

Applying Behavioral Economics: Lessons From the Field

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Applying Behavioral Research to Asset-Building Initiatives

LESSONS FROM A YEAR OF EXPERIMENTATION

By Mindy Hernandez





Overview

- Key insights from BE
- Examples of behavioral research in the field
- Small group exercise
- Large group discussion/questions

Behavioral Research: Some Themes

- Use of heuristics
 - Loss aversion, status quo bias
- Framing
 - Mental accounting, anchoring
- Power of defaults/reminders
- Cognitive priming
 - Social identity, self-affirmation(related to stereotype threat)
- Channel factors matter!

- Exploration of assumptions

- Divergence between intentions and behaviors

A set of general principles for
implementation...

Some key steps

- Fully understand the context and process
- Identify key program goals (behaviors!)
- Map the process
- Design intervention/evaluation

Defining the problem

- Specific question/intervention/problem to address
- Clearly defined by some behavior (or lack of)
- Finding a critical moment!

A “loose” agreement not ideal

- Need accountability
- Some resources

Researcher/Practitioner Partnerships

- Need capacity to effectively test interventions
- Need specific problem/question

Find critical moments!

- This is most important!
- What is a key decision point?
- Avoid decisions that require frequent monitoring!

Examples from the field...

Food choice among LI consumers

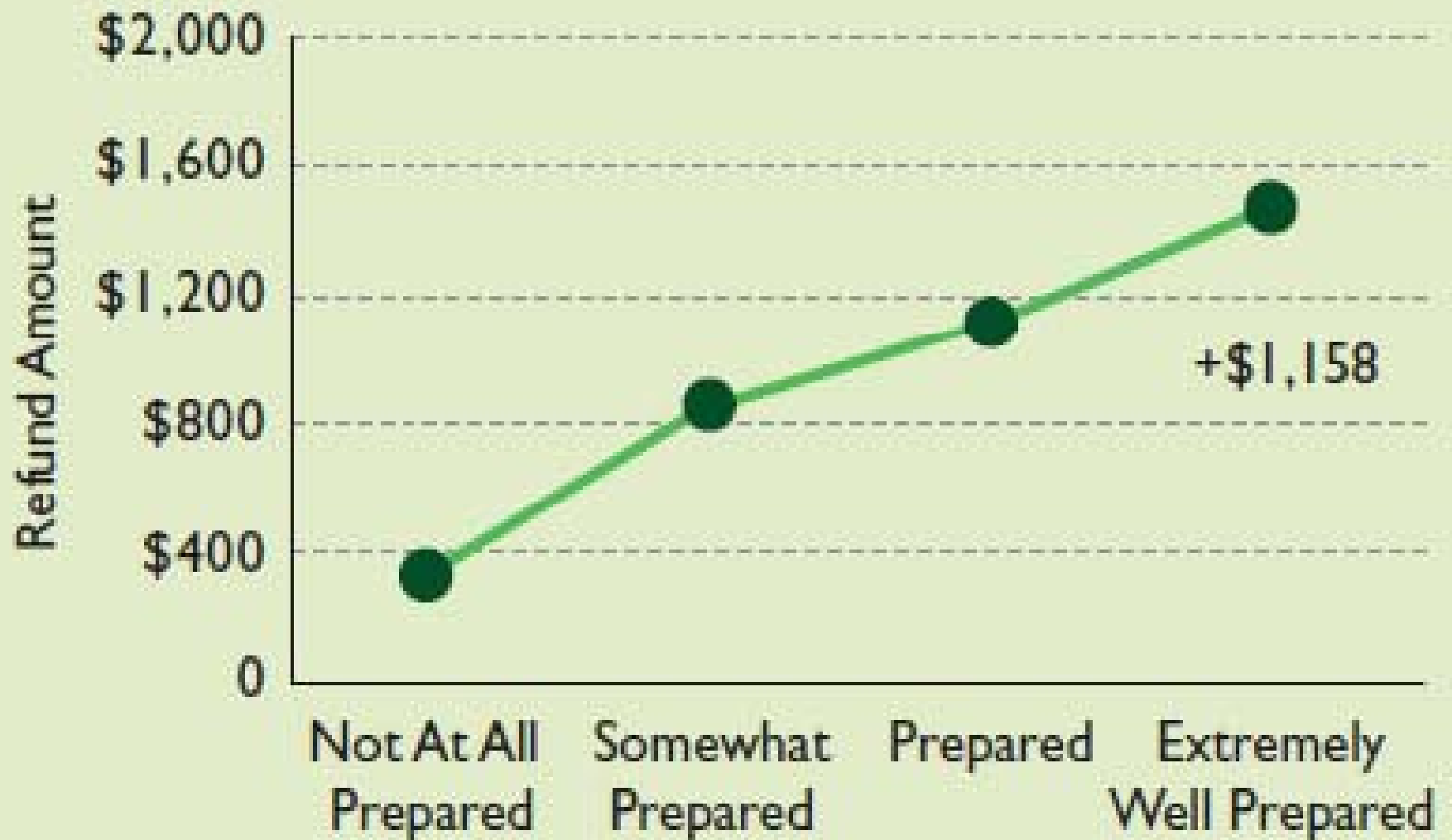
- Subsidy provided to LI families

Tax time interventions

- High impact possibilities
- Effective behavior tools
- Many pieces already in place?

