

Poverty Interrupted

Applying Behavioral Science to
the Context of Chronic Scarcity



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May 2015

Acknowledgements

ideas42 would like to thank the W.K. Kellogg Foundation, Battle Creek Community Foundation, and Sterling Speirn for their generous support of this research. We also thank Eldar Shafir of Princeton University, Beth Babcock of Crittenton Women's Union, and Steve Cohen of the Center for the Study of Social Policy for reviewing an earlier draft of this white paper and providing invaluable feedback. In addition, we appreciate the assistance of the Corporation for Enterprise Development in developing the initial stages of this work and the guidance and support of several colleagues at ideas42 who provided content knowledge and editing assistance. Finally, the authors are extremely grateful to the academic researchers, service providers, and parents whose stories and work greatly informed our insights and recommendations.



About ideas42

ideas42 is a non-profit behavioral design firm that uses behavioral science to help solve difficult social problems and have impact at scale. We grew out of research programs in psychology and economics at top academic institutions and our work draws on decades of experimental scientific research in decision-making, along with the most rigorous methods in program and policy evaluation. We work in a number of areas, including consumer finance, economic mobility and opportunity, health, education, energy efficiency, and international development. The consequences of the behavioral issues we tackle are often profound. A failure to adhere to medication can be life-threatening. Dropping out of school can prevent a person from achieving her potential. All too often, the reasons for these failures turn out to be small and remediable—but also usually overlooked or dismissed as unimportant. Our approach involves carefully diagnosing the behavioral issues that prevent otherwise well-designed programs and products from achieving their goals. We identify subtle but important contextual details that can influence behavior, and design innovative solutions that help to overcome or amplify their effects. Our work involves a lot of observation, plenty of patience, and a willingness to be surprised. Most of all, though, it involves asking **the right questions**.



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45.3 million

Americans live below
the poverty line.



Approximately **19 million**
fewer Americans would be living in poverty
if our country's poverty rate matched the
norm among other developed countries.

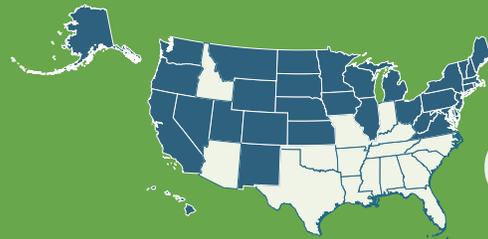
Over **16 million**
(1 in 5) U.S.
children under
18 live below the
poverty line.



\$500 billion:
the estimated annual costs of domestic
poverty—equivalent to 5% of U.S. GDP.

34 million

American households
are unbanked or
underbanked. This
figure is approximately
equivalent to the population
of the 22 largest cities in the
United States combined.



**\$326
or less:**
the monthly TANF
benefit to a family of 3
in 16 states.



\$1000:
median net worth for
families living below the
poverty line in Detroit, MI.

13-point decrease:

the temporary effect of scarcity on IQ. Such a dramatic
shift in IQ is enough to move a person from the “superior” IQ
category to “average” or from “average” to “borderline deficient,”
depending on the starting point.



I. Introduction

An old fight

The United States is losing the War on Poverty. Since President Lyndon Johnson declared that war in his 1964 State of the Union address, we have won a few battles but failed to make sufficient progress in the overall campaign. The percentage of Americans living in abject poverty has declined in the past fifty years, yet far too many families still struggle to put food on the table and keep a roof over their heads. Long-term self-sufficiency remains a distant dream for the **45.3 million** Americans living below the poverty line and making do with less than \$23,550^a per year for a family of four.¹ Despite the fact that America has the highest net national wealth, our country's relative poverty rate^b of 17.4% dwarfs the 11.3% average among the developed member countries of the OECD.^{c,2} If our rate were merely “average,” **19 million** fewer Americans would be living in poverty.

^a This figure reflects the Federal Poverty Guidelines for a family of four in 2013, the most recent year in which data about the number of Americans in poverty is available.

^b Defined as the ratio of the number of people earning less than half the median household income to the total population.

^c Organization for Economic Co-operation and Development.

The picture worsens when we consider how many people make an income large enough to support a family—a “living wage.” Researchers at MIT place the living wage for a single parent with one child in Brooklyn, New York, at \$51,000 per year,³ while the median income there is only \$46,000⁴ per year. This means that more than half of the households in the largest borough of America’s largest city cannot adequately afford to raise a child. This is a failure on our part. In the richest country on the planet we should be able to ensure the well-being of all among us. Children should not go hungry. Families should not be homeless. Most importantly, nobody should be consigned to a life of poverty at birth.

Despite America’s reputation as the land of opportunity, more than 16 million (1 in 5) American children live below the poverty line.⁵ Sadly, the best available evidence indicates that a child’s circumstances at birth will have an outsized impact on her lifetime trajectory—and that early childhood is a particularly dangerous time to experience poverty.^{d,6} More than 6 in 10 children born into the lowest income quintile never make it to the middle bracket, meaning that they are excluded from the security and prosperity of the middle class.⁷ To break the cycles of poverty that cost the U.S. 500 billion annually,^e we must find ways to intervene early and adopt a two-generation approach that helps both parents and children excel, rather than merely survive.⁸

A way forward

Poverty is one of the world’s most complicated problems, and there are no easy answers or magic bullet solutions (if there were, we would not be writing this paper). Global economic trends, including the recent recession, and systemic forces such as racism and classism contribute to the current state of affairs. A true end to poverty will require some combination of widely available jobs that pay living wages, safe and affordable housing, an accessible and affordable healthcare system, widespread access to credit and financial markets, and the elimination of the “poverty traps” that decrease the labor supply. Any one of these changes will require massive amounts of political and financial investment and a significant shift in the way our society understands poverty.

Still, we are not yet fully utilizing the tools that are *already* within our reach. The field of behavioral science has combined insights from economics, psychology, and other disciplines to build a more accurate picture of the ways that humans form intentions and take actions. Behavioral scientists have identified a long—and growing—list of the ways in which human behavior systematically differs from both common-sense intuitions and the assumptions built into traditional economic models. Unfortunately, their insights have yet to be meaningfully and systematically applied in the fight against intergenerational poverty. Policy-makers, practitioners, program designers, and the families they serve all stand to gain by correcting this omission. The time for behavioral innovation is ripe, and the need is urgent.

Interventions grounded in behavioral science can range from small “nudges” or programmatic tweaks to large policy overhauls. Alone or in combination, these interventions act as force multipliers, ratcheting up the effectiveness of any given program or initiative. While good behavioral design cannot fully offset the negative effects of structural problems like racism and economic inequality, it *can* help families derive maximum benefit from the resources and services available to them. The addition of behavioral science to the toolkits of poverty-fighting organizations and policy-makers across the U.S. represents a significant opportunity to create meaningful social impact.

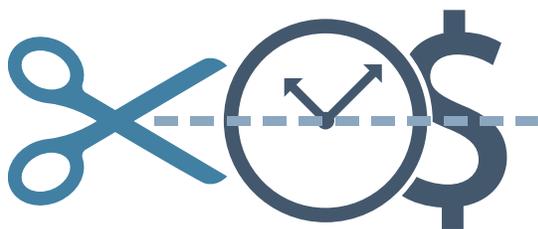
^d Early childhood poverty has been shown to have a more detrimental effect on a child’s achievement and cognitive outcomes than poverty experienced during later childhood. See endnote 6.

^e Holzer et al. (2007) estimate the annual cost of poverty at 5% of U.S. GDP, including both public expenditures and lost earnings. See endnote 8.

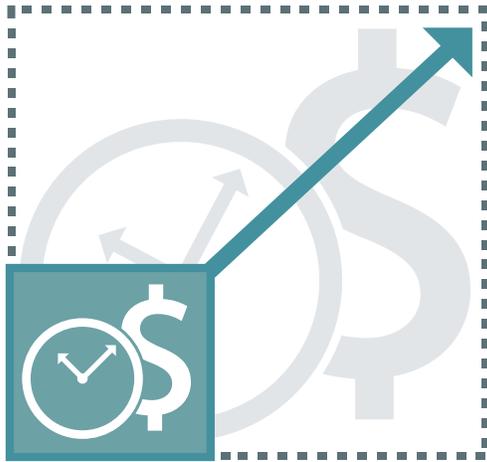
Importantly, advocating for a behavioral approach to poverty alleviation is *not* equivalent to suggesting that people in poverty should simply behave differently. In fact, we reject both the false rhetoric of a “culture of poverty” and the myth that to escape poverty, people just need to “pull themselves up by their bootstraps” and try harder. Instead, we contend that the burden of change rests primarily with the individuals and organizations who have the power to design programs and systems in ways that take universal human tendencies into account. We wrote this paper in hopes of inspiring and implementing that change.

“ We contend that the burden of change rests primarily with the individuals and organizations who have the power to design programs and systems in ways that take universal human tendencies into account.”

In pursuit of this goal, ideas42 has engaged with more than 70 domestic poverty experts over the past year, including academics, practitioners, and parents raising young children. We have studied academic literature from multiple disciplines and directly observed 15 programs serving families with low incomes. This paper distills the lessons we’ve learned and the best practices we’ve observed in this process. We do not claim exhaustive knowledge of poverty; instead, we intend this document to serve as a well-researched conversation starter that will help catalyze the behavioral innovations our society desperately needs. In the pages that follow, we share behavioral insights that shed new light on the many challenges facing families with low incomes and those who seek to support them. We also put forward three design principles that follow from these insights and can be tailored to fit the needs of a wide range of communities, organizations, policies and programs. Here they are in brief:



1. Cut the costs: Families bear the costs of poverty in a variety of ways (including burdens on their time, attention, and cognition), and too many well-meaning programs increase those costs unintentionally by adding hassles and creating complexity. To support families in a behaviorally-informed way, we must identify the drivers of those costs and find creative ways to reduce or eliminate them.



2. Create slack: Poverty is unforgiving, leaving no room for error or risk. Many of the negative effects of poverty stem from those unforgiving conditions and the havoc that often follows unanticipated “shocks,” or adverse events in a family’s life. Building an adequate cushion of time, money, attention, and other critical resources is a prerequisite for escaping poverty.



3. Reframe and empower: To succeed in the enormously complex task of escaping poverty, you must first believe that you have an ability to effect change in your own life. Sadly, this important prerequisite is often overlooked. Many systems and programs reinforce or create stigmas that systematically disempower people rather than affirm their autonomy and dignity. Behaviorally-informed systems and services are crafted to help people do more of what they want to do and less of what they don’t—and to ensure that service providers are capable partners in that task.

We’ll look more closely at each of these principles in subsequent sections, but before we do, we’ll explain ideas42’s approach to behavioral interventions and describe the ways in which this approach both complements and expands on existing anti-poverty initiatives. This document covers extensive conceptual and practical terrain and is addressed to multiple audiences. Some of our suggestions are small and may seem to rely on common sense. Some of our recommendations are radical and may seem to suppose an impossible political or fiscal landscape. Regardless of your political orientation, job title, or ability to marshal resources, we hope you read on with your mind open and your eyes peeled for opportunities large and small.

II. Applying a Behavioral Lens to Traditional Approaches

Recontextualizing poverty

Though poverty can be measured in several different ways—according to relative or absolute standards, including or excluding government transfers, and so forth—most definitions are based on the premise that poverty is an inability to meet one’s basic needs, a deficit of financial capital. In recent years, anti-poverty experts and organizations have sought to broaden that definition. The absence of material wealth, in their view, is closely linked to the absence of other forms of capital: human capital (one’s level of education, skills, and experiences), social capital (one’s network of interpersonal connections and relationships), and health capital (one’s physical and mental well-being). To permanently escape poverty, families must build capital in all of these various forms.

The majority of poverty alleviation efforts flow from this capital deficit model of poverty and are designed to provide or supplement capital of one kind or another. Assistance can take various forms, including direct services, cash transfers, in-kind supports, and job training or education programs for children or adults. Organizations and programs that provide these services create an enormous benefit to struggling families across the country; without their dedication of time and resources, families would undoubtedly be worse off. Still, the fact that poverty remains a widespread, costly, and persistent problem in twenty-first century America suggests that these programs are not working as well as they should. We believe their efficacy is being diluted because of a few key misunderstandings about human psychology and behavior.

Rethinking preferences

Many people underestimate the effect of context on the way humans form intentions, make decisions, and move to action. Classical economic thinking and common sense both hold that our desires and preferences remain more or less consistent across time and place. If this is the case, small changes in the way a message is worded, the priming of particular aspects of our identity, the order in which options are presented, or the number of steps required to complete a task should not affect our actions. The evidence, however, directly contradicts this intuition: over and over, studies have demonstrated the power of the situation to impact behavior, often outside our conscious awareness. Imagine, for instance, that when you return to your parked car at the end of the workday, you find a flyer stuck in the windshield. Will you throw it on the ground, or in a trashcan? The fact is that you are much more likely to throw it on the ground if you see that others have done the same. On the other hand, you're nearly four times less likely to litter if you see that no one else has done so.⁹ This says less about your preferences or proclivity for littering than about your receptiveness to subtle cues in your environment.

Rethinking information

A related misconception is that awareness and information alone are generally sufficient to change behavior. Most public service campaigns are based on this premise: if people hear that getting a flu shot is important, for example, they'll surely head to the clinic to get vaccinated. Sadly, knowing what you should do—and even forming an intention to act on that knowledge—does not guarantee action. If the clinic isn't on your route home, if its operating hours don't correspond with your availability, or if you aren't certain what the vaccine will cost you, you may never close the gap between intention and action. Similarly, many young people express a desire to enroll in college yet fail to complete the application paperwork. They may well be aware of the likely impact of a college degree on their future earnings, but they may not have close friends or family members applying, or they may mistakenly believe that college is not for “people like them.” Awareness is important to helping people form intentions, but we must also consider ways to remove barriers and create channels to action—a strategy we'll return to throughout this paper.

Rethinking incentives

Finally, many people misunderstand the complicated ways in which costs and incentives affect behavior. In particular, they tend to focus on financial costs and benefits, believing that if people value a resource or service highly enough, or if they need it badly enough, they will do what it takes to access it. Those who do not take the time to apply for food stamps (SNAP[†]) or gather the documentation necessary to receive subsidized housing, for instance, must not truly need food or rent assistance. Those who express a desire to get a higher-paying job but fail to complete a training program must value other activities more. The problem with this thinking is that financial considerations are far from the sole drivers of behavior. A “free” service, for example, may be quite expensive once you factor in the time it takes to get to an office via

[†] Supplemental Nutrition Assistance Program.

public transportation, the difficulty of finding a babysitter at the last minute, and the unpleasantness of waiting in a noisy lobby or pleading your case with an overworked service provider. Inaction, then, may not accurately reflect an individual's true need (or lack thereof). In fact, the people who are most in need of resources are often the least able to take advantage of them, for reasons we'll outline below.

