your order. Other parents have already gotten their monthly orders reduced to as low as zero! In your case, this could mean reducing the child support you owe by \$3468 over one year.

Lower deliberation costs

Lower reading level

Use social influence

Use loss aversion

Teaser Postcard

Send a reminder

Reminder Postcard

You Could Lower Your Child Support Payments!

We will send you important information soon on how you could lower your child support payments if your income has gone down due to incarceration.

For example, a parent with a monthly order of \$300 could reduce the amount of child support owed by \$3,600 in just one year.

In a few weeks we will send you everything you need to complete and submit an application.

Other parents have had courts lower their child support by \$200 to \$500 per month.

Completing the application is easy. You can do it during a brief meeting with the law librarian.

04/13

Your child support debt gets bigger every month you don't take action!

A PARENT WITH AN ORDER OF \$350 PER MONTH COULD REDUCE HIS OR HER CHILD SUPPORT DEBT BY \$4,200 IN ONE YEAR. MANY OTHER PARENTS IN TDCJ HAVE ALREADY HAD THEIR CHILD SUPPORT REDUCED.

A few weeks ago, we sent you a letter letting you know that you might be eligible to have your child support payments lowered if your income has gone down due to incarceration. We haven't received your application, but you still have time to send it to us.

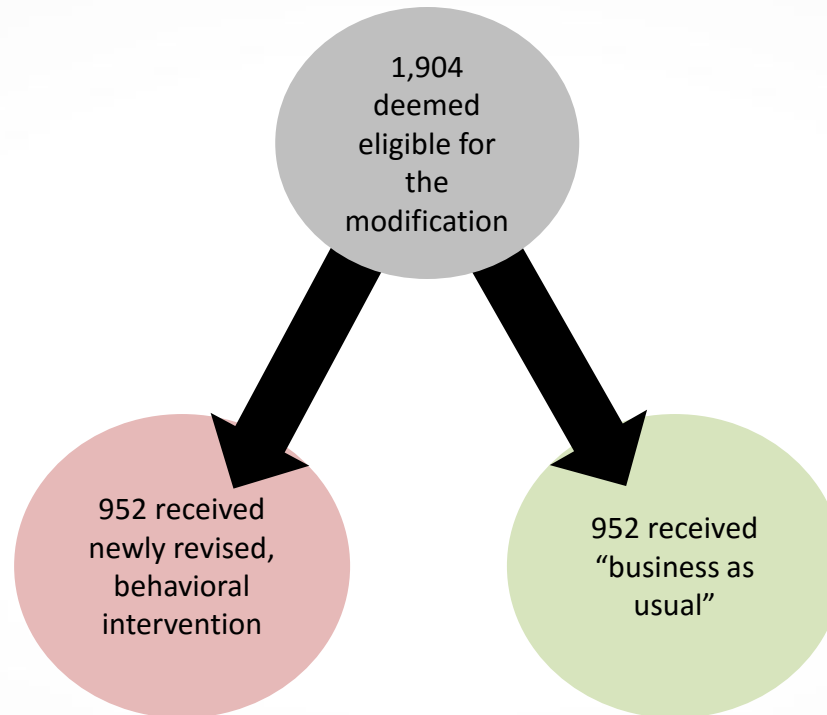
Make an appointment with the law librarian today, and complete the blue application we sent you. As soon as we receive your completed application, we'll start reviewing your case to see if your support can be lowered.

Act now! You could lower your child support payments!