Example: preparedness related to refund size

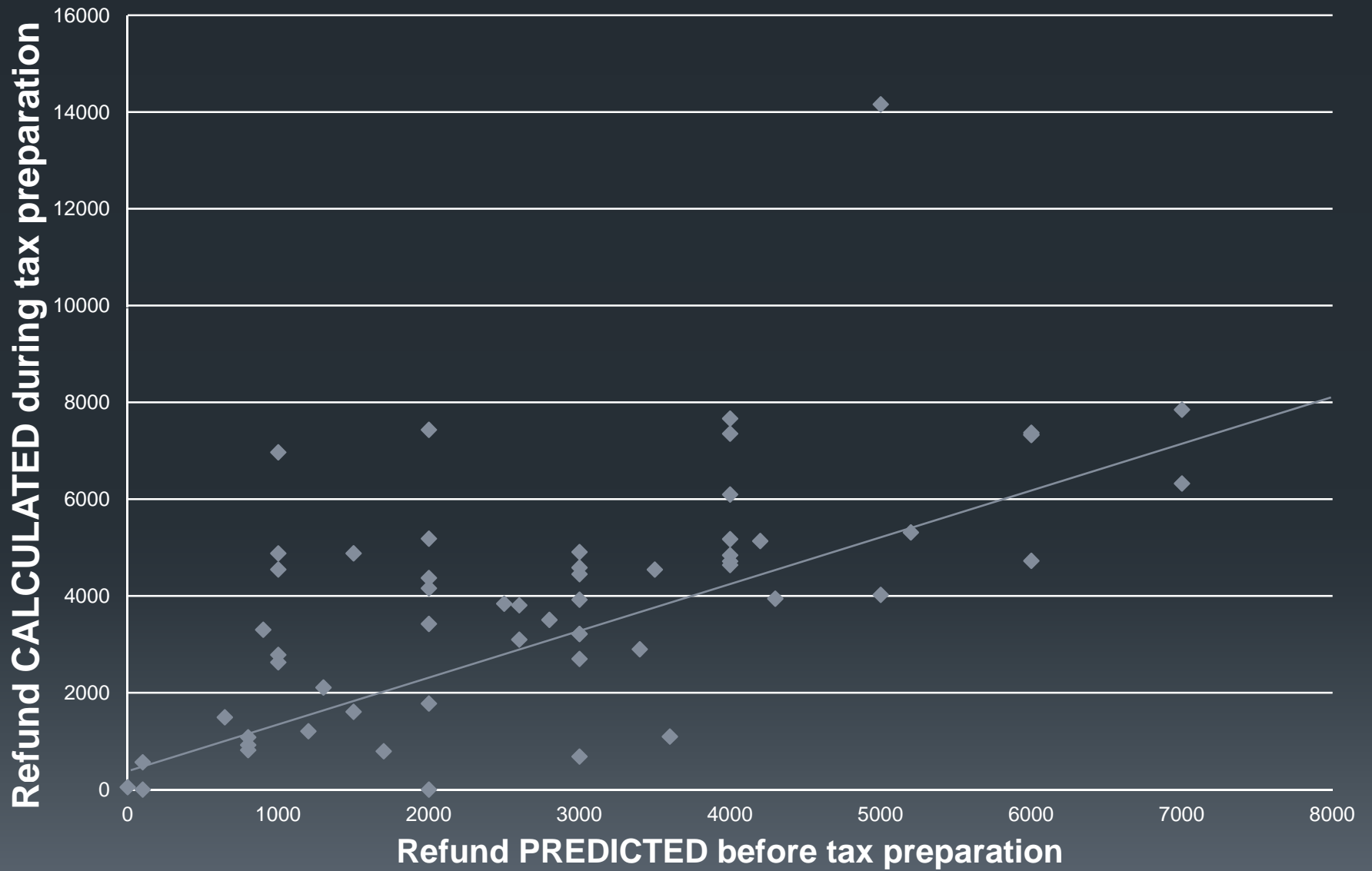
Average Refund Amount & Preparedness at FC 2010



Predicted versus actual refunds

- Interviewees predicted refunds averaging \$2844
- Tax returns showed average anticipated refund of \$3906
- 78% of interviewees under-estimated their refunds, 44% were under by at least \$1000

Actual v. predicted refunds



Housing choice – in progress!

- Assumptions about motivations for moves
- Exploring this further with voucher recipients

How to get started?

- Clearly define your question/behavior
- Share experiences
- Consider high impact opportunities

In groups...

- Discuss process and a specific problem associated with it
- Come up with 2 to 3 intervention ideas
- Discuss evaluation process

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What came up?

- What part was most difficult?
- What issues might you face in implementation
 - Staffing, cost, data management/analysis
- Beneficial to work with a researcher?