An alternative view

Taking a behavioral approach means beginning with the propositions that context matters, that awareness does not guarantee action, and that both monetary and non-monetary costs and benefits drive decisions. It means focusing less on how people *should* act, how we *expect* them to act, or how they *intend* to act, and more on how they *do* act. It means acknowledging that those actions are often curious or counterintuitive: from time to time, all of us do things we know aren't good for us; fail to do things that are good for us; make choices that apparently contradict our preferences; and put off for tomorrow what we intended to do today. Accepting the fact that these tendencies are part of being human can help us to understand and combat poverty in new ways.

The first step is to reconceptualize poverty itself as a particular context that, like any other, elicits a set of natural and predictable responses. Thus, the behaviors and decisions we may observe among people living with low incomes tell us much more about the condition of poverty itself than about the motives, skills, or character of the people experiencing it. Emerging research has shown that living in poverty means living in chronic scarcity—and scarcity comes with a set of cognitive consequences that may be beneficial or adaptive in the short term but highly deleterious when experienced chronically.¹⁰

“The behaviors and decisions we may observe among people living with low incomes tell us much more about the condition of poverty itself than about the motives, skills, or character of the people experiencing it.”

How exactly does scarcity, or a lack of any key resource (e.g., time, food, or money), affect us, and why are those effects so pervasive? Imagine a fiber-optic cable that connects a computer to the internet. That cable has a finite amount of “bandwidth,” meaning that it can handle a limited amount of information and activity at one time. When a significant portion of that bandwidth is occupied by streaming a movie or downloading large files, all other internet-reliant activities slow down. It takes longer to complete seemingly unrelated activities like opening a new browser, surfing the web, and receiving or sending emails.

The human brain is a little like that cable. We, too, have limited bandwidth—even more limited than many of us realize.^{9,11} We can only perceive, process, and act on a fixed amount of information at any given moment. The brain of an individual experiencing scarcity is akin to a fiber-optic cable downloading a few dozen files at once. While downloading any one file is not a colossal task, processing them simultaneously has a globally detrimental effect. In concert, they take up so much

⁹ For example, despite the abundant evidence that we drive poorly when our bandwidth is taxed by the relatively mundane task of talking on the phone, many of us continue to do so, often because we don't perceive the drop-off in our own driving skills when distracted. See, e.g., endnote 11.

bandwidth that there is not enough left to adequately process choices and actions in the rest of life. It becomes harder for the “cable” to handle just about everything, even routine tasks that might at first glance appear simple and undemanding.

This slowdown is driven by the brain’s tendency to “tunnel” in response to scarcity: whatever is most urgent, whatever unmet need is most pressing, fully “captures” the mind and crowds out all other concerns, questions, or tasks that would otherwise compete for attention. What to have for lunch, what to do this weekend, and what bills are due soon are all issues easily ignored when feeling the effects of scarcity. Temporarily, this laser-like focus can be useful—it’s what enables you to focus when time is scarce and you have a fast-approaching deadline at work, for instance—but nobody can afford to tunnel all the time. Too many important (though not quite imperative) things will inevitably get neglected. As one parent put it, “I just focus on today, [as though] nothing happened in the past and nothing will happen in the future.”

Parents, of course, are as likely to tunnel on their child’s needs as they are on their own. If his daughter has an asthma attack at school, for instance, a father’s attention will be focused on getting her the medical care she needs—and worrying about the cost of doing so. Important, but less critical, responsibilities such as his own medical care or education may be neglected until the crisis has passed. Unfortunately, families living in poverty very rarely get a reprieve from this scarcity-induced tunnel vision. After the asthma attack is taken care of, there may be a rent bill to pay, a benefits application to complete, or any number of emergent needs stemming from insufficient or unstable income.

The high “bandwidth tax” levied by scarcity makes humans less effective in a few key ways. First, it reduces our fluid intelligence—our capacity to think logically and analyze and solve novel problems—and thus our ability to process information. Second, scarcity diminishes our ability to evaluate options and make high-quality decisions. Finally, it impairs our self-control, often leading to greater impulsivity—a concept we will explore more deeply in the following section. In short, scarcity makes us less insightful, less forward-thinking, and less controlled.

It’s worth pausing here to ensure that this framework and our claims about poverty are not misconstrued. We are not claiming that people living in poverty are bad or irrational decision-makers. The tendencies and behaviors outlined here are common to all humans—it’s how we are wired. *Any* human, when placed in similar circumstances, will respond in largely the same ways: a dieter will be consumed with thoughts of food and may have trouble exercising self-control in other areas of his life, and a business executive on a deadline will tunnel in on the proposal or report at hand and may miss an important meeting with colleagues. The problem is *not* that people living in poverty are any less capable, intelligent, or responsible than people with more wealth or higher incomes. It’s that key features of life in poverty interact with human psychology in ways that make it difficult to solve problems, make decisions, and exert self-control. When you add existing structural barriers to the mix, changing one’s circumstances becomes all the more difficult.

Scarcity’s tax on cognitive capacity can be measured and quantified. In a groundbreaking 2013 study, for instance, researchers linked scarcity to a large transitory drop in IQ.¹² A sample of shoppers in a New Jersey mall were divided into two groups and walked through a nearly identical pair of exercises. One group was told to imagine a situation in which their car needed repairs that would cost about \$150 out of pocket, after which they took a standard cognitive test. Results showed no statistical difference in cognitive ability between those categorized as wealthy (having income above the sample median) and those categorized as low-income (having income below the sample median).^h

^h Income data was collected after the prompts and cognitive tests to avoid priming the subjects to think about their income.

The other group of shoppers went through the same experiment with a single twist: instead of the car repair costing \$150, they were told that repairs would require \$1,500. This time, results of the cognitive test showed a significant difference between the high- and low-income shoppers. Wealthier individuals performed roughly the same across both conditions, likely because they were relatively confident in their ability to find the money needed. In contrast, the lower-income individuals in the \$1,500 condition scored significantly below the lower-income individuals in the \$150 condition—the equivalent of a 13-point drop in IQ. Such a dramatic shift in IQ is enough to move a person (depending on their starting point) from the “superior” IQ category to “average,” or from “average” to “borderline deficient.” Just this hypothetical scenario of unexpectedly needing \$1,500—a large amount for cash-strapped individuals—activated a scarcity mindset that resulted in a temporary yet powerful reduction in cognitive functioning.

So, if we understand poverty as a form of chronic scarcity that shapes behavior in predictable ways, how should we respond? We must first acknowledge that many anti-poverty programs are structured in ways that are counterproductive given what we now know about human psychology. To remedy this, service providers, program designers, and policy-makers need to institute programs and systems that support people as they *are* rather than as we think they should be, and that make it easier for people to act in accordance with their best intentions. The following section outlines three strategies for beginning this work at various levels and across a wide range of organizations. Some of these changes will be simple, others more complex, but all must be behaviorally-informed.

Traditional Approach

Personal preferences and values are usually stable. Those preferences and values, along with monetary incentives, drive behavior in consistent ways.

Raising awareness and providing new information or incentives will drive behavior change.

If people fail to take required actions, it means that they probably don't value or need a resource.

Ask what people in poverty are doing wrong, or what structural barriers are holding them back.

What drives humans' behavior?

How do you motivate behavior change?

What does inaction tell us about a person?

How do we investigate poverty?

Behavioral Approach

People's preferences vary over time and context. Behavior is affected by interactions among context, values, costs, and benefits (both monetary and non-monetary).

Awareness, information, and incentives may help people form intentions, but behavior change also depends on removing barriers and creating channels that make it easier to choose and act.

Inaction may not accurately reflect preferences or needs. Inaction may indicate complexities or barriers in the context.

Ask what poverty is doing to people, or what contextual features are distorting their choices and actions.

III. Design Principles

Although their resources are limited, policy-makers and program designers serving families with low incomes have a number of tools at their disposal: public and/or private funding, talented and committed staff, connections to goods and services from other public and private organizations, and valuable know-how. The following pages describe opportunities to add to this “toolkit” using principles drawn from the latest research in behavioral science. These recommendations can be easily tailored to fit the needs of a broad spectrum of actors, from the local non-profit to the federal agency. Whether applied at the conceptual stage of program design or used to rethink some element of an established operation, behavioral design will help maximize the ability to serve participants and constituents well.

“While proponents of the ‘culture of poverty’ narrative tend to put the burden for change onto struggling individuals and families, our recommendations largely target systems and organizations.”

As previously mentioned, good behavioral design hinges on the premise that context matters—that seemingly insignificant features of the environment often have outsized impacts on the ways that people think, decide, and act. We presume that the vast majority of people have every intention to be good parents and to be financially secure, and that they do not require extensive lectures on investing more time and energy into their children’s education or being more disciplined about saving money. The primary role of the behavioral designer is to identify and alter the contextual and environmental features that are getting in the way of these good intentions. Thus, while proponents of the “culture of poverty” narrative tend to put the burden for change onto struggling individuals and families, our recommendations largely target systems and organizations.

The research we and others have done on the context of poverty and the science of scarcity suggests that program designers and policy-makers looking to maximize their impact should aim to design services that are optimized for the context of poverty. To do so, we suggest using three principles: cut the costs, create slack, and reframe and empower. The following three sections will explore these principles in detail, examining their behavioral underpinnings and highlighting a variety of ways to apply them in the real world.

Some recommendations may at first glance seem small or insignificant. We’ve included them because behavioral scientists have repeatedly shown that well-designed tweaks or “nudges” can be powerful and inexpensive drivers of new behaviors. Switching from an opt-in to an opt-out enrollment policy can lead to 50% higher participation in a 401(k) program.¹³ Adding information about community consumption patterns to a monthly water bill can reduce water usage by 3.4%-5.6%, a notable decrease over time.¹⁴ Prompting someone to make a specific plan for when and where they will get a flu shot can increase vaccination rates by 15%.¹⁵ This is good news for the many non-profit organizations experiencing financial scarcity of their own: behavioral design need not break the bank in order to be effective!

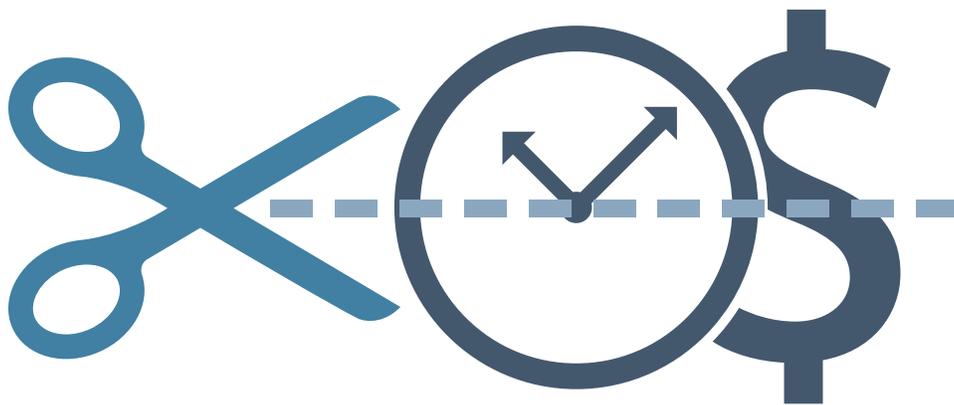
At the other end of the spectrum, we have not shied away from proposing large-scale changes to organizations and systems that will require significant time, money, or political will to implement. If we as a nation are serious about winning the War on Poverty, we will need to take more risks and invest in longer-term solutions. Our hope is that this paper will be as useful for policy-makers as it is for practitioners, and that those with the power to effect change at the highest levels will utilize insights from behavioral science in order to maximize their impact.

Finally, we expect that some of our recommendations will seem familiar to savvy practitioners who have been observing human behavior for years or decades. For these individuals and organizations, we hope to provide a theoretical framework and broaden the evidence base for their intuitive judgments—in addition to offering several new or counterintuitive ideas! When practitioners understand why a particular strategy works, they will be in a better position to find new ways to apply it, as well as to effectively advocate for the resources they need to do so.

Cut the costs

The high costs of poverty

Poverty is expensive, in more ways than one. Families with low incomes face significant financial, temporal, and cognitive costs on a daily basis. Providing families additional resources can help (see “[Create slack](#)” below), but individuals and organizations serving people in poverty should first focus on reducing the costs they themselves impose.



Financial costs

It is an unfortunate irony that Americans who have the least are often forced to pay the most. Just accessing your wages can be expensive: 9.6 million (1 in 13) American households were unbanked as of 2013, meaning that they do not have access to many of the low-cost financial services that most of us take for granted.¹⁶ Rather than earning interest on a checking or savings account, for instance, many people in poverty must surrender a portion of every paycheck to check cashers, and may also have to resort to purchasing money orders to pay bills. According to the Federal Reserve Bank of St. Louis, unbanked individuals spend approximately 2.5–3% of government benefit checks and 4–5% of payroll checks just to cash them.¹⁷ Hidden fees are also a problem: parents we interviewed paid as much as \$30 every month in order to pay bills by phone.

Because traditional forms of credit are inaccessible to those with limited or poor credit history, long-term investment in a house or a college education may be out of the question. In the short term, payday lenders with usurious interest rates are used to bridge the gap between paychecks but also trap families in debt cycles for months or years.¹⁸ The alternative—falling behind on bills—comes with its own set of expenses, in the form of late fees and service reconnection charges. This forces families to choose between two negative outcomes.

Temporal costs

The premium paid by those in poverty comes in the form of hours as well as dollars, because many basic tasks take longer to accomplish when you lack financial resources. In many parts of the country, for instance, it's cheaper to rely on public transportation than to purchase and maintain a personal vehicle; however, it's also more time-intensive. Compounding the problem, many low-income neighborhoods are underserved, and a simple trip to a full-service grocery store or bank might involve several buses and multiple hours. Even accessing public benefits can be a lengthy process involving unpredictable wait times in various government offices, repeat trips to acquire or renew eligibility, or seemingly endless rounds of phone tag with hard-to-reach caseworkers. To receive food stamps in New York, for instance, a parent can be asked to provide up to 25 different documents in order to verify his identity, income, and expenses: social security cards, receipts from daycare centers, rent payment records, school records, and a car dealer's appraisal of a vehicle, among others.¹⁹ While assembling these documents would be time-consuming for anyone, families with low incomes often face extra challenges. Perhaps they've moved frequently, or have had unreliable access to a working phone line and a mailbox. Perhaps they're separated from their child's other parent and will need to track her down for particular records. Whatever the specific circumstances, it will almost certainly take significant time to complete and submit an application. The length and difficulty of this and other tasks is magnified further still for those who cannot afford reliable childcare, have to deal with impatient employers, and must complete all their errands with young children in tow.