February 17, 2016

Texas Child Support - TEST

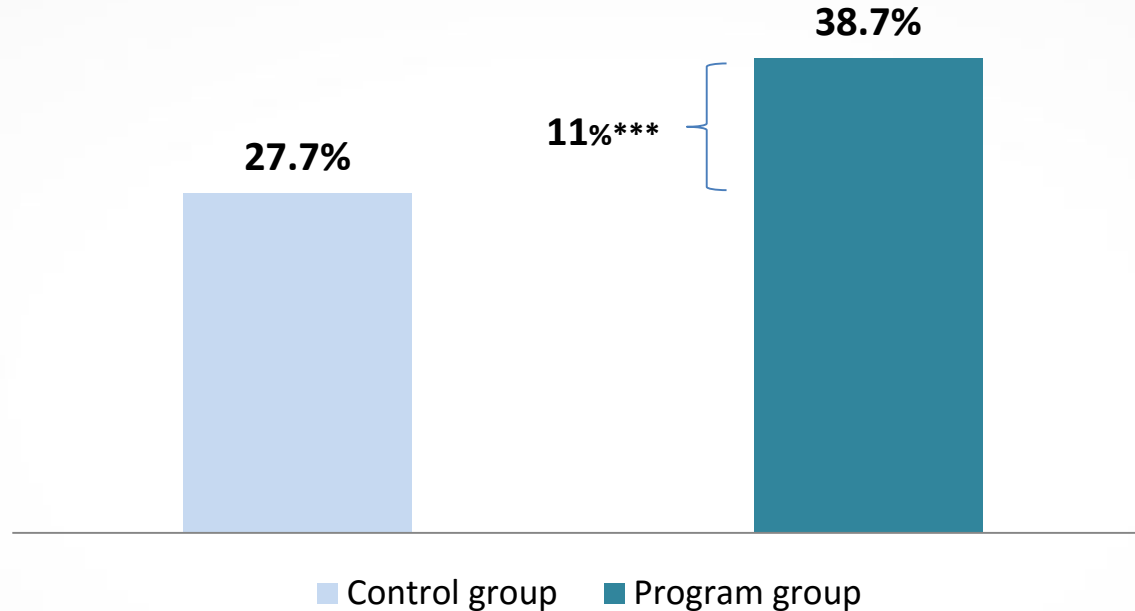
- 1,904 eligible incarcerated parents were randomly assigned to receive standard materials or revised BIAS materials



- Materials were mailed in May – July 2013 and responses were tracked through December 2013

Texas Child Support - TEST

- The revised outreach increased the percentage that submitted complete applications by 11 percentage points (40%)



- BIAS program group members returned their applications more quickly than the control group
- The cost of BIAS materials was approximately \$2/person more than the cost of standard materials

New York City Paycheck Plus

- **DEFINE:** Paycheck Plus wanted to increase the number of eligible participants who attend an informational meeting about the benefit
- **DIAGNOSE:**
 - Participants are mailed materials notifying them of the meeting
 - They may not read or understand the materials due to ***limited attention, cognitive load***
 - They may decide not to attend due to ***psychological distance, mistrust***
 - They may decide to attend but not follow through due to ***hassle factors, procrastination, prospective memory failure***
- **DESIGN:**
 - Round 1: Use behavioral insights to improve the marketing materials, using ***loss aversion, implementation intention prompts, endowed progress effect***
 - Round 2: Reduce ***hassle factor*** by conducting the meeting via phone
- **TEST**

New York City Paycheck Plus

Standard Postcard

FOOD BANK
FOR NEW YORK CITY



39 Broadway, 10th floor
New York, NY 10006

Non-Profit
Org.
U.S. Postage
PAID
Syracuse, NY

PAYCHECK PLUS JUST GOT BETTER

Stop by a Food Bank office to get more information about Paycheck Plus and receive a **\$50 GIFT CARD!**

It only takes a few minutes!

Si desea esta información en español,
por favor llame al 212-340-4480

**COME TO FOOD
BANK OFFICES** listed here
between March 11 and April 9 to receive

- More information about the Paycheck Plus bonus
- And a \$50 gift card

COME IN TODAY TO LEARN MORE!

For other locations or questions call
646-981-6111

FOOD BANK FOR NEW YORK CITY LOCATIONS NEAR YOU

Capital One Bank

356 Fulton St., 2nd Fl., Brooklyn, NY 11201
Tue-Wed, 10am-7pm | Thu, 10am-8pm | Sat, 9am-5pm

Bed-Stuy Restoration Plaza

1392 Fulton St., Brooklyn, NY 11216
Tue-Wed, 10am-5pm | Thu, 10am-6pm | Sat, 9am-2pm

St. George Santander Bank

15 Hyatt St., 3rd Fl., Staten Island, NY 10301
Tue-Thu, 12pm-7pm | Sat, 9am-5pm

Northern Manhattan Improvement Corp.

76 Wadsworth Ave., New York, NY 10033
Tue-Thu, 12pm-7pm | Sat, 9am-5pm

Community Kitchen and Pantry of West Harlem

252 W. 116th St., New York, NY 10026
Tue-Thu, 9am-3pm | Sat, 9am-3pm

February 17, 2016

New York City Paycheck Plus

**FOOD BANK
FOR NEW YORK CITY**



39 Broadway, 10th floor
New York, NY 10006

**PAYCHECK PLUS
MEMBERS:
WITH THIS POSTCARD
\$50 IS YOURS**

All you need to do is come to a Food Bank office by **MARCH 29, 2014**.

