The Behavioral Design Project

for Promoting Financial Health

ideas⁴²

Many American families struggle to make ends meet in a challenging economic landscape. Communities have valuable allies in organizations across the country that work every day to help people strive toward financial goals. In 2016, eleven of these organizations joined forces with ideas42 and JPMorgan Chase & Co. to embark on the Behavioral Design Project for Promoting Financial Health.

In this project, each organization spent a year applying insights from behavioral science—the study of how humans behave and make decisions in the real world—to their programs or services. Through in-person workshops and one-on-one guidance, organizations combined their rich knowledge of the people they serve with ideas42's behavioral design methods. Our goal is to prepare participants to tackle their clients' problems more effectively than ever before.

Over the first half of the project, this community of organizations has uncovered three steps any organization can take to benefit from behavioral design.

> First, **talk to your clients.** Learn everything you can about who they are, what their lives are like, and how they interact with your products and services.

> Second, **take a walk in your clients' shoes.** Experience what it takes to be your client firsthand. Tackle the tasks and procedures they're expected to complete.

> Third, **engage your peers and staff.** Help staff members take one another's and clients' perspective. They'll start coming up with solutions and rediscover the passion that brought them to your organization in the first place.

How can these three strategies help you use behavioral design to improve your program? Read our case study to see how one member of this community of organizations put these three take-aways into practice.

INSIDE: Seattle Housing Authority's journey to help departing residents save money, protect their credit, and find their next home

JPMorgan Chase & Co.

Seattle HOUSING AUTHORITY

Seattle Housing Authority

> *Susan rides a bus across Seattle with cleaning supplies—paper towels, all-purpose cleaner, and even a mop—in tow. After dropping off her young daughter at her mother's place, she's on her way to clean the apartment she recently vacated.*

> *Clark, another Seattle resident, pushes his belongings in a hamper borrowed from a local hospital to his new home in the middle of the night. With only a small window in which to move out and clean the apartment (and no moving equipment or a truck), he's moving at night so his neighbor, whom he has paid to clean out the apartment, has time to do so in the morning.*

Both of these people had recently lived in apartments managed by Seattle Housing Authority, a governmental entity that provides housing and supportive services to people with low incomes. **About 640 households move out per year,** with the circumstances of their departures varying. In Clark's case, he was transitioning into private housing thanks to a voucher program managed by Seattle Housing Authority. The organization lifts up thousands of people's lives through their essential services, but as a federally-funded organization, it does not have the budget to clean or repair particularly dirty or damaged units. That means that if departing residents leave behind belongings, don't fix damages or don't clean the apartment, Seattle Housing Authority has no choice but to assess a fine.

These fines can range **from $200 to $2,000,** a significant financial burden for residents whose average yearly household income is $14,000. Yet many residents don't leave their apartments in good standing—stumping staff who don't want to see them pay avoidable fines.

Leaders at the Seattle Housing Authority want to help people avoid these fines, not only to reduce their financial toll, but also to support their residents' futures. ***"If the person tries to lease anywhere else or get vouchers, the fine will show up on their record,"*** explained Rod Brandon, Housing Operations Director. "That's an albatross for them going forward. We don't want them to have that."

But leaders at Seattle Housing Authority didn't have enough insight into their residents' lives to know how to help them avoid the fines. To learn what prevents people from leaving their apartments in good standing, Anne Fiske Zuniga, Deputy Executive Director, and Rod had to understand their residents' perspectives. To do this, they:

> ➤ interviewed their residents to learn more about their lives
> ➤ asked their staff about the process of moving out
> ➤ tried moving out themselves given what they learned about residents' lives and the move-out process

> **Incredible stories like these are common among the populations our organizations serve. This is because most of their clients must carefully manage scarce financial resources. When faced with this kind of scarcity, people are very resourceful.**

> **By employing qualitative research methods, Anne Fiske Zuniga and Rod Brandon developed an evidence-based understanding of residents' lives, the obstacles standing in the way of leaving an apartment in good standing, and how residents deal with those obstacles.**

What Anne is describing is known as the fundamental attribution error, or underestimating the influence that environment has on another person's behavior.

Understanding both resident and staff perspectives

"Through the interviews [with residents], we learned a lot about what's going on in our residents' lives," Anne said. "We didn't have a full appreciation for how complex their lives are." With each interview, the juggling act become clearer: many residents are single parents and must move while also taking care of young children or managing older children's schedules. By **talking to clients,** Rod and Anne learned about experiences of moving in the middle of the night or returning to a vacated apartment to clean it. The difficulty of cleaning out an apartment in such circumstances—and their residents' conviction to do the right thing and resourcefulness in doing it—became much more striking.