Cognitive costs

A final, and typically overlooked, set of poverty-related costs is cognitive in nature and is a consequence of these financial and temporal strains. As previously outlined (see [“An alternative view”](#) above), the work required to stay afloat in the face of chronic time and money shortages is a significant drain on mental energy and bandwidth. For instance, while a widespread misconception holds that people in poverty make bad financial decisions, the reality is often the opposite: families living on low incomes are, by necessity, experts in optimizing every penny. They often have a much better understanding of the costs of everyday items

ⁱ See, e.g., CFPB 2014 (endnote 18). Researchers found that 82% of payday loans were renewed within 14 days. Nearly two-thirds (62%) of all loans were part of sequences of seven or more loans.

than their middle- and upper-income counterparts, with an almost encyclopedic knowledge of where and when they'll find the best deals.²⁰ One single mother we spoke with described an elaborate routine of visiting different grocery stores on specific days of the week in order to capitalize on different sales. While this helps stretch every dollar, it comes with the mental costs of remembering every store's sale schedule and planning her days around trips to the supermarket.

Similarly, people in poverty must exercise considerable foresight if they are to align income and expenses, in large part because they are more likely to have multiple or variable income streams. Some people work multiple jobs with inconsistent hours, others rely on several types of government benefits with varying distribution schedules, and many cobble together a living from both.²¹ In addition to budgeting around an inconsistent paycheck, families who also rely on several public benefits need to keep track of many unique documentation requirements, recertification timelines, and caseworker contacts. These and many other daily challenges place a significant cognitive burden on adults living in poverty.

The consequences of poverty's costs

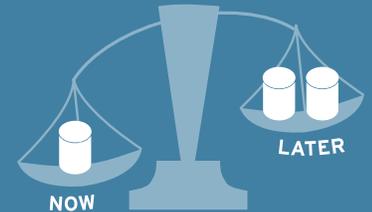
These cost burdens distort choices and actions in predictable ways. People living in poverty are neither inherently prone to poor decision-making, nor to insufficient planning for the future. Instead, chronic scarcity creates its own distortions while simultaneously making people *more* susceptible to some powerful cognitive limitations that plague all humans.

One such universal limitation is "present bias," or the tendency to let immediate costs outweigh far-off, long-term benefits. Anyone who has ever struggled to delay gratification will recognize this tendency: it can be incredibly difficult to defer an immediate reward, even when that means foregoing something much better in the future. Likewise, many will avoid immediate action on

PRESENT BIAS

Definition

We often value outcomes in the present more than outcomes at any other time. Immediate benefits or costs tend to outweigh those realized in the past or future. The pressure of *right now* often short-circuits our best intentions and derails our decisions in ways we wouldn't expect.



Example

Josh eats pizza rather than salad, Matt spends money instead of depositing it in a savings account, and Piyush procrastinates in the week leading up to a deadline rather than getting a head start on the assignment. Present bias can lead us to less than ideal behaviors, even when the long-term benefits of the optimal choices outweigh their upfront costs. Choosing salad leads to better health, saving money means more in the bank for retirement, and starting on an assignment earlier can lead to lower levels of stress—yet we often give in to tempting food, splurge on impulse buys, and procrastinate on work.

LEARN MORE

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¹ In a survey conducted by the Pew Charitable Trusts, 55% of households reported that their income and/or expenses vary on a monthly basis. See endnote 21.

unpleasant or painful tasks, even when the long-term benefits outweigh the present costs. Do you go to the gym or sleep in? Study for that exam or watch a movie? Wait for the (inexpensive) bus or hail a cab? Even if you know that you'll be better off working out, studying, or taking public transit, present bias often prompts people to make the opposite choice.

“When getting through the end of the week is difficult, planning for next month or next year is nearly impossible.”

Scarcity can exacerbate present bias.²² When getting through the end of the week is difficult, planning for next month or next year is nearly impossible. The problem is not that families in poverty are uninterested in long-term investments, but that the work required to manage their current situation eats up significant portions of their mental bandwidth. For example, a payday loan may be a plainly bad financial choice in the long run, but the immediate tradeoff of no electricity or food can trump that long-term loss. Many of the behaviors associated with good parenting are also affected by present bias: reading to children daily, speaking with them regularly,

and providing nutritious meals three times each day. The payoffs for such activities lie in the future, while the seemingly larger costs must be paid upfront. Reading and conversing with a small child often requires more energy than turning on a television; likewise, frequenting the grocery store to purchase fresh produce (which is often more expensive and harder to find than packaged goods) and cook a balanced meal is more time-intensive than eating out or serving pre-cooked food.

Even minor difficulties or barriers can trigger present bias and cause people to delay or avoid action. We refer to these small obstacles as “hassle factors.” Under scarcity, hassle factors have even greater potential than usual to distort decision-making. A requirement to print out paperwork in advance of a meeting, to attend an in-person orientation, or even simply to call and make an appointment can be enough to prompt procrastination or avoidance. Hassle factors can easily tip the scale toward inaction when someone is focused on the present moment and low on bandwidth. This is true even when the benefits of action objectively outweigh the costs of overcoming a hassle. Again, this is a universal phenomenon rather than a poverty-specific pattern. Most people have a number of tasks—finding a new doctor, setting up automatic bill payment, or tightening a loose screw in a cabinet—which they continually defer because getting started involves some small hassle. Remembering the password for the health insurance website, calling the utility company during business hours, and getting the toolkit out of the closet are relatively simple matters, but their ability to affect behavior is disproportionate to their apparent difficulty.

When we do manage to overcome present bias, or to act despite hassles, we're relying on our limited reserves of self-control, which (as noted previously) is a resource depleted by scarcity. Just as muscles grow tired with use, so too do our self-control “muscles” get exhausted the more we exercise them—an insight that will come as no surprise to anyone who has snapped at a spouse after a trying day at work, or blown a diet on the weekend after exercising strict nutritional discipline Monday through Friday.²³ Because of the high costs of poverty outlined above, people living on low incomes must expend more self-control than others throughout the course of each day. This goes beyond foregoing wants for needs. Indeed, for families barely getting by, buying one needed item may mean not having the resources to purchase another needed item. Which is more important, electricity or gas? Paying the childcare provider or the landlord? These difficult choices rapidly deplete self-control, by way of a phenomenon known as “decision fatigue.”²⁴

Given these cognitive consequences, we cannot assume that a particular action or failure to act is a clear indication of a person's intention. Universal features of human cognition and decision-making routinely lead people away from their intended actions. Given the range of concerns an individual living in poverty must manage, and the hassles he faces in doing so, the negative cognitive effects can multiply quickly, making challenging circumstances impossible to navigate. The problems we see among struggling families often arise neither from a lack of information nor from a lack of interest. Instead, they are a product of the costly context that is chronic scarcity. At the same time that we strive to support families by providing the resources they lack, we must also look for ways to reduce the costs that are imposed more intensely on them than on others.

Reducing the costs

In sum, life is complicated—and even more so for someone living in poverty. That complexity interacts with human psychology in ways that make it hard for people to optimize decisions and act on their best intentions. Program designers and policy-makers serving families in poverty should seek to minimize the costs they impose wherever possible. Unfortunately, many poverty alleviation programs actually drive *up* the various costs of poverty, often because accessing these programs requires significant investments of time and mental energy on the part of participants. Behavioral science suggests that programs will maximize their impact by simplifying, streamlining, and generally making things easier for their constituents.

“ Behavioral science suggests that programs will maximize their impact by simplifying, streamlining, and generally making things easier for their constituents.”

Of course, not all of the obstacles we'll enumerate in the following pages are imposed unintentionally; many were erected in an attempt to increase the likelihood that only the truly needy gain access to public resources. This is a sensible policy only if one assumes that those who value the resource most—i.e., those who need it most—will be willing to jump through any hoop in order to get it. The problem is that the neediest families are also the ones experiencing scarcity's effects most acutely—and thus the ones who will find it the most challenging to comply with onerous requirements. Methods to ensure that scarce resources are distributed legitimately should not disadvantage the very families most in need of support.

The following simplification strategies range from modest adjustments to thorough programmatic overhauls. Their purpose is to call attention to “standard” practices and policies that deserve to be questioned. Though implementing these recommendations will require an upfront investment of staff time or organizational resources, the long-term effect should be to *reduce* the burden on frontline staff and *increase* the efficiency and effectiveness of the organization. If staff can spend less time tracking down absent clients or clarifying miscommunications, more of their own limited bandwidth will be free for higher-value tasks such as coaching and connecting people with resources.

i. Make communication clear and actionable

While few (if any) organizations intentionally deliver information in a confusing or complex manner, many do so unintentionally. The harder your constituents need to work to understand you, the greater the

cognitive burden you impose. In addition, program designers and front-line staff should be especially mindful of the *amount* of information they convey, and the *timing* of its delivery. “Information overload,” a concept from cognitive psychology that has made its way into popular discourse in recent years, refers to situations where the amount of information provided outstrips the brain’s processing capacity.²⁵ Though the instinct to overcommunicate is understandable—it’s certainly important to help people make informed decisions—an individual’s short-term memory is limited. Common responses to a flood of information include shutting down, taking the path of least resistance, or defaulting to something familiar.²⁶ Service providers should make every effort to identify and communicate the truly important information up front, with further details provided later or upon request.

Of course, the flip side of information overload can also be a problem: when critical details are missing, scattered, or difficult to locate, the reader or listener must work harder than necessary to locate the information he needs. Details related to desired actions should be made particularly salient. Clients shouldn’t need to search for phone numbers, hours of operation, paperwork requirements, or building location and transit directions; this information should be prominently displayed on websites, brochures, and other promotional materials. In a sense, good behavioral design can sometimes be as straightforward as good graphic design: highlighting the most important information and making it easy for people to act on.

The use of unfamiliar terminology can also be a barrier to understanding and, in turn, action. Words drawn from the world of consumer finance, for instance, may not resonate with people who have had little interaction with traditional financial institutions or formal legal documents. Sometimes the problem is that materials are written at a higher reading level, or in a different language, than is appropriate for the majority of users. Sometimes the problem is that complex information is presented in confusing formats that require additional bandwidth and effort to interpret. The same considerations apply to staff-client interactions: too often, important information or subtle nuances are lost in translation between people of different educational and linguistic backgrounds. Communicating with people at a level and in a language that is appropriate for them should be a high priority not only because it is an indication of cultural respect and reduces the chances for misunderstanding, but also because it decreases the cognitive effort a participant must exert in order to understand and to make herself understood.

Unfortunately, it is difficult for the authors of any communication to objectively assess its clarity and concision. When you are well-versed in the terminology of an organization or familiar with the steps required to sign up for a service, it is hard to adopt the perspective of someone encountering this information for the first time. This “curse of knowledge” affects experts of all types, decreasing the efficacy of their communication with a lay audience.²⁷ The simplest way to avoid this problem is to seek external feedback, preferably from the intended audience. Ask a few parents to review the flyer or website for a new program: can they summarize the message in their own words? Can they describe the actions they would take in order to join? If not, it’s time to revise. At the end of an orientation session, ask one or two attendees to identify the most important information conveyed. Are the ideas they name consistent with your goals for the session? If not, look for opportunities to remove unnecessary content, put greater emphasis on the most important facts, or build in additional time for review.

The preceding suggestions should increase the likelihood that your message is heard; still, miscommunication is inevitable when constituents are bandwidth-constrained. It is thus critical that service providers refrain from assuming that because they have made information available, it has necessarily been understood and will be remembered. Papers will be lost, emails will be skimmed, and attention will wander in the best of times. Those errors increase when a mind is captured by scarcity. Be sensitive to the numerous demands on your clients’ bandwidth, and be prepared to provide important information multiple times

or in multiple formats. Similarly, consider breaking complex or difficult tasks into several concrete steps. Rather than encouraging someone to “apply for jobs,” for example, you might suggest that he begin by taking the initial step of listing the employers he is going to go talk with. This decreases the likelihood that he will feel overwhelmed and procrastinate, or avoid the task altogether.

ii. Reduce barriers to entry

Even a well-designed program with a track record of success will have limited impact if few people take it up.^{k,28} Service providers plagued by low uptake often respond by expanding their outreach efforts, assuming that the problem is a lack of awareness or understanding of their program. Others may not bother, presuming that families simply don’t want or need a service enough if they aren’t willing to complete the steps to acquire it. While either issue may well be at play for a given family, behavioral science points to a more likely culprit: a difficult onboarding or application process. Getting started with a program or service is too often a complex, lengthy, or unpleasant ordeal. In fact, numerous service providers across the country, operating a wide range of programs, highlighted their struggles to shepherd families through the application process successfully. This is often because potential participants must complete a significant amount of (frequently redundant) paperwork, gather numerous documents, and attend one or more information sessions. If they’ve expressed interest by phone, days or weeks may go by before

they get a call back, and if they’ve come in person, hours may go by as they wait their turn in line. Though it is tempting to write these off as minor inconveniences, small hassles such as these can be enough to discourage a potential participant or significantly delay her entry into a program, particularly if she is in a state of scarcity.^{l,29,30}

The first step toward increasing uptake is thus to remove as many of the initial barriers as possible.

Lengthy or complex orientation processes often stem from the efforts of program staff to respond to the needs of various parties inside and outside the organization. Sometimes the result is a stack of paperwork to fill out, with many of the forms requesting similar information. Often, the result is a requirement to attend one or more orientation sessions, which in turn necessitates multiple trips to the office with children in tow. Many organizations require first-time clients to bring various documents—birth certificates, social security cards, immunization records—and won’t process

“ The experience [of getting benefits] is really hard. You have to sit in an office in a big building and sign a whole bunch of paperwork and go through a bunch of questioning...and then you do that, and there’s something else... It’s almost like you have to do a cartwheel and a handstand to get half the things that they ask for.”

—Mother of 4, Seattle, WA

^k For example, take-up rates are low for nationwide child nutrition programs such as the Summer Food Service Program and the National School Lunch Program, which only reach one in seven eligible children across the country. See endnote 28.

^l A 2009 study by Bettinger et al. (endnote 29) found that providing assistance and pre-populating portions of the Free Application for Federal Student Aid (FAFSA) using tax-preparation data increased not only the likelihood that families would apply for financial aid, but also college enrollment rates the following school year, especially for those with low incomes. This points to the effects that seemingly small barriers, such as a financial aid application form, can have on people’s lives. Madrian and Shea (2000, endnote 30) demonstrated another example of a powerful hassle factor in their study of 401(k) enrollment rates. They found a significant increase in program participation after instituting an opt-out enrollment procedure, suggesting that minor hassles involved in opting into the 401(k) had depressed actual savings behavior.

an application until all are presented. Rather than frontload these paperwork requirements, programs may better serve participants by initially collecting only the most important documentation. Important but less critical information can be gathered later on, after a family has begun receiving services and built a trusting relationship with the organization.