Don't miss out!

Si desea esta información en español, por favor llame al 212-340-4480

Non-Profit
Org.
U.S. Postage

Endowed Progress Effect



SIGN UP FOR PAYCHECK PLUS – DONE!

Follow these 3 easy steps to get your **\$50 gift card** and much more...



Choose a location and time to visit by March 29

Check off one location:

Planning prompts



Community Kitchen & Pantry of West Harlem
252 W. 116th St., New York, 10026



Northern Manhattan Improvement Corp.
76 Wadsworth Ave., New York, 10033

MON	TUES	WED	THU	FRI	SAT
closed	9-3	9-3	9-3	closed	9-3

MON	TUES	WED	THU	FRI	SAT
closed	12-7	12-7	12-7	closed	9-5

Write down when you will go: Date Time AM/PM



Stop by and have a short conversation with Food Bank staff to learn how you can earn a \$2000 bonus next year



Get your \$50 gift card!

For other locations or questions call 646-981-6111

Loss aversion

Fewer choices

February 17, 2016

New York City Paycheck Plus

Eligible to receive EITC
supplement in 2015-2017
N=2,978



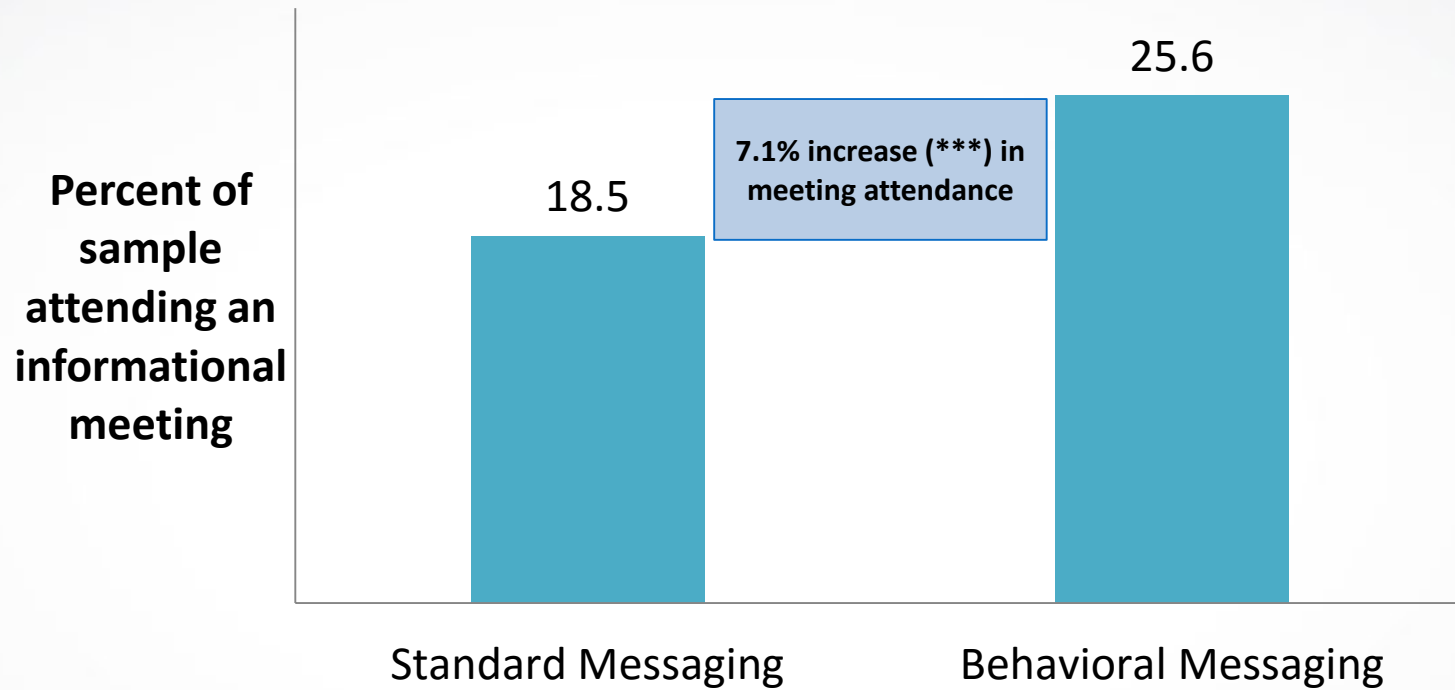
RESEARCH DESIGN		
	Text message	No text
Behavioral	Group 1 Two Behavioral Postcards and Weekly Text Messages N=737	Group 2 Two Behavioral Postcards Only N=740
Standard	Group 3 Two Standard Postcards and Weekly Text Messages N=745	Group 4 (control) Two Standard Postcards Only N=756