According to Anne and Rod, this was a turning point in their understanding of why some residents couldn't avoid the fine. "We went into the Behavioral Design Project focused on the behavior of the residents, and why they leave their apartments a mess," Anne explained. "But as the program progressed, it became more apparent that we own a lot of why this problem is occurring. **There are things we could do to help people make better decisions** and make the move-out process easier or clearer to them."

For example, talking to their staff allowed them to better understand the process of moving out, revealing one way to make it easier for residents. "While managers assured us they had given residents paperwork with guidance on how to move out successfully, residents said they never got it," Rod explained. What could explain this disconnect? It turned out that staff gave residents the paperwork about moving out when residents were moving in—long before they would think about leaving. Even if they studied the document when they moved in, the likelihood that residents still had it handy when they were moving out, or even remembered it existed, was low.

> "We don't need to give residents more information, they just need better information."

A hands-on approach

In addition, talking to their staff about the process of moving out gave Seattle Housing Authority the insight they needed to **take a walk in their clients' shoes** and imagine trying to move out themselves.

When they looked at the paperwork, Anne and Rod realized that the materials weren't very helpful. *"The information could be so much clearer, more prominent, so much easier to understand.* We don't need to give residents more information, they just need better information," said Anne. For example, the guidance on how to clean the unit was at the bottom of the third page of the document. As Rod put it: "It was buried in a packet they probably never used." To make matters worse, some of the steps did not seem realistic. "We questioned the guidance we were giving residents," said Anne. "The checklist included 'wash your walls.' Why were we asking them to wash their walls? I've never even done that."

Rod and Anne were excited about what they'd learned and wanted to share their insights with the rest of their team. While they hoped **engaging their staff** with their findings would be valuable, they didn't expect it to be so impactful. "When we told staff about what we had learned, they started coming up with their own ideas. They were excited that there were ways they could help improve residents' outcomes," Anne explained. Anne and Rod realized that their team had not had many opportunities to engage with residents or understand their lives, but that having those opportunities is critical to making the program the best it can be. Rod added: "They really appreciated the ideas42 methodology. There's a lot of discipline and patience involved. *We had to really listen to residents and staff and think carefully about how to make everyone's experience better.* They could see that we had put a lot of thought into our work and suggestions, and that was impactful for them."

What comes next?

Through this process, Seattle Housing Authority experienced their clients' journey from move-in to move-out and discovered how they can help their residents move successfully—and most importantly, avoid unnecessary and burdensome fines. Through the first half of this program, they identified a handful of real obstacles residents face when moving out, including the difficulties of moving large items and hard-to-navigate procedures. As they continue in the Behavioral Design Project, the team at Seattle Housing Authority will design ways to help their residents plan and execute their move-out. Their designs will directly target these obstacles by removing them—like providing residents with free help to move their belongings or creating more flexible move dates—or by helping residents overcome them, like making staff members more accessible.

It is important to note that the problems Seattle Housing Authority faced were not unique to their program. Dispelling assumptions about other people's behavior, making key information salient and timely, and designing to support people with scarce resources are critical tools for any organization that has a social mission. Universal human tendencies like having limited attention **do not represent personal failings—but instead represent opportunities** to make programs work for real people and their complex lives.

For more information, associated materials, and project updates, visit www.ideas42.com/bdp

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All people have limited attention— they can only focus on so many things at once—and this becomes more pronounced when they have scarce resources (like time and money). As a result, the salience of information has a big impact on behavior. Information can be made more salient by changing when information is presented and by changing how it's presented.

Our community of practice:

- Catalyst Miami
- Center for Economic Progress
- EARN
- International Rescue Committee
- LIFT-LA
- Moneythink
- Neighborhood Trust Financial Partners
- Neighborhood Housing Services of Chicago
- Prepare+Prosper
- Seattle Housing Authority
- Self-Help Federal Credit Union

About the Behavioral Design Project Team

ideas42

ideas42 has a clear mission: to use our unique experience as a non-profit at the forefront of behavioral science to change millions of lives. We create innovative solutions in economic mobility, health, education, safety and justice, consumer finance, energy efficiency and international development. Our approach is based on a deep understanding of human behavior and why people make the decisions they do. Working closely with our partners from government, foundations, NGOs and companies, we have more than 80 active projects in the United States and around the world.

Project staff: Vivien Caetano, Erin Sherman, Katy Davis

Acknowledgements

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