Of course, there are often very good reasons for particular entry requirements, and we are not suggesting that service providers ignore legal regulations or health and safety concerns. Still, there are often ways to make inflexible requirements easier to complete. If many families have trouble locating the documentation you require, consider arranging and submitting replacement requests during your meetings, or accompanying them to the offices where they can make those requests. Look for ways to make the onboarding process less stressful: conduct the process at a time and place of the family's choosing, offer childcare while parents are filling out forms or attending an orientation, or make sure the waiting area is a pleasant place.

Even more ambitious changes are possible with the right mix of money and leverage. To save time and bandwidth for families *and* reduce data entry work for staff, switch from paper-based to online forms that a participant needs to complete only once. With robust technology, many fields might even be pre-populated with information. To reduce the number of time-consuming trips families must make to an office, enable the submission of more information online or over the phone. An even better change would be a benefits "Common Application," modeled after the system that allows high school students to apply to multiple colleges with one form: cross-agency data-sharing would allow a family to complete one application and gain access to multiple services.

iii. Increase accessibility

Barriers also exist beyond the initial point of entry. If people are expected or encouraged to have ongoing contact with an organization or institution, accessibility is key. When families are pressed for time and worried about finances, even small changes that make it easier to get to or use the services offered can make a big difference. Many of the suggestions below may strike seasoned service providers as something between common sense and wishful thinking. Nonetheless, it is critical to highlight the ways in which structural, programmatic elements can have massive downstream effects on outcomes. Interventions that address these barriers would be a boon to all involved, particularly where their impact can be studied to assess the relative worth of program changes in a resource-constrained environment. These suggestions will also be of particular value when designing a new program.

First, consider geographic accessibility: how far must the average participant travel to reach your office? If many of your clients rely on public transportation, pure mileage measures may underestimate the time and effort required to make the trip. How close is your office to key bus or train lines? Do they run relatively frequently, and during the hours you're open? Such questions are worth asking even for established organizations unlikely to relocate. If you learn that clients' commutes are lengthy or difficult, and you have the funding to enable it, you might offer alternative transportation via vans or shuttle buses. Similarly, taxi or car service credits could be offered for transportation to and from important meetings.

A second major component of accessibility is temporal: do your hours of operation match your participants' availability? If your office is only open Monday through Friday, 9am to 5pm, you may be unintentionally excluding many families from your services. Parents working low-wage jobs without benefits may not have the flexibility to take a weekday morning off for an orientation or class. Just as many banks have added Thursday evening and Saturday morning hours, service providers should find ways to accommodate families with wide-ranging availability. Childcare providers in particular must carefully consider

their hours of operation. Hours for low-wage work often vary and follow unconventional schedules: this week's shifts may be 2-7pm Tuesday through Saturday, while next week's are 6am-1pm on Monday, Wednesday, and Friday. Cobbling together multiple childcare arrangements can be a significant source of stress (and cost) for parents, particularly if they lack family support. If service providers have the means and the flexibility, they can ease this stress by extending their hours, or by offering to transport children to an evening or overnight childcare facility at closing time.

We recognize that many service providers would love to relocate to a more convenient part of town, offer transportation vouchers, or extend their hours, but they are hamstrung by a lack of funding or other structural constraints. These organizations might still be able to find creative workarounds in order to increase accessibility. One option is to reassess their requirements for in-person meetings, as suggested above. What can be done over the phone or online? Electronic communication is likely to be ineffective or impractical for interactions that hinge on the relationship between service provider and client, like coaching sessions and skills trainings, or on the physical transfer of goods. However, when the business at hand primarily involves paperwork, there is little added value, and much added hassle, to an in-person meeting. While some clients may still prefer to come in person—the widespread availability of online banking has not removed the need for physical branches, for instance—more flexible options generally result in greater accessibility.

iv. Cut the strings

Many of the benefits and services available to families with low incomes come with one or more “strings” attached: to access service *X*, you must attend class *Y*; benefit *A* can only be used towards goods *B* and *C*. Requirements and restrictions like these often contribute to low uptake and high attrition rates. More subtly, they add to the bandwidth tax imposed on people living in poverty and make it more difficult for them to plan for and invest in the future, or to focus on important activities not connected to meeting their basic needs. Increasing fungibility and removing unnecessary requirements is an important part of decreasing poverty's costs.

Requirements tend to proliferate when service providers and policy-makers presume to know best for the people they serve, or when they attempt to make one size fit all. Often, this takes the form of required classes: in one city we visited, unemployed adults were required to attend daily workforce development sessions in order to remain eligible for TANF^m benefits. Though such classes sounded useful in theory, in practice they ended up hindering rather than supporting the economic progress of the parents we spoke with. Too often, sessions operated more like detention than training programs: beneficiaries were obligated to report to their desks, but little instruction was provided. Time that could be spent scouting for job openings, attending career fairs, or studying for a community college placement test was instead wasted in idle boredom.

This is an extreme example, but many organizations practice some version of forced bundling, based on the assumptions that families don't know what's best for them or that parents need to be incentivized to perform particular actions. To get food assistance, a parent may need to sit through a nutrition class. To get help paying for this month's utilities, she may be required to attend a lecture on budgeting or financial literacy. While such bundling may be helpful to some families, many others will retain little information and waste valuable time and energy in the process of satisfying the requirement. Still others will avoid accessing a service they desperately need because it is tied to a program they neither need nor have the time to complete.

^m Temporary Assistance for Needy Families.

“ While incentives are often useful tools, they are not universally effective. In some cases, financial incentives are less effective than behavioral interventions.”

A related assumption underlying conditional benefits is that monetary incentives are the best way to motivate action. Conditional cash transfer programs, which dispense money in exchange for activities like regular school attendance or doctor’s visits, are becoming increasingly common in the developing world, with at least one large (and unsuccessful) trial in the U.S.³¹ While incentives are often useful tools, they are not universally effective. In some cases, financial incentives are less effective than behavioral interventions. For instance, letters written using behavioral design principles were more effective at getting diabetes patients with low incomes to fill their statin prescriptions than standard letters or \$5 gift cards.³² When people have an intention to act but are unable to do

so because of some systemic or environmental factor, an incentive may not solve the problem. Often, changing a process is a more effective and less costly way to promote action. For example, when a large company changed the structure of their 401(k) retirement savings plan—making enrollment automatic for new hires and setting a default contribution rate—it significantly increased savings, even though participants were aware they could opt out or contribute less at any time.³³

Another set of strings restricts the usage of benefits once they’ve been disbursed, presumably to prevent recipients from spending them on non-necessities. SNAP can only be used for food; WICⁿ is good only for very specific foods; LIHEAP^o can only be applied to home energy costs. While there are numerous legal and political reasons for this, policy-makers should consider the added bandwidth tax and decreased flexibility that managing these various “accounts” entails. Wealthier individuals may keep an eye on how much cash they have, or on the account balances on their debit and credit cards, but they don’t need to worry as much about precise allocations. Because money for regular expenditures comes from one unrestricted pool, it doesn’t matter so much that the grocery bill is a little more or a little less this month—they don’t need to keep a running tally of their food purchases. A family relying on public benefits, by contrast, must know exactly how much is left in SNAP and WIC dollars at any given time. Moreover, the limited fungibility of transfer programs limits their value to a family: food stamps can’t buy diapers, and energy assistance can’t help cover an unexpected medical bill. Outside the realm of public benefits, organizations serving families in poverty should also consider the relative fungibility of the resources they provide.^p

In many cases, cash is preferable to in-kind support, or even to gift cards and vouchers, as it gives families the flexibility to meet their needs as they arise. Despite the resistance and skepticism of some policy-makers to unconditional cash transfer programs (a stance that is based more on ideology than on data), we ought to test and study such programs rather than blindly presume that they don’t work. One of the only experimental comparisons of a conditional to an unconditional cash transfer program conducted to date found that both programs (which had been designed to boost female school enrollment and attendance in Malawi) performed equally well.³⁴ Girls whose payments were conditioned on school attendance

ⁿ The Special Supplemental Nutrition Program for Women, Infants, and Children.

^o Low Income Home Energy Assistance Program.

^p Many non-profits face the organizational version of the fungibility problem: often, they rely on many different funding sources, each of which comes with its own restrictions and reporting requirements. A great deal of valuable staff time and energy must be devoted to managing these various income streams—time that could be spent on improving their service to participants.

and girls whose families received equivalent unconditional payments were both equally more likely to attend school regularly than girls who did not receive any type of cash transfer. This suggests that positive outcomes, such as school attendance, can be achieved without having to track or condition payments on prescribed behaviors. Just giving families more of what they lack, in this case money, may be enough to increase (or decrease) target behaviors.^{9,35} Though we should be cautious about applying these findings directly to the American context, it is worth reexamining the assumption that linking financial incentives to specific behaviors is more effective than providing financial resources with no strings attached.

v. Create synergies

The preceding sections outlined many ways to reduce the bandwidth tax imposed by chronic poverty by reducing the costs of discovering, signing up for, and accessing benefits. These costs multiply when families must interact with multiple organizations in order to meet their basic needs. SNAP, WIC, TANF, SSI,[†] and Medicaid all come with their own application and recertification processes. Non-profits providing food assistance, counseling, and job training are rarely linked. While many community-based organizations are in the habit of referring their clients to other resources, the onus is typically on the client to pursue the referral.

From a bandwidth perspective, a better option for families is “one-stop shopping,” an arrangement in which a visit or phone call to a single facility gives them direct access to health, education, finance, and other basic resources for both parents and children. The intake process requires a single set of forms, and people are referred down the hall rather than to an external organization. Numerous non-profits across the U.S. are moving in this direction, whether by seeking to provide a wider array of services in-house or by partnering closely—or even co-locating—with organizations that provide complementary resources. This model is by no means new; it has strong parallels to the settlement house movement of the late nineteenth century. Whatever the name, providers of holistic or “wrap-around” services are poised to dramatically reduce the costs of navigating life in poverty.

Of course, not all organizations have the capacity to merge with other non-profits or to take on new activities in unfamiliar domains. As an alternative, such organizations might establish a data-sharing agreement with trusted partners that would pre-populate intake forms with information previously entered at another organization, or automatically verify a family’s eligibility. Rather than providing referrals as “homework”

“Even small gifts of time, money, and cognitive bandwidth can help free up space for longer-term thinking and investments in the future.”

for families to follow up on, service providers might make the connection for them by calling to make an appointment on the spot and following up with the other provider afterward as needed. If even this level of connection is impractical, the next best thing would be to provide the parent with all the relevant information for the organization they’re being referred to, and to ask them when and how they will follow up. Research suggests that making a simple and specific plan to act can increase the likelihood that an individual actually follows through on an intention. Such strategies have been used to increase completion of tasks such as obtaining a flu vaccine³⁶ and casting a vote in an election.³⁷

⁹ For additional information on the ability of unconditional cash transfers to positively impact health, see endnote 35.

[†] Supplemental Security Income.

The preceding recommendations offer a sampling of the ways in which organizations might decrease the costs of their services—and consequently increase uptake, compliance, and retention rates among eligible families.³⁸ Some changes might seem small or trivial, and others might seem radical, politically challenging, or prohibitively costly. Bear in mind, however, that even small gifts of time, money, and cognitive bandwidth can help free up space for longer-term thinking and investments in the future. Over time and in aggregate, these changes could move families onto an entirely different trajectory, one that ends in a permanent escape from poverty.

WHAT SOME ORGANIZATIONS ARE DOING TO CUT COSTS



JEREMIAH PROGRAM offers single mothers and their children safe and affordable housing, high-quality on-site early childhood education, empowerment and life skills training, and mentoring to support them as they pursue a college degree. To **reduce barriers to entry** for women who are interested in enrolling, but who struggle to complete their application, the Minneapolis and St. Paul campuses hired a pre-admissions “coach” to guide women through the application process.



In Washington State, the **TACOMA HOUSING AUTHORITY** (THA) **created synergies** for residents and their children by strategically integrating sign-up for a statewide college scholarship program into the standard housing application each family completed. Uptake for the scholarship program reached 100% among the families they worked with. The Tacoma Public Schools later implemented a similar strategy to achieve universal enrollment that has replaced THA’s program.



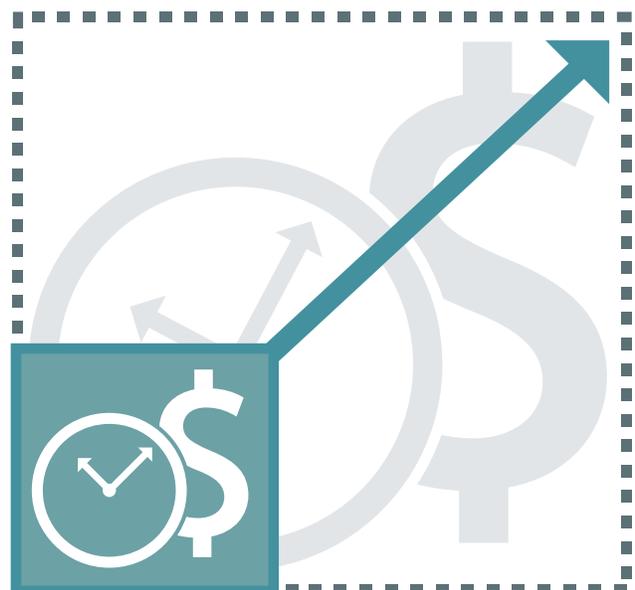
CONNECT, a joint initiative led by The Neighborhood Developers of Chelsea, MA, **creates synergies** by co-locating the services of four Chelsea-based nonprofits and two from the larger region into one central office. Area families can access a wide range of services quickly and easily through a streamlined in-house referral and shared data system.

³⁸ For additional information on the ways that program complexity can negatively impact constituents, see endnote 38.

Create slack

Two suitcases

Poverty is an especially pernicious form of scarcity because it effectively puts families in a double bind: everyday tasks are more costly, and at the same time, the consequences of mistakes or misfortunes are more severe because families have no cushion to fall back on when an unexpected shock or minor error throws off their tenuous equilibrium. Though simplification and streamlining can moderate chronic poverty's bandwidth tax by reducing the costs associated with accessing needed resources, these strategies may not address the second major tax on cognitive capacity—the absence of slack, or extra reserves of a resource (e.g. time or money) that families can draw on in case of emergency.



To understand the implications of living without slack, we turn to a metaphor, originally conceived by Eldar Shafir and Sendhil Mullainathan, that features two suitcases.¹⁰ One is large and roomy, with plenty of space for clothing, toiletries, and any other potentially useful items. The other is small and compact, and fitting even the basics inside is a challenge. Packing the first suitcase is a breeze: it's quick work because it doesn't require the packer to make many mentally taxing decisions. Not sure whether you'll need a coat? Throw it in just in case. Can't decide between two pairs of shoes? Grab them both. The second suitcase is more challenging: its smaller size requires you to make tradeoffs. Because space is so limited, you can't bring along anything inessential. You need to accurately predict what you'll need and take the time and effort to pack all of those items (or at least those that fit!) inside the suitcase like pieces in a game of Tetris. When you're forced to pack so leanly, unforeseen events cause problems you are unprepared to address. Should the weather be different than the forecast predicted, or should you stain one of your few shirts, you're out of luck.