October 9, 2014

20

February 17, 2016

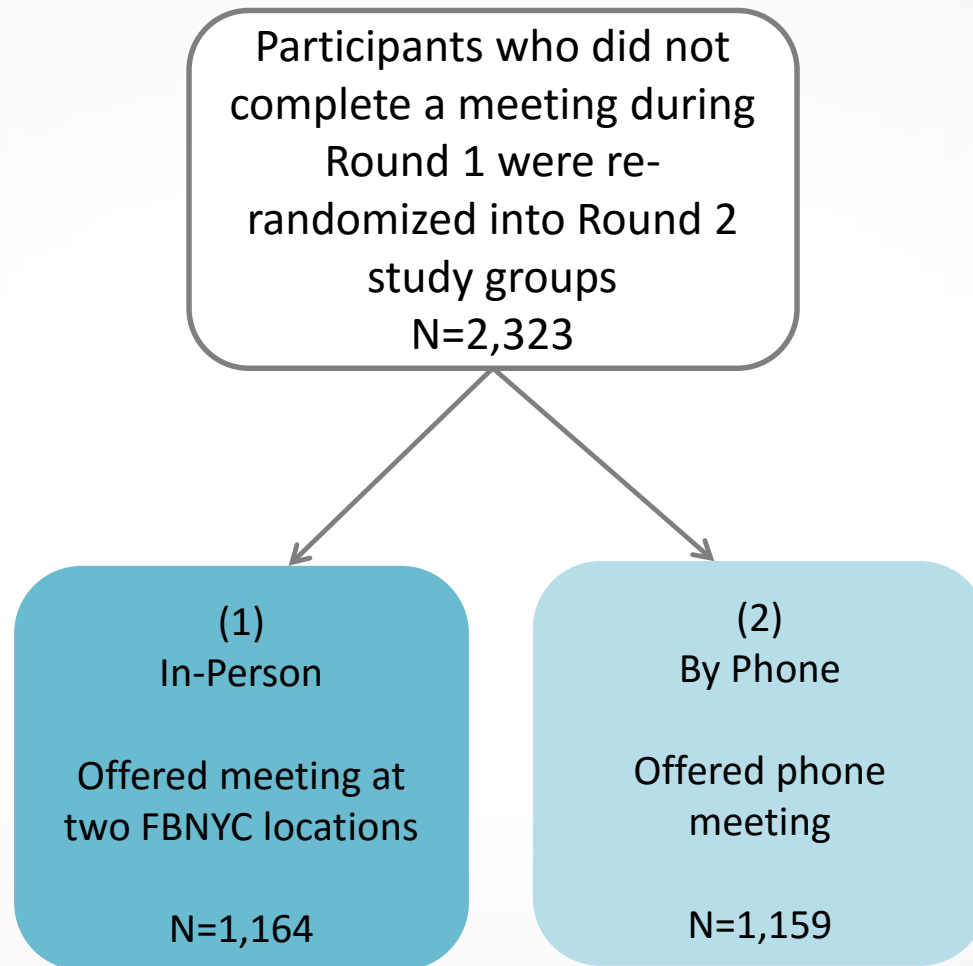
New York City Paycheck Plus



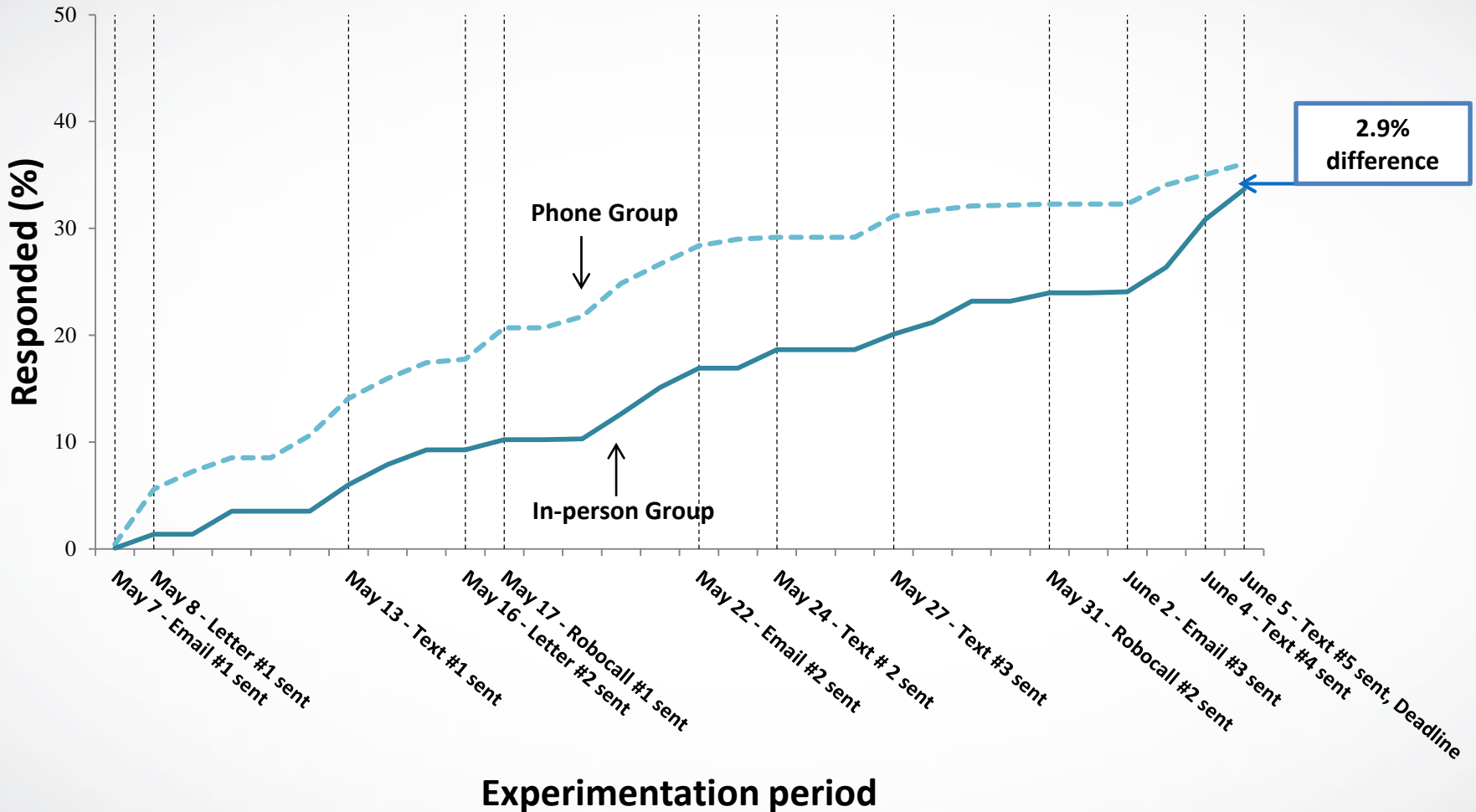
New York City Paycheck Plus



New York City Paycheck Plus



New York City Paycheck Plus



Oklahoma Child Care

- **DEFINE:** Oklahoma wants to increase the percentage of families who renew their child care subsidy on time. Only about one-third of an estimated 39,000 child care subsidy cases that are eligible for renewal each year in Oklahoma are renewed by the state's deadline.
- **DIAGNOSE:**
 - Renewal process may be hard to understand *cognitive load, inattention*
 - Parents may have trouble gathering and submitting the required documentation *hassle factors, psychological distance*
 - Parents may forget about the renewal deadline. Lack of *reminders* may contribute to *prospective memory failure*
 - Parents may *procrastinate* or experience *planning fallacy*
- **DESIGN:**
 - Client intervention focused on early and clear communication with continued follow up information
 - Provider intervention to involve providers in the process
- **TEST**

Oklahoma Child Care

Loss Aversion

Visual Reminder



Don't lose your benefits!

Start collecting the documents you need for your renewal **NOW**.

SAVE THIS POSTCARD!

Remember these important dates:

Yes, I want to renew!

NOW

Save in an envelope:

- **Current schedule**
(work, school, or training)
- **Pay stubs**
(one full month of work, received no earlier than April 1)

MAY 22

Look for a yellow notice in the mail with easy steps to renew your benefits at www.okdhslive.org.