This is a rather light metaphor for the very serious ways in which a lack of slack both levies a cognitive tax and leaves families vulnerable to relatively minor shocks. Living in poverty is similar to having a too-small suitcase in the sense that there's no extra "space." Income may barely cover expenses, or fail to cover them all, and there may be little to no emergency savings tucked away. In the Detroit area, for instance, median net worth for families whose incomes put them below the poverty line is just \$1000.³⁹ With so little slack, families like these across the U.S. must ensure that their "suitcase" is expertly packed at all times.

“ Living in poverty is similar to having a too-small suitcase in the sense that there's no extra 'space.' Income may barely cover expenses, or fail to cover them all.”

Despite their careful packing, any unforeseen events are likely to cause a chain reaction of negative consequences. For example, if a family is late paying this month's bills because they were scheduled for fewer shifts at work than expected, or gas prices rose, or they needed to pay for a visit to the doctor, they'll likely accrue late fees. To pay those late fees, they may need to dip into the rent money or borrow from a family member or payday lender—causing them to rack up more late fees or accrue debt that will need to be factored into next month's budget. Without slack, slight changes in income or expenses are likely to throw even a very carefully packed suitcase into disarray and leave families scrambling to put things back in place for months or even years.

Most emergencies are neither preventable nor the result of human error: children get sick, cars break down, and employees are laid off. Families not living in poverty are typically able to minimize the resulting damage by tapping into their reserves. Car trouble, for instance, is inconvenient but not catastrophic when you have two cars and the equivalent of several months' expenses in the bank. If, on the other hand, your family relies on a single car and has almost nothing in savings, the consequences are more severe: perhaps your commute time doubles and you're late for work, or you take out a high-interest loan to pay a mechanic. The Detroit Area Financial Services Study found that 61% of families surveyed had experienced at least one adverse event—ranging from job loss to major medical expense to threat of foreclosure—in the previous year.⁴⁰ Because relatively cheap lines of credit are unavailable to those with limited or spotty credit history, 42% of households turned to an alternative financial service (AFS) such as a payday loan, auto title loan, pawnshop, or refund anticipation loan in order to make ends meet.⁴¹

Our limited human memories are another common driver of chaos in our lives. Everyone forgets an appointment or deadline from time to time, but families that are insulated from scarcity typically have resources that mitigate the consequences of common errors, or reduce the likelihood that they will occur at all. For instance, many families automate much of their financial lives: paychecks go straight into a checking account via direct deposit; bills are paid electronically each month; a percentage of each paycheck is automatically rerouted into a 401(k). Automated tasks both act as a form of insurance against human forgetfulness and clear valuable space in one's working memory. Yet many families living in poverty are unable to take advantage of such resources—whether because they are among the [34 million](#)¹ unbanked or underbanked American households, or because their income is too sporadic or unpredictable to reliably plan, or because they have so little cash in reserve that they might easily overdraw an account by putting bills or savings on auto-pay.⁴² As a result, routine financial transactions consume a significant amount of cognitive bandwidth and are always in danger of being forgotten.

Providing a cushion

The combination of little to no slack with our fallible psychology is a dangerous one. All humans have limited attention, memory, and self-control. All humans are imperfect decision-makers strongly influenced by their context. When fending off catastrophes becomes a full-time job, these limited cognitive resources are quickly depleted. It's thus important to remember that behaviors suggestive of disorganization or disengagement may in fact be consequences of living with an incredibly small suitcase. The best ways to support families are to minimize the bandwidth “charges” your organization or policy imposes (using the strategies described in [“Cut the Costs”](#) above) and to maximize the resources they can draw upon to meet the charges faced in other areas of life. Building a more substantial cushion—of time,

PROSPECTIVE MEMORY

Definition

It's often difficult to remember to do something or follow through on an intention that requires action at some point in the future. Just as we are limited in our ability to remember things that have already happened, humans can only keep track of a finite number of to-dos at any given time. Often, we remember—but at the wrong time, when we are not in a position to act.



Example

Allison is driving home from work one evening when she remembers that her electric bill is due the following day. She plans to mail the check when she gets home but is soon distracted by thoughts of tonight's dinner plans and reflections on the work day. By the time she reaches home, she's forgotten all about the electric bill. Although she remembers it again the next day when she passes a utility company truck while out running errands, it's too late to submit the payment on time.

LEARN MORE

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- McDaniel, M.A., Einstein, G.O., Graham, T., & Rall, E. (2004). [Delaying Execution of Intentions: Overcoming the Costs of Interruptions](#). *Applied Cognitive Psychology*, 18, 533-547.
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¹ 34 million households is approximately equivalent to the population of the 22 largest cities in the United States combined.

money, or another key resource—will free up more bandwidth for decisions and activities that would otherwise fall outside the scarcity tunnel. Below are five strategies for providing slack to families with low incomes.

i. Be unconditionally generous

The most direct way to support families suffering from an absence of slack is to provide more of whatever it is they lack. The heart of our recommendation is both simple and very challenging: give families more unrestricted money. In households where there's always "more month than money," even modest financial support can have far-reaching positive consequences, and providing that support unconditionally is the most effective approach (see "Cut the strings" above). Extra income may make it possible to pay all of the month's bills on time, to finally make a payment on that outstanding loan, or to take care of the tooth that's been throbbing for weeks. These activities could in turn lead to improved credit, lower total interest paid, and the avoidance of a major medical expense downstream. A financial cushion may also provide cognitive relief: whether funds go toward paying off outstanding debts or are set aside in anticipation of a future emergency, this addition to a family's balance sheet will bring the peace of mind needed to overcome present bias and undertake longer-term planning.⁴³

**“ A \$10,000 increase
in annual income
averaged over the first
five years of a child's life
nearly triples the odds that
he will finish high school.”**

In addition to these immediate benefits, providing a financial cushion can lead to increased long-term impacts when viewed from a two-generation perspective. Because a child's wellbeing is closely linked to parental success, investments in an adult's financial security may continue paying dividends for decades to come. An annual increase of just \$1,000 in average household income during a child's early years has been associated with improved school readiness.⁴⁴ Among families experiencing deep poverty (annual income less than \$15,000), a \$10,000 increase in annual income averaged over the first five years of a child's life nearly triples the odds that he will finish high school.⁴⁵

To suggest that organizations begin making cash transfers to families with low incomes is less radical than it may seem; not long ago, President Nixon argued for a basic living wage,⁴⁶ and today most federal benefits programs involve a cash transfer of some kind. This is an important step in the right direction, but a few factors limit the effectiveness of existing transfer programs. First, while these payments may help a family fend off homelessness or starvation, they are rarely substantial enough to prevent the effects of scarcity. In fiscal year 2012, for instance, a family of three whose only cash income came in the form of TANF benefits would, in most states, fall below 30% of the Federal Poverty Level (FPL). In sixteen states, monthly TANF benefits were less than \$326 for a family of three.⁴⁷ By supplementing these payments with food stamps, housing subsidies, and food and clothing provided by non-profit organizations, these families may manage to avoid abject poverty, but only with significant stress and uncertainty. Second, as noted above, most existing transfer programs come with requirements and regulations that range from the inconvenient to the truly burdensome. TANF, for example, is a time-limited benefit that comes with a work requirement. Such regulations partially offset any bandwidth gains that might otherwise stem from the transfer.

A better example of the power of a transfer to reduce the bandwidth tax is the Earned Income Tax Credit (EITC), which helps more children—3.3 million in 2008—escape poverty than any other public benefits

program.⁴⁸ For tax year 2014, a parent of two who earned less than \$44,000 was eligible for up to \$5,400 when he filed his tax return in 2015—a substantial sum that he is free to spend as he wishes.⁴⁹ Research on EITC spending suggests that nearly 40% of families put some portion of their refund into savings, effectively creating a small buffer against the emergencies likely to arise in the following year.⁵⁰ A full 84% of these families use a portion of the money to pay off bills and debts that would otherwise weigh heavy on their minds. EITC should be expanded, including both an increase in its value and an extension of eligibility.

Further research is needed to determine the optimal amount and timing of cash transfers to families. What we know about scarcity and the bandwidth tax suggests that payments would need to be large enough and last long enough that a family can build up a “cushion” of savings that enables them to weather minor emergencies.

ii. Value time as money

If giving people more money is unfeasible, gifts of time may be the next best thing. When we talk about providing resources to families with low incomes, we’re usually discussing concrete supports: money, or the things that money can buy. We don’t typically consider time as an important resource, despite the steep temporal costs of poverty outlined above. Time scarcity is certainly not limited to families with low incomes, but they are the families who often have the least ability to compensate for a lack of time with another resource. Many professionals, for instance, would describe themselves as busy or overworked. To cope with their time constraints and make the most of their scarce free time, they often outsource tedious, time-consuming daily tasks: they may hire a housecleaning service to tidy their home each week, drop off laundry at the laundromat, or eat meals at restaurants. Families living in poverty rarely have these options. Instead of using their scarce free time to exercise, spend quality time with their children, or research job opportunities in their community, a significant portion of their days will be spent navigating public

transportation, washing and drying clothes at the laundromat, tidying up the house, and completing innumerable other chores.

“Any organization trying to encourage new habits and behaviors should look for opportunities to take something off parents’ plates rather than expecting them to do more with the same amount of time and bandwidth.”

For these parents, the gift of time may be almost as valuable as a financial gift. Indeed, any organization trying to encourage new habits and behaviors should look for opportunities to take something *off* parents’ plates rather than expecting them to do more with the same amount of time and bandwidth. Some childcare programs, for instance, offer daily transportation to and from the daycare center, thereby reducing parents’ time on the bus or in the car. Organizations located in communities with poor transit infrastructure might offer car service vouchers that families could use to travel to and from classes, training sessions, doctor’s appointments, and other obligations—saving families precious time and money.^u In a

^u While it may be prohibitively expensive for many organizations to purchase and operate their own vehicles, it is worth exploring collaborations with existing car services. Many businesses are already donating food, clothing, and other physical resources to non-profit organizations; why not establish a similar charitable “market” for time?

similar vein, credits for a delivery laundry service would be a relatively inexpensive way to allow a working mother to spend several more hours of quality time each week with her children, studying for a certification that will enable her to earn a higher wage, or pursuing any number of activities that could move her family forward rather than simply keep them afloat. More radically, we might even consider implementing a “concierge service” for families living in poverty—providing something akin to a personal assistant to help manage complex schedules and complete critical tasks. Of course, the right resource will vary from family to family and context to context. Asking the families who will use these resources about the major stressors on their time will help identify the right choice.^v

As noted above, however, fungible resources are preferable in many situations. Certificates and vouchers should replace cash and checks only when the latter are politically or financially infeasible. Likewise, “gifted” time should not come with prescribed activities. The point of creating slack, in the form of money or time, is to give families the flexibility and peace of mind that comes with having a buffer.

iii. Replace cliffs with slopes

Ideally, the external provision of slack—whether in the form of a cash transfer, childcare voucher, or an extra three hours per week—will be temporary. Beyond setting the correct benefit level and giving families maximum control over its use, policy-makers and service providers must also carefully consider the way

“ Once you get a job, they immediately cut your benefits down. I wish they’d just give you a minute to adjust.”

—Mother of 2, Tulsa, OK

that benefits begin and end. Too often, they kick in too late and end too early. To be eligible for childcare subsidies, for instance, a parent must be either working or in school during the hours of care. Though sensible on its face, this policy creates a frustrating dilemma for numerous families: a parent needs to find a job in order to get childcare, but she also needs to have childcare in order to effectively obtain a job. It is difficult, if not impossible, to conduct a job search with a young child in tow. If the parent doesn’t have close friends or family to watch the child while she attends interviews or drops off resumes, she may be out of luck.

Flipping the standard from “*ineligible* until proven otherwise” to “*eligible* until proven otherwise”—in other words, instating a presumptive eligibility policy—would provide considerable slack to the families feeling scarcity’s effects most acutely. Policy-makers could establish a grace period of several weeks to several months for families to gather the documentation needed to complete a benefits application. With that breathing room in place, parents would be less likely to make suboptimal decisions in their haste to secure critical resources for their families. They might shop around for a higher-quality childcare provider, or find a job that’s close to home and aligned with their skills, rather than the first one that will take them. Such a policy change could certainly increase the welfare rolls. Yet if we presume that the vast majority of families aspire to self-sufficiency, such an increase would be driven less by an influx of “undeserving” families than of families whose extreme need—and the accompanying cognitive costs—previously kept them from accessing services altogether.

Unfortunately, eligibility verification is often the beginning rather than end of the work required for a family

^v Providing timesaving interventions such as laundry or car service may seem radical, if not lavish, but they represent creative solutions for bandwidth-scarce families. These are services families would be unlikely to access on their own, even if provided the equivalent amount of money.

with limited means. Every slight change in income or assets must be documented and reported, and parents need to be cognizant of the (often varied) effects of income increases on each of the public benefits they receive. In particular, they need to look out for the “cliffs” along the road to a living wage, points at which increased earning results in a net loss, because benefits decrease more than earnings increase. Traditional economists would find this quirk of the system concerning because of its potential to disincentivize work. While this may well be a consideration for a small minority of families, the behavioral designer’s chief concern is that when benefits are cut off too early, families don’t have enough time to build a sufficient buffer against future setbacks. For a family whose income just barely covers their expenses, an unexpected medical expense, reduction in work hours, or increase in childcare costs could easily throw them into crisis. Much as we need a grace period for the benefits on-ramp, there should be a buffer in place at the exit—a gentle slope, so to speak, rather than a cliff.

Creating benefits slopes will also address the phenomenon known as “planning fallacy,” or the universal human tendency to overestimate one’s ability to complete a task within a specified timeframe and budget. This overconfidence in our ability to get things done within a given amount of time persists even when we’re prompted to plan for worst-case scenarios. In one study, college students were asked to provide both their best-guess estimate of the number of days it would take them to finish their thesis and a guess as to how long it would take “if everything went as poorly as it possibly could.” The average actual completion time exceeded this worst-case scenario estimate by nearly seven days.^{w,51} TANF beneficiaries may be similarly plagued by planning fallacy. Upon initial enrollment, parents likely intend and expect to secure employment and a living wage well before reaching the five-year cap on benefits; however, they are equally likely to underestimate the time it will take to actually complete this complex and difficult task. Though the planning fallacy afflicts all humans, families with limited incomes are especially vulnerable to the negative consequences of overconfidence and inaccurate planning because of their lack of slack.

While these metaphorical cliffs are most frequently associated with public benefits programs, the ideas behind this principle are in fact more widely applicable. Given the finite nature of resources, most non-profit organizations introduce time or income limits to ensure that stable families aren’t receiving resources that might otherwise go toward households with greater need. Our argument is not that they should eliminate such regulations altogether, but rather that a family’s need for slack should be factored into any definition of “stability.” The fact that there’s enough income this month does not guarantee the same for next month; families should continue to receive support until they’ve built up a suitable buffer and are less likely to be thrown off-course by the slightest shock. In the short term, this may increase the amount of time they receive benefits. That cost should be offset in the long-term, however, because fewer families will oscillate between stability and instability.

iv. Establish safeguards

We are optimistic that the most pernicious myths about poverty will fade as more people begin to understand it as chronic scarcity rather than a personal failing or cultural pathology. Still, we are aware that increasing the amount, flexibility, and duration of benefits provided to families with limited means will be economically or politically untenable in many communities. If, and only if, this first option is unavailable, service providers should explore ways to treat the symptoms of a lack of slack, if not the root causes.

One set of strategies for doing so involves the construction of safeguards that decrease the likelihood that preventable errors will occur. First, look for ways to automate, or to help the families you serve take advantage of existing automation services. People earning a living wage frequently benefit from enrolling in

^w Both individuals and groups are subject to this bias: compare the projected cost and time to completion of many construction projects to the actual amount of time and money expended, and you’ll see just how much trouble the planning fallacy can cause.

automatic payment programs that greatly decrease the likelihood that they will miss a payment and accrue the associated fees or credit penalties. While standard payment automation programs might increase the risk of overdraft for families living close to the financial edge, a slight tweak would solve the problem: automatically queue up payments, but request final approval from the customer before finalizing. In the non-financial context, automation options could be embedded in the benefits recertification process in order to eliminate the need for families to take deliberate (and costly) action on a regular basis to ensure continued support.

Second, send timely reminders through the appropriate channels. Humans are forgetful and thus benefit greatly from external prompts, whether the task at hand is paying a bill on time, attending a meeting, or taking a child to the doctor for a check-up. For maximum effectiveness, a reminder needs to be timely—sent at a moment when the recipient is in a position to act on it. A reminder to schedule a checkup is more useful during business hours than in the evening; a reminder to read to a child is more useful after dinner than while the parent is at work and the child is at school; a reminder about a bill is more useful when a paycheck arrives than a few days before the bill is due. Ideally, both the content and timing of reminders would be customized for each family, increasing the likelihood that they will spur desired action. When this level of customization is not feasible, service providers should seek to understand the patterns and routines of the families they serve in order to identify time windows that fit the greatest possible number.

Of course, even a timely reminder is of little use if it is not received. Most official notices—e.g., a reminder to submit recertification paperwork—are sent via the mail. Because housing is a problem for many families with low incomes, however, it's easy for a letter to be sent to an outdated address or misplaced by the relative or friend with whom a family is temporarily staying. Given this possibility, organizations should consider alternatives like phone calls, emails, and text messages. A recent survey of approximately 2,000 residents of New York City with low incomes showed that 87% use a smartphone and that text messages were their preferred mode of communication.⁵² If a notice must be mailed, one creative workaround would be to give families the option to reserve a free P.O. box or to receive mail at a frequently visited institution such as their child's daycare center, which may be less likely to change than their housing situation. Again, one size will never fit all, so service providers should consider sending reminders across multiple channels or allowing parents to select their preferred form of communication.

Finally, consider the timing of income and expenses and seek alignments where possible. Families who lack slack are often cobbling together multiple income sources that become available at different times. Perhaps TANF money comes on the third of the month, SNAP the 7th, and a paycheck on the 15th and 31st. Expenses may be on a different schedule altogether: rent is due on the first of the month, for instance, while the phone bill has to be paid on the 21st, and the childcare center every Friday. For a wealthier family with a sufficient financial cushion, slight misalignments are rarely problematic: first, because they tend to rely less on nonfungible sources of income, and second, because there's enough extra in the bank that they don't have to fear overdrawing their account to meet one week's expenses. This is rarely the case for families with low incomes. Policy-makers should look for opportunities to synchronize benefits distribution and to disburse funds a few days to a week before many major bills are due (e.g., disbursing cash around the 27th of each month if rent is due on the 1st). Where that is not possible, organizations requiring payments from families should work to align deadlines with income. This would both reduce the mental cost of keeping track of multiple revenue streams and decrease the likelihood that bills will be paid late or accounts overdrawn.

v. Build backstops

Of course, even with safeguards in place such as those described in the previous section, mistakes will be made and crises will arise. To prevent the consequences from multiplying, families with low incomes need backstops. One of the most important is access to affordable lines of credit, which act as financial cushions that can prevent a small problem from spiraling into catastrophe. Even if this resource is never used, its existence alone can significantly reduce the bandwidth tax levied by worries of the “what-if” variety. One parent described her near-chronic anxiety about whether her husband, a construction worker, will ever be without work. Though they had managed to set aside a small amount of savings, it wouldn’t last long if they faced unexpected challenges: “What if the heater goes out, the water line busts

“Providing access to affordable credit should be high on anyone’s list of ways to fight poverty.”

in our house and it floods...you just worry about the little things.” If she and her husband faced an unexpected expense of more than a few hundred dollars, they wouldn’t know where to turn—and this possibility weighed heavily on their minds.

Providing access to affordable credit should be high on anyone’s list of ways to fight poverty. Low-interest loans from reputable institutions are largely inaccessible to the one in four un- or under-banked American families, most of which are living with low incomes.⁵³ Credit cards, which function

as affordable short-term loans for many households when used responsibly, are also unavailable to individuals with poor or limited credit history. In the absence of these options, families are forced to use less-than-ideal means, such as payday loans, to access emergency funds. Often, these come with hefty fees or interest rates that far exceed those of their mainstream counterparts. An alternative option for families faced with unexpected expenses would be for service organizations to take the place of payday lenders by expanding or implementing the use of “flex funds,” very small grants or zero-interest loans that would be made available to families who need help bridging the gap between paychecks or weathering unanticipated shocks. Ideally, low-cost lending would be easily available to families who struggle to make ends meet. Ultimately, policy-makers, service providers, and financial institutions need to work together to give more families access to the financial slack that middle- and high-income families take for granted. Whether this takes the form of an alternative credit score that measures creditworthiness in ways that do not disadvantage low-income households,^x the expansion of flex funds, informal peer lending circles, or the creation of a new type of lending institution, access to affordable credit is a key component of any family’s safety net.

Unfortunately, the most effective backstops are likely to require numerous policy and structural changes beyond the purview of any one organization. Until these larger changes are in place, service providers should ask themselves how they might increase the flexibility and tolerance of their programming to better accommodate families operating without slack. What are the consequences of a late or missed payment? Is there a grace period or a “get out of jail free” option? What are the consequences of missing a meeting or class session? Would such a lapse put someone behind, or is each class designed to more or less stand alone? Are there easy ways for people to get back on track if they do get derailed? If there is low tolerance for mistakes, participants may “ostrich,” or begin avoiding the organization or provider because

^x For instance, incorporating monthly rent or utilities bill payments into credit score calculations can provide a more accurate and less regressive perception of an individual’s financial situation. Several organizations are currently pursuing this model, including the Family Independence Initiative (FII). See <http://www.fii.org/resource-bank/> for more information.

they dread an uncomfortable interaction. Staff may misinterpret this avoidance as disengagement and deliver a lecture on the importance of timeliness or regular attendance, thereby exacerbating the problem. In this way, one missed class or forgotten appointment quickly spirals into a much bigger issue. Ensuring that one misstep does not permanently derail a process, end eligibility, or require a person to start from scratch is good behavioral design.

The preceding recommendations point us toward ways that organizations can proactively create slack for the families that they serve. By giving people more time, money, resources, and room for error, we will help to ensure that the services and benefits offered today are enabling families to build a stable foundation for tomorrow. Being generous and giving people slack will likely require creativity. When that type of intervention is impossible, practitioners should install safeguards and backstops that either prevent problems in the first place or help avoid their needless escalation into long-term crises.

WHAT SOME ORGANIZATIONS ARE DOING TO CREATE SLACK



JEREMIAH PROGRAM helps single mothers in multiple cities across the U.S. achieve a career-track college education while their children receive high-quality early childhood education. While mothers gradually reduce their usage of social services, Jeremiah **provides a grace period** for program supports to continue until graduates successfully secure employment and housing.



CRITTENTON WOMEN'S UNION (CWU), a Boston, MA, based nonprofit that works with low-income women and their families, **builds a backstop** for individuals in its Mobility Mentoring program by allowing those who have discontinued services the option to re-engage later on without penalty.



CHILDHAVEN **frees up time** for families by providing free daily transportation to and from its three early childhood education centers located across King County, WA.



CAP TULSA offers parents of children enrolled in its early childhood education centers the opportunity to boost their academic skills or train for a new career through the CareerAdvance® workforce training program. To **create a backstop** for parents who may have difficulty completing a lengthy program, CareerAdvance® is designed as a “stackable” series of trainings, each of which leads to a workplace credential. This ensures that parents who need to exit before completing the full program still benefit from their hard work.

Reframe and empower

The toxic environment of poverty

Thus far, we've focused on ways to reduce the complexities, hassles, and lack of slack that drive up the bandwidth tax for families with limited incomes. Poverty also affects individuals and families in a way that is less visible, and perhaps more insidious: by shaping their understanding of who they are, where they fit in society, and what's possible for their future. These perceptions in turn shape decisions and actions, often in negative ways. To improve outcomes for families

with low incomes, we must work to de-stigmatize services and benefits, promote more constructive interpersonal interactions, and put decision making back in the hands of families.



A moral tax^{y,54}

One important link between poverty and self-perception can be found among the many indignities that families with low incomes face on a constant basis. Sociologist Kathy Edin calls this set of slights and snubs the “moral tax” of poverty, a typically subtle but nevertheless potent source of stress that no family with low income can avoid entirely.^z The signs start at the level of the physical environment:

“ It’s almost like you’re working toward nothing all the time. You work full time, all you do is pay bills, pay rent. It’s like, there’s gotta be more to life than this...If you don’t have money, if you don’t come from money, then your whole life is a struggle. You just get to a point, at certain times, where it kinda just breaks you down a little bit.”

—Father of 2, Boston, MA

public facilities in low-income neighborhoods are more likely to be neglected, for instance, and full-service grocery stores and mainstream banks may be located across town. Services such as snow removal, trash collection, and public transportation may be unreliable. Such neighborhood-level differences leave the impression that communities where people with low incomes live have been deemed unimportant or unworthy of the investment of public dollars.

The indignities continue at the programmatic level, where the design and operation of services intended to support people in poverty often magnify the problem with subtle (or, occasionally, not-so-subtle) insinuations that the people they serve are untrustworthy, ignorant, or neglectful. Consider the many restrictions and regulations tied to public benefits programs: drug screenings, mandatory budgeting classes, and stringent criteria for proving financial need. Not only are such requirements costly in recipients’ time and cognitive bandwidth, they also imply the need for a level of oversight and monitoring that few non-poor adults are accustomed to, or would willingly accept. This leads us to wonder, as historian Tony Judt did, how we

might reimagine our society “if we factored into our estimates of productivity, efficiency, or well-being the difference between a humiliating handout and a benefit as of right?”⁵⁵ Though families with low incomes may be equally uncomfortable with this state of affairs, the marked power imbalance between them and the institutions they rely on leaves little opportunity to protest. As one mother put it, staff members at benefits offices “have the power to tell me yes or no.”

While few service providers set out to frustrate or anger the people they serve—indeed, the vast majority intend to be as supportive as possible—misunderstandings and miscommunications are nevertheless commonplace. Interpersonal interactions at human service agencies can be fraught for many reasons:

^y Readers interested in the recommendations outlined in this section should turn next to Elisabeth Babcock’s paper, “Using Brain Science to Design New Pathways out of Poverty,” which describes the effects of bias, disempowerment, and other features of chronic poverty on executive function skills. Babcock’s organization, Crittenton Women’s Union, also serves as an excellent example of a direct-service poverty alleviation organization weaving behavioral science into the fabric of its programming, with extremely positive results. See endnote 54.

^z It is difficult to disentangle the effects of economic class from those of race, and we don’t attempt to do so here. Instead, we operate under the premise that whether the discrimination and implicit bias a person faces is driven by his gender, skin color, income, or anything else, the cognitive consequences can be devastating.

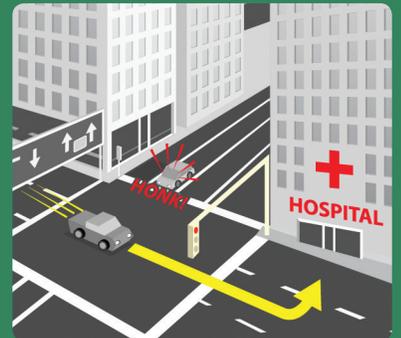
one parent may feel judged by the social worker who asks her why she didn't use birth control; another resents the insinuation that she was late or failed to produce an important document because she is careless or irresponsible, rather than because her child was sick or a birth certificate was lost when she fled an abusive relationship. One source of the problem may be a phenomenon psychologists call the "fundamental attribution error." In essence, it's the all-too-human tendency to attribute another person's behavior to personal characteristics rather than external circumstances. When we ourselves are late, for instance, we are quick to point to heavy traffic, bad weather, or another situational factor. When those around us are late, we are more likely to assume that they are poor time managers, don't care about those they're inconveniencing, or are otherwise personally deficient. In the human services context, the problem likely goes both ways. Clients may assume that a provider is rude or inflexible, rather than severely overworked, or having a bad day; meanwhile, service providers may find it all too easy to ascribe clients' apparent disengagement to personal shortcomings rather than their context, including the chronic scarcity they face.

An occasional disrespectful encounter may be easy to brush off as unpleasant but anomalous. However, when disrespect and discrimination are a daily occurrence, often at the hands of authority figures, this becomes much harder to

FUNDAMENTAL ATTRIBUTION ERROR

Definition

We're more likely to explain another person's behavior as a product of his or her character, than as a product of external circumstances—that is, we attribute their behavior to something *fundamental* about them as a person, rather than to their context. We tend to do the opposite when we explain or justify our own behavior: when we are the "actor" rather than the "observer" we're more likely to attribute our actions to situational than to personal factors.



Example

Depending on where you sit, running a red light could be rude and dangerous or a life-saving action. Similar dynamics are often at play in everyday life: for example, Jennifer is fifteen minutes late for her appointment with Jon, a service provider. Rather than considering the situational factors that might have caused her lateness (like unusual traffic or a sick child), Jon concludes that Jennifer is irresponsible or doesn't value the meeting. These assumptions can also travel in the opposite direction. When Jon snaps at Jennifer, for instance, or forgets to submit an important piece of paperwork, Jennifer might conclude that he doesn't care about his job or that he's incompetent, rather than attribute his behavior to a nasty cold, or a particularly stressful week at work.