No Later Than

JUNE 5

Submit your renewal and all required documents.

Your Benefits End
JULY 1
if you don't renew.

If you have questions: go to www.okdhslive.org or call (877) 653-4798.

Si usted necesita servicios de traducción, favor contactar al (877) 653-4798.

DHS S14010a-May Issued 5/2014

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Simplified description of renewal process

Color coded timeline

February 17, 2016

Oklahoma Child Care

Renew your benefits NOW!

Do not lose the affordable child care,
or any of the other benefits,
that your family receives.


Loss Aversion

Endowed progress
effect



*You must complete the renewal process at
www.okdhslive.org to avoid losing your benefits.*

Lower deliberation
costs

Turn this page over to follow
the 3 Easy Steps to Renew Your Benefits. 

Oklahoma Child Care

Loss Aversion

Renew Now or You Will Lose Your Benefits!



Reduce
Procrastination

**Your Benefits End JULY 1
if you don't renew.**



Call us TODAY at (877) 653-4798 to avoid losing your benefits!

Si usted necesita servicios de traducción, favor contactar al (877) 653-4798.

DHS S14010b-June Issued 6/2014

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February 17, 2016

Oklahoma Child Care

KEEP THIS!

In the coming months, we will provide you with lists of clients coming up for renewal.

Look for the following lists in the mail, and keep in mind the associated actions you can take.

Simple instructions

Client Group	Benefits End	Actions to Take
GREEN CLIENT LIST	IN TWO MONTHS	Hand clients the envelopes provided in this initial packet. Direct them to collect the documents that prove they are eligible.
YELLOW CLIENT LIST	IN ONE MONTH	Direct clients to www.okdhslive.org to complete their renewal.
RED CLIENT LIST	IN LESS THAN 3 WEEKS	Direct clients to contact DHS at (877) 653-4798 immediately.

Note: If the lists you receive in future mailings do not include clients of one of these colors, this means that none of your clients fall into that category at that time.

Color coded timeline

Oklahoma Child Care

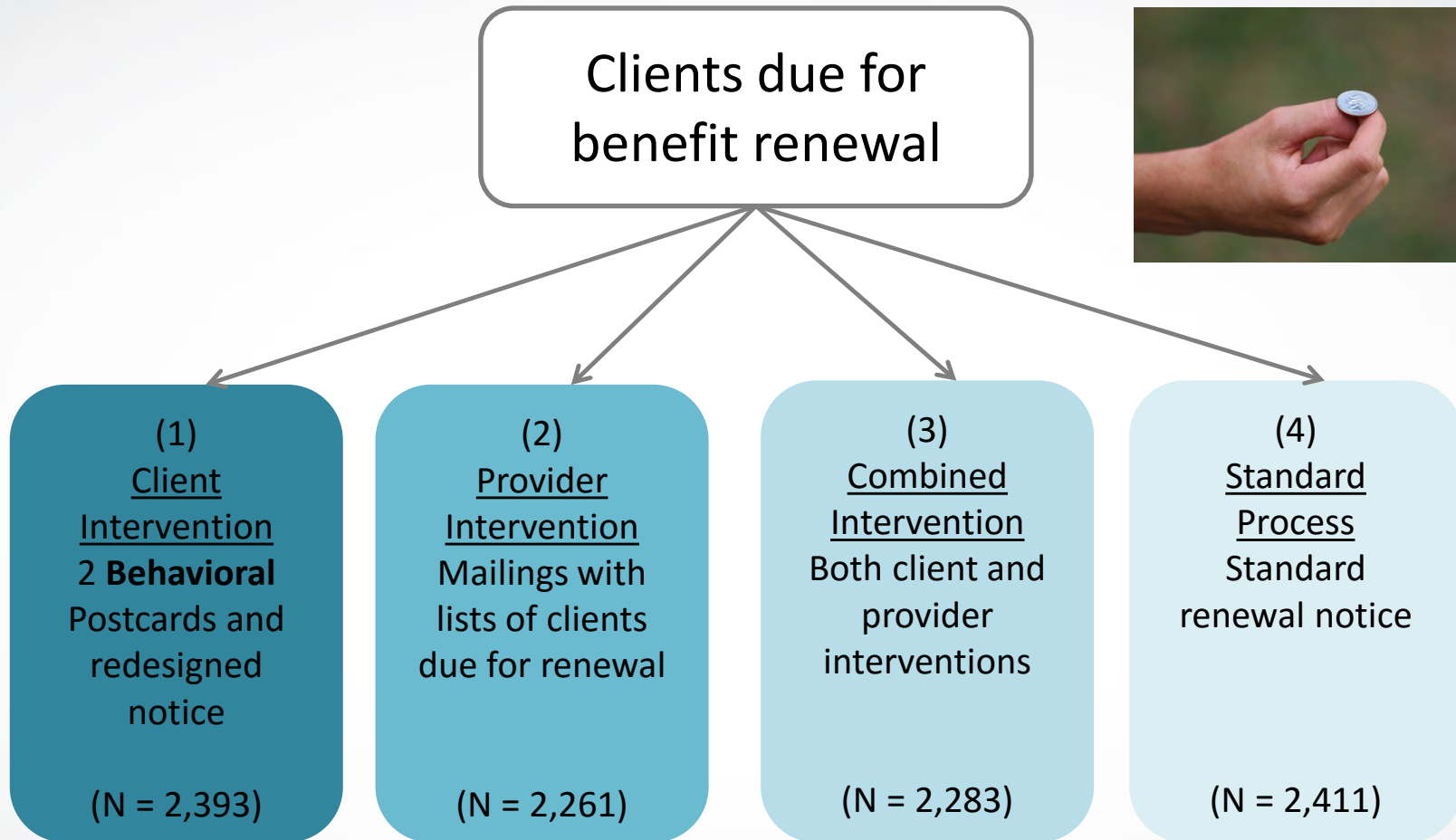
Below is a list of your DHS clients whose benefits will end the **LAST DAY OF THIS MONTH**. Please instruct them to call DHS immediately at (877) 653-4798. ***Otherwise, you are at risk of not being paid.***