LEARN MORE

- Gilbert, D.T. & Malone, P.S. (1995). [The correspondence bias](#). *Psychology Bulletin*, 117(1), 21-38.
- Jones, E.E. & Harris, V.A. (1967). [The attribution of attitudes](#). *Journal of Experimental Social Psychology*, 3, 1-24.
- Pettigrew, T.F. (1979). [The ultimate attribution error: Extending Allport's cognitive analysis of prejudice](#). *Personality and Social Psychology Bulletin*, 5(4):461-476.

do. People might resign themselves to the fact that they are powerless in the face of authority, avoid interacting with formal institutions as much as possible, or even begin to suspect that they're being treated as they deserve. Diminished self-esteem, reflexive anger, and even hopelessness are often the result.

Bias and belief barriers

While outright discrimination remains a problem in many communities, implicit bias^{aa} is more prevalent and harder to address, in large part because it operates outside our conscious awareness.⁵⁶ Because children are deeply impacted by the way that authority figures treat them, they may be especially vulnerable to the effects of such bias. There is evidence that teachers and caregivers treat children differently based on their race, economic background, and perceived intelligence—and that this differential treatment has a measurable effect on children's success. African-American students are more likely to be suspended or receive another form of disciplinary action than white students.⁵⁷ Teachers tend to rate children from high-income families as more intellectually competent,⁵⁸ a particularly troubling finding given that even arbitrarily labeling students as high achievers can lead them to outperform their peers in the long run.⁵⁹ The Implicit Association Test (IAT), a common tool used to detect and measure implicit bias, has also demonstrated that people of color are subject to the same subconscious anti-black biases that whites are.⁶⁰ The fact that we are all vulnerable to these errors of judgment does not make us bad people. It simply means that we must look for ways to prevent the consequences of these biases from systematically disadvantaging entire groups.

^{aa} Implicit bias refers to attitudes or stereotypes that influence our perceptions, actions, and decisions outside our conscious awareness. These biases are separate from biases that we may knowingly conceal for social or political reasons. Numerous studies (see, e.g., endnote 56) have demonstrated the existence of implicit biases and their effects on behavior. Learn more and take an Implicit Association Test (IAT) at <https://implicit.harvard.edu/implicit/takeatest.html>.

CONFIRMATION BIAS

Definition

Human beings often seek out and overvalue evidence that confirms a preexisting hypothesis or understanding.

Simultaneously, we tend to ignore or discount evidence that conflicts with or disproves our existing beliefs.



Example

Over any given period of time, people exhibit a range of behaviors. In one year, Anthony might have days at work when he's highly productive and engaged, and other days when he's withdrawn, or even absent. Depending on his co-workers' pre-existing opinions of him, different people in the same organization may focus on different evidence about him. Nate, who has a highly positive opinion, will likely focus on examples where Anthony showed dedication. Ned, who doesn't share Nate's positive outlook, might focus more heavily on the instances when Anthony appeared disengaged. The same range of behaviors can add up to a model employee or a struggling one—depending on who you ask. Confirmation bias leads us to look for the evidence that supports what we already believe.

LEARN MORE

- Adams, J.S. (1961). *Reduction of cognitive dissonance by seeking consonant information*. *The Journal of Abnormal and Social Psychology*, 62(1), 74-78.
- Nickerson, R. (1998). *Confirmation Bias: A Ubiquitous Phenomenon in Many Guises*. *Review of General Psychology*, 2(2), 175-220.
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The connection between implicit (or explicit) bias and children’s outcomes hinges on the role of expectations in shaping behavior. When you expect a student to do well, you tend to treat him differently. Maybe you assign him to the most advanced reading group, where his peers will push him to progress a little faster than he might otherwise. If he zones out in class, perhaps you attribute it to boredom with the material and seek to challenge him, rather than criticize him for his disengagement. Psychologists use the term “confirmation bias” to describe the human tendency to look for evidence that supports our beliefs, while ignoring evidence that opposes our beliefs. When we have a preconceived notion about someone or something, we tend to interpret all new evidence through that lens. Because they are often quite perceptive, children may well pick up on the low expectations others have of them and, worse, begin to believe that they are “bad,” “slow,” or otherwise unfit—prime conditions for a self-fulfilling prophecy. This conforms with the intuition of many people who work with children that kids will live up to (or down to) our expectations of them.

Too often, these children will find little hope for a brighter future by observing their older peers. In many low-income communities, failure to graduate high school,⁶¹ teenage pregnancies,⁶² and run-ins with the police⁶³ are prevalent. When children and parents in these neighborhoods imagine the future, then, these are the outcomes that are likely to be top of mind. Not without reason, they may well set their expectations lower than they would in (typically wealthier) communities where the norm is graduation from college, delayed pregnancy, and generally positive interactions with police.⁶⁴ It’s important to note that expectations are not equivalent to aspirations. The latter refer to one’s hopes and dreams, which vary little across socioeconomic strata: most children hope to attend college, have a good job, buy a house, and so forth, regardless of their family’s income. Only when it comes to expectations, or beliefs about what is *likely* to happen based on current circumstances, does a family’s economic background begin to matter. For instance, there is a 36 percentage point gap between children from families with low incomes who

aspire to attend college and those who *expect* it to happen, but a gap of only 14 percentage points among children from families with high incomes.⁶⁵

The difference between aspirations and expectations may be explained, in part, by what a recent World Bank report has called “mental models,” an umbrella term that refers to the concepts, stereotypes, causal narratives, and worldviews that shape our ideas about the world and our place within it.⁶⁶ Mental models drive our default assumptions about the people around us and the situa-

tions in which we find ourselves. This is very similar to the way that confirmation bias prompts us to filter new information through the lens of our pre-existing beliefs. For example, if a teacher’s mental model of a “successful student” is white, it may take a little longer for him to recognize the abilities of a student of color. Conversely, if an African-American child’s mental model of a high school graduate is white, she may have trouble believing that such an outcome is likely for herself.

To further complicate this picture, the large expectation-aspiration gap observed among children from households with low incomes may also be driven by their beliefs about how much control they have over what happens to them. Psychologists use the term “locus of control” to describe a person’s beliefs about what controls the circumstances, events, and outcomes affecting his life.⁶⁷ Living in poverty has been associated with a lower internal locus of control, meaning that you believe your own agency matters less relative to the power of fate or another external force. Because beliefs shape actions, this feeling of

“ I have anxiety about being a single parent in a poor area...statistically, my kids shouldn’t succeed.”

—Mother of 3, Tulsa, OK

helplessness can have concrete consequences. If you believe you have very little control over whether you do well on a test or stay out of the principal's office or, as an adult, whether you find a job or your child finishes high school, you're less likely to take any of the small steps that might ultimately bring you closer to your aspiration. Over time, it becomes difficult to imagine an alternate path, let alone pursue one.

Preserve and respect autonomy

Behavioral design can help service providers follow through on their intention to support families as best they can. It can also help families with low incomes break the chain linking external obstacles to decreased self-esteem or diminished expectations for oneself and one's loved ones. The following recommendations highlight multiple mechanisms for achieving these outcomes. Though they tend to be slightly more complex or nuanced than those outlined in preceding sections, organizations that invest the time and energy in adapting them for their own setting stand to achieve significant benefit for both their staff and their clientele.

i. Use intentional language

How do you describe the services your organization provides? What about the people you serve? The role your staff members play? These questions have implications far beyond organizational “branding:” the language you use and the labels you apply can have an outsized impact—positive or negative—on who takes up your service, how they use it, how your staff treats them, and the way their participation affects their self-esteem or self-image. If you conceive of someone as a “recipient” or “case,” for instance, it's easier to adopt a mental model of her as a passive recipient of support than it would be if you referred to her as a “member,” “customer,” or “participant.” Because your mental model will shape your behavior toward her, a “recipient” may begin to believe that she is indeed needy or dependent.^{bb}

In this paper, for instance, we've deliberately avoided using constructions like “needy families” and “poor people” to describe families living with low incomes. When used in this way, these words subtly reinforce the widespread perception that these families are qualitatively different from the rest of us, rather than regular people caught in a particular economic circumstance. When they are people first, and low-income second, it becomes easier to acknowledge individual situations, rather than to fall back on personal or societal stereotypes about “the poor.”⁶⁸

In a similar vein, the titles your staff hold can impact the way they conceive of their roles and their relationships with the families they serve. “Case managers” and “social workers,” for instance, are likely to be perceived differently than “coaches” or “family advocates.” Where the former terms connote a relationship between an active provider and a passive recipient, the latter imply a partnership between relative equals. Instead of receiving assistance or being “managed”—terms that may reinforce feelings of disempowerment—a parent works with her coach or advocate to set her own goals and track her progress toward them. While collaborative relationships may not be the goal for all organizations, any organization seeking to change the way these groups interact with one another should attend to the way their labels reflect the ideal dynamic.

In addition to shaping relationships, language has the power to increase or decrease the stigma attached to a program. In particular, organizations should take care to position their program as a positive rather than a negative, one that builds on strengths rather than remediating weaknesses or failings. One prominent example is the Earned Income Tax Credit (EITC). Its name highlights the fact that recipients of this tax

^{bb} An extreme example of this problem is that people who reach out to certain benefit agencies are identified by their case number rather than their name or another identifier that acknowledges them as human beings.

credit *earned* this benefit through their employment; furthermore, it's embedded in the universal process of filing a tax return rather than attached to an institution that primarily serves families living in poverty. This is in stark contrast to programs like Temporary Assistance to Needy Families (TANF). Its name conjures up dependence, and enrollment occurs at a welfare office. If signing up for a service like TANF is perceived as an admission that you are an inexperienced parent or poor money manager in need of special help, you may well interpret your participation in the program as an admission of failure, or a confirmation that others' low expectations of you were accurate. Some organizations reduce the stigma of participation and create a perception of normality by removing income limits on their programs and opening them up to all. If resource constraints limit the feasibility of this strategy, focus on highlighting positive identities whenever you talk about program participants (see "[Leverage positive identities](#)" below).

ii. Leverage positive identities

The labels discussed in the preceding section are particularly important for their ability to activate particular identities. Everyone's identity is multi-faceted, in the sense that we may be both parent and child, creative and analytical, or leader and follower, depending on the circumstances. The aspect or aspects of our identity that are most salient at any given time will vary depending on where we are, who we're with, and what we're doing. While reading his daughter a story, for instance, a man may be thinking first and foremost as a parent, and thus inclined to be loving and protective. A phone call with his mother, however, may put him into a more childlike frame of mind and prompt more deferential or submissive actions.

Data from priming studies, in which participants are subtly nudged into thinking about a particular facet of their identity, supports the notion that identity shapes action in much the same way that belief shapes behavior. In a study of Asian women, for instance, those who were primed to think about their gender right before doing a math task did worse than those encouraged to think about their ethnicity.⁶⁹ This surprising result stems from the fact that women are often stereotyped as poor mathematicians, whereas Asians are perceived in the popular imagination as math whizzes.

Because one's identity is both deeply personal and deeply ingrained, service providers will be better off seeking opportunities to activate positive aspects of existing identities than trying to help people form new ones. A home visitor or parenting class instructor, for instance, might focus on helping parents to see themselves as their child's first teacher. A program that places adults into living-wage jobs might focus on activating identities associated with competence and confidence.^{cc} In many cases, priming positive identities can be as simple as encouraging someone to reflect on a time when she felt proud of herself as a mother or successful as a student or employee. Activating positive memories associated with important identities has been shown to improve cognitive performance and even increase willingness to participate in social programs.⁷⁰ On the flip side, identity priming may be applied with similar effect to service providers and program staff. When their identities as public servants or compassionate professionals are made top of mind, they may be more likely to act in accordance with this image of themselves.

One important caveat is that the effects of priming are typically time-limited. Priming someone to think about herself as a caring mother or responsible money manager today may not change the way she acts tomorrow or next week, for instance. Think carefully about the timing of your intervention, and aim for key decisions or action points—perhaps prime caseworkers before visits to family homes, judges just before custody decisions, or parents right before a choice about whether or where to enroll a child for daycare, or ahead of an important certification test.

^{cc} Such deliberate framing is a key component of a strategy called motivational interviewing, which is a collaborative communication style that seeks to strengthen an individual's motivation and commitment. It's designed to surface goals, and the values and ambitions that underlie them, in order to create a path toward behavior change.

iii. Treat families as experts

Many parts of the business world operate under the adage that the customer is always right. They have good reason for doing so: it strengthens their product or service by encouraging a focus on continuous quality improvement. This motto—and the mindset it encourages—is not regularly applied in the human services sector. More often than not, when a family comes into contact with an organization or one of its staff members, they face a “preposition problem.” Decisions about what the family needs, how much, and when are made *for* them rather than *with* them. This default assumption that the provider is always (or even usually) right has two key consequences. First, it deprives the organization of a valuable opportunity to address—and potentially solve—its most vexing challenges. Second, it reinforces feelings of disempowerment and helplessness among participating families, rather than cultivating a sense of possibility and autonomy.

Beyond the benefit of directing resources where families need them most, organizations that treat families as experts with valuable information stand to benefit structurally. Families may provide unexpected insights into the causes of recurring programmatic struggles: if frequent no-shows are a problem, for instance, a participating parent may be best positioned to identify a mismatch between appointment hours and common work schedules, or to determine how far in advance a meeting should be scheduled. Feedback that is surprising should be taken particularly seriously, as it may highlight a discrepancy between the way that a program was designed or intended to work, and how it is being carried out in practice.

Family feedback should be hardwired into organizational structures for system and program improvement. Apart from improving the organization itself, this will also benefit families. When service providers habitually seek feedback from the families they serve, and when they take that feedback into account when making program and policy changes, they send the message that participant expertise is valued, no matter what the family’s experience has been outside the organization’s doors. When staff and parents assess a family’s needs and make decisions about the best course of action collectively, they help confirm a parent’s understanding of herself as someone who can shape her family’s future, rather than as someone to whom things happen.

iv. Confront biases

Bias is a loaded and contentious term. When we recommend that policy-makers and program designers address bias, we are *not* suggesting that deliberate discrimination is widespread in the human services world. The vast majority of those working against poverty are doing so because they are compassionate and have a strong desire to help others; in addition, many working in this field have experienced poverty themselves and are motivated to serve families facing familiar challenges. That said, we know that all humans—service providers included—are prone to biases, which develop automatically, often subconsciously, and instinctually.⁷¹ The first step in addressing these biases is to acknowledge their existence without placing blame.

Think back to confirmation bias, which leads us to more readily accept evidence supporting a preconceived notion and disregard evidence suggesting something contrary to our belief. Another bias highlighted above is fundamental attribution error, which leads us to attribute our own mistakes to the situation or circumstances outside of our control, and someone else’s errors to a flawed character or personality. These are two among many human biases that may negatively influence the relationship between service providers and the families they serve. If unchecked, they can contribute to mutual mistrust, and ultimately decrease the likelihood that organizations will successfully deliver their services and provide maximum benefit to clients.

Simply telling people that they have these biases is rarely sufficient—because it’s happening outside their conscious awareness, it’s more effective to change the context than to try to change the person. A good starting point is to closely examine organizational data for patterns that may reflect bias: for instance, are clients of one ethnicity disproportionately likely to be removed from the program? This may be the result of variables outside the organization’s control, but it may also have something to do with systematic (and unconscious) differences in the way that these individuals are being treated.

One way for an organization to address troubling patterns of this sort is to look for opportunities to turn subjective decisions, such as who gets accepted or removed from a program, into objective ones. Establishing well-defined criteria for important decisions removes the need for individual staff members to make judgment calls. Another option is to introduce blind screening policies, in which staff review applications or other participant documents without names or identifying details. This strategy has been employed successfully in many different contexts: the introduction of blind screening to symphony orchestra auditions in the 1970s, for instance, is estimated to account for as much as 55% of the five-fold increase in the proportion of female musicians over the subsequent twenty years.⁷² In a similar vein, an organization might require two or more staff members to independently agree on the best course of action when the stakes are high. Finally, consider establishing time lags between when a decision is made and when it’s instituted, giving time for conscious reflection that may be less vulnerable to the implicit biases that often accompany snap judgments.

v. Create “plausible paths”

As previously mentioned, there is a wide gap between what people living in poverty *aspire* to and what they actually *expect* will happen to them in the future. To help bridge this gap for both children and adults, organizations and program designers should illuminate “plausible paths” toward long-term goals such as attending college or obtaining a living-wage job.

For a path to be plausible, you have to see that people who look like you, and who come from a similar community or background, can and do succeed. Some organizations do this with hiring: they make a

point of hiring staff from the community, or staff who are themselves former clients of the organization and have achieved economic stability. Other organizations bring in guest speakers or mentors from similar backgrounds to share their own paths to success. Such practices are effective in part because they serve to alter people’s perceptions of social norms.

“There is a wide gap between what people living in poverty *aspire* to and what they actually *expect* will happen to them in the future.”

Decades of research suggest that our *perception* of the “normal” behavior of our peer group, even more than the “true” norm, acts as a powerful influence on our behavior. Seeing enough of my peers participate in a program sends a message that I, too, can participate—that participation is normal or expected. Too often, institutions spread messages that promote negative norms, especially about people with low incomes. They discuss

high attrition rates, low up-take, and poor compliance. Focusing on these negative norms tells the story that such behavior is normal and expected. A better alternative would be for organizations to promote positive norms and increase participants’ sense of social belonging. This strategy has been used in interventions designed to improve the academic performance of minority students in college. One intervention

increased grade-point averages by having students write a short reflection after listening to peers describe their own initial struggles with acclimating to college and their short-lived doubts about belonging.⁷³ This simple, low-cost intervention helped students perceive struggle as a normal aspect of attending college, rather than as an indication of personal failing. Identifying positive norms, leveraging descriptive norms that dispel inaccurate perceptions, and inculcating feelings of belonging can help organizations move families along the path to success.

Of course, simply seeing examples of success is insufficient. Beyond making ambitious goals seem plausible, it's important to help families create—and follow through on—concrete action plans. Behavioral science research suggests a number of effective strategies here. Breaking complicated processes down into concrete steps, for instance, increases the likelihood that each successive step will be completed and therefore improves the likelihood that the overall goal will be achieved. A technique known as “mental contrasting” encourages people to name their goals and the potential obstacles that may get in the way of accomplishing them.⁷⁴ The simple act of identifying potential impediments helps people plan ways to overcome them, and increases their capacity to act on their intentions. Finally, timely feedback from a trusted source can increase accountability, help maintain motivation long-term, and offer opportunities for course correction when needed.

WHAT SOME ORGANIZATIONS ARE DOING TO **REFRAME AND EMPOWER**



LIFT, an organization that provides one-on-one personal, social, and financial support to adults in six major metropolitan areas, **uses intentional language** by referring to clients as “Members” and client-facing volunteers as “Advocates.”



Family Independence Initiative

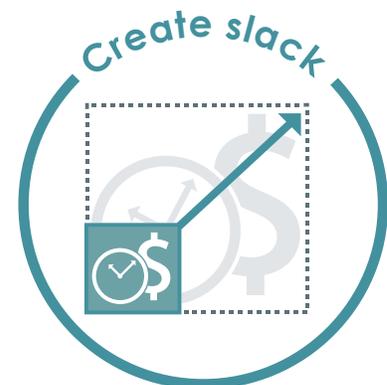
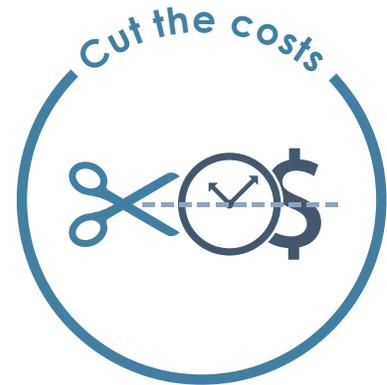
The **Family Independence Initiative (FII)** partners with groups of families in cities across the nation to document and learn from the actions they take to build and use social capital and develop their own paths forward. FII uses longitudinal data families self-report to design tools that give them access to financial and social capital they can use to fuel their own efforts. FII believes that **families are the experts** on their own lives and demonstrates this by placing responsibility for everything from facilitating meetings to establishing and tracking goals in their hands.



Harlem Children's Zone in New York City helps **build plausible paths to success** for its students by hiring staff members from within the community and inviting successful high-school and college-level participants to work with and mentor younger students.

IV. Where Do We Go From Here?

Though poverty remains a widespread, costly, and persistent problem in the U.S., we are hopeful. Hopeful that this paper provokes thoughtful conversations in offices, boardrooms, and hallways across the country. Hopeful that those conversations inspire individuals and organizations to capitalize on the opportunities for change that behavioral science provides. Hopeful, above all, that making things easier, creating slack, and laying the groundwork for empowerment will improve the odds for American families living in poverty.



It is time for behavioral design principles to become commonplace tools in the human services sphere. We've offered principles rather than prescriptions because we know that behavioral interventions are not one-size-fits-all, and because we know that context matters. Applying these insights properly means tailoring them to the varying needs and resources of each organization or community. Many of the recommendations we've presented can be implemented by making small, low-cost tweaks to existing programs. The non-profit that simplifies its application form, the housing authority that begins sending text message reminders, and the social services agency that conceives of the families it serves as "members" rather than "cases" will all be taking important steps. These incremental changes will serve as the building blocks for a human services system that is less costly overall, more forgiving, and more empowering.

At the same time, we must also pursue larger, more radical innovations. It will undoubtedly take significant work to create a single application for all public benefits programs, to develop no-strings-attached flex funds that enable families to weather unforeseen financial obstacles, and to counter the stigma surrounding poverty that has built up over generations. Nevertheless, the upfront costs of those changes will likely be dwarfed by the long-term benefits to families, and to society as a whole. Bolstering parental income or educational attainment now will positively impact their children's outcomes in both the short- and long-run. By helping children living in poverty today become tomorrow's financially stable adults, we can reduce the overall costs of poverty in America.

We have a long way to go before reaching this ideal. Yet, as Franklin Delano Roosevelt argued when the U.S. was mired in the Great Depression, "The country demands bold, persistent experimentation. It is common sense to take a method and try it: If it fails, admit it frankly and try another. But above all, try something."⁷⁵ Given the high stakes attached to the success or failure of these interventions, we must subject them to rigorous testing through experimentation. Good behavioral design followed by rapid prototyping—the quick execution of limited-scale proofs of concept—can mitigate the risks of as-yet-unproven interventions and provide quick feedback for improvement. The concepts and interventions that show the most promise can then be expanded into randomized controlled trials. We cannot be satisfied with elegant designs or sophisticated ideas; we must also be sure that interventions function amid the complexities of the real world. Experimental evidence will highlight the most worthwhile and impactful interventions, which can then be integrated and scaled to reach the millions of American families contending with chronic scarcity.

Ultimately, we can't afford the status quo. Though poverty will not be solved easily or quickly, we hope that this paper plays a role in deepening our collective understanding of poverty as a unique context with predictable behavioral consequences. More practically, we hope that our work helps public and private human services agencies identify opportunities to incorporate behavioral principles into their daily operations. When policies, programs, and services reflect the best available knowledge about human behavior and cognition, people's lives will improve. We are committed to using behavioral science to help break the cycle of poverty, and we look forward to developing partnerships that will allow us to do that important work.

“ I want my girls to grow up with every intention of conquering this world.”

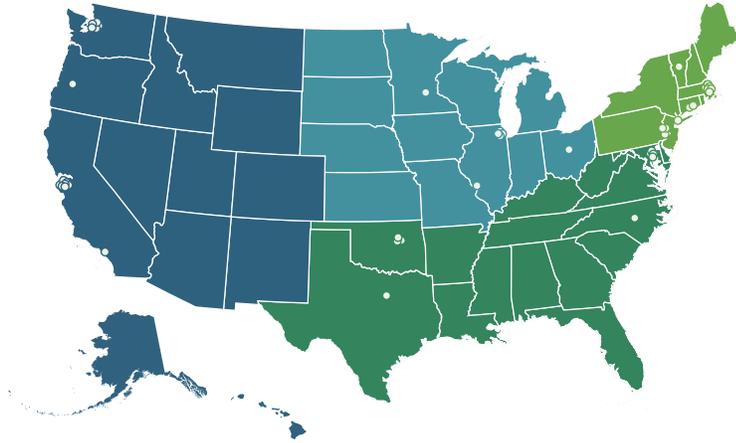
—Mother of 2, Tulsa, OK

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The ideas42 team benefitted greatly from the expertise of organizations and researchers across the U.S. We are grateful for their generous contributions of time and wisdom over the past year and are pleased to acknowledge them here. Please note that their inclusion on this list does not imply endorsement or approval of the findings and recommendations presented in this white paper.

Appendix: Individuals and Organizations Consulted

WEST

- Childhaven (Seattle, WA)*
- Children's Home Society of Washington (King County, WA)*
- Compass Family Services (San Francisco, CA)
- The Dibble Institute (Berkeley, CA)
- Family Independence Initiative (Oakland, CA)*
- Phil Fisher, University of Oregon (Eugene, OR)
- Neal Halfon, University of California Los Angeles (Los Angeles, CA)
- Liliana Lengua, University of Washington (Seattle, WA)
- Neighborhood House (Seattle, WA)*
- Promise Neighborhoods Institute at PolicyLink (Oakland, CA)
- SparkPoint Centers – United Way of the Bay Area (San Francisco, CA)*
- Carol Stack, University of California Berkeley (Berkeley, CA)
- Tacoma Housing Authority (Tacoma, WA)
- Too Small To Fail (San Francisco, CA)

MIDWEST

- Educare (Chicago, IL)*
- Every Child Capital (Cincinnati, OH)
- The Heckman Equation (Chicago, IL)
- Jeremiah Program (Minneapolis, MN)*
- Federal Reserve Bank of St. Louis (St. Louis, MO)
- Ariel Kalil, University of Chicago (Chicago, IL)
- Abby Sussman, University of Chicago (Chicago, IL)
- Thirty Million Words Initiative (Chicago, IL)

INTERNATIONAL

- The Design Council (London, UK)
- Roeland van Geuns, Amsterdam University of Applied Sciences (Amsterdam, Netherlands)

NORTHEAST

- All Our Kin (New Haven, CT)
- Center on the Developing Child at Harvard University (Cambridge, MA)
- CONNECT @ The Neighborhood Developers (Chelsea, MA)
- Crittenton Women's Union (Boston, MA)
- Drexel University Center for Hunger-Free Communities (Philadelphia, PA)
- Endicott College – Boston (Boston, MA)
- Harlem Children's Zone (New York City, NY)
- Johannes Haushofer, Princeton University (Princeton, NJ)
- Help Me Grow (Hartford, CT)
- Health Leads (Boston, MA)
- Sendhil Mullainathan, Harvard University (Cambridge, MA)
- Eldar Shafir, Princeton University (Princeton, NJ)
- Vermont Office of Economic Opportunity (Waterbury, VT)

SOUTH

- Ascend at the Aspen Institute (Washington, D.C.)
- CFS2 (Tulsa, OK)
- CAP Tulsa (Tulsa, OK)
- Corporation For Enterprise Development (Washington, D.C.)
- Kathy Edin, Johns Hopkins University (Baltimore, MD)
- Tulsa Educare (Tulsa, OK)
- LIFT (Washington, DC)*
- North Carolina Early Childhood Foundation (Raleigh, NC)
- Padua Pilot – Catholic Charities of Fort Worth (Fort Worth, TX)

**Headquarter locations are listed for organizations operating in multiple cities.*

Appendix: Overview of Parent Interviews

The ideas42 team owes a debt of gratitude to the many parents living with low incomes who spoke with us about their experiences raising young children. Many of the insights and recommendations contained in this white paper stem from their stories of success in overcoming difficulties, and their stories of struggling to progress despite relentless effort. The following outlines basic demographic and household characteristics of the various families we interviewed across the nation.



BOSTON, MA (9)

- Single mother of 1 (age 14)
- Single mother of 2
- Single mother of 2
- Single mother (25 years old) of 2 (ages 4 and 1)
- Father (33 years old) of 2 (ages 3 and 1)
- Mother (28 years old) and father of 1 (age 3)
- Single mother (27 years old) of 1 (age 3)
- Single mother (32 years old) of 2 (ages 10 and 5)
- Mother of 4 (ages 16, 14, 8, 7 months)



SEATTLE, WA (5)

- Single father (52 years old) of 8 (ages 27, 24, 21, 11, 10, 7, 5, 3)
- Single mother (33 years old) of 3 (ages 14, 8, 2)
- Single mother (25 years old) of 4 (ages 8, 7, 5, 8 months)
- Mother (31 years old) and father (43 years old) of 9 (3-year-old in household, others live elsewhere)
- Single mother of 1



TACOMA, WA (1)

- Single mother (28 years old) of 3 (ages 9, 7, 6)



PHILADELPHIA, PA (2)

- Mother and father of 3 (ages 10 and 6-year-old twins)
- Single mother (46 years old) of 2 (ages 20 and 11)



TULSA, OK (7)

- Single mother (28 years old) of 3 (ages 10, 4, 2)
- Mother (33 years old) and father of 3 (ages 11, 4, 2)
- Single mother (24 years old) of 5 (ages 10, 9, 6, 5, 3)
- Single mother (31 years old) of 2 (ages 6 and 3)
- Single mother (25 years old) of 3 (ages 8, 6, 3)
- Single mother (25 years old) of 2 (1-year-old twins)
- Mother (30 years old) and father (31 years old) of 2 (ages 6 and 4)



PHOENIX, AZ (1)

- Mother (26 years old) and father of 3 (ages 6, 4, 8 weeks)