Remember: Please do not post this list publicly as doing so would violate your clients' confidentiality.

<u>Client Name</u>	<u>Case Number</u>	<u>Benefits End</u>
SAMPLE CLIENT A	123456-7	<i>July 1, 2014</i>
SAMPLE CLIENT B	123456-7	<i>July 1, 2014</i>
SAMPLE CLIENT C	123456-7	<i>July 1, 2014</i>

If clients have any questions about their specific cases, they can contact DHS at (877) 653-4798.

Oklahoma Child Care



Oklahoma Child Care

- ❖ The provider intervention increased the number of clients who renewed their child care subsidies on time
 - Providers reported being more aware of when their clients were due for renewal and speaking more frequently to their clients about renewal
 - Clients whose providers received the provider intervention were 2.4 percentage points more likely to renew before the renewal deadline

- ❖ The other interventions were not as effective at increasing on time renewal

Reflections

- ❖ Using behavioral insights is a promising approach to improving program operations and outcomes
 - Examining program processes in detail with behavioral diagnosis and design is valuable
 - All BIAS sites to date have seen a significant impact on at least one primary outcome of interest
 - Interventions are relatively low-cost, especially in relation to impacts
- ❖ Testing is important
 - What we found was not always intuitive
 - Rapid cycle evaluation is an opportunity to learn quickly

More From BIAS

- [Behavioral Buzz](#) emails – once per quarter
- [Behavioral Economics and Social Policy: Designing Innovative Solutions for Programs Supported by the Administration for Children and Families](#) – April 2014
- [Taking the First Step: Using Behavioral Economics to Help Incarcerated Parents Apply for Child Support Order Modifications](#) – September 2014
- [Reminders to Pay: Using Behavioral Economics to Increase Child Support Payments](#) – July 2015
- [The Power of Prompts: Using Behavioral Insights to Encourage People to Participate](#) – September 2015
- [Engaging Providers and Clients: Using Behavioral Economics to Increase On-Time Child Care Subsidy Renewals](#) – January 2016
- [Nudges for Child Support: Applying Behavioral Insights to Increase Collections](#) – February 2016
- Reports from other BIAS pilot tests throughout 2016
- Final synthesis report coming in late 2016

BIAS Next Generation

- ❖ Launched in September 2015
- ❖ Will build on lessons of BIAS and go beyond BIAS
 - Work with additional ACF programs
 - Initial focus on TANF and Child Welfare
 - Move beyond changing communications, greater emphasis on changing the choice architecture of program and policy design
 - Focus on translating findings into practical lessons for human services practitioners



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www.acf.hhs.gov/programs/opre/