



OUR 2023 PRIORITIES FOR Using Behavioral Science for More Generous Public Policy in the United States

The Policy Lab leverages ideas42’s deep track record of expertise in behavioral science research and connections to our affiliate network of leading researchers to advance evidence-based public policies at the federal, state, and local level that foster equity and well-being for all, especially for communities that have experienced historic discrimination. By bringing together both policy and behavioral science expertise, we design policies that account for how people behave in the real world when they have multiple, often competing goals, pressures, and needs.

Critical to this perspective is the understanding that our behaviors are shaped in predictable ways by the contexts in which we live. Behaviorally informed policy designs focus not on how we believe people *should* act or even how they say they *intend* to act, but instead on how people *actually* do act in the real world. Importantly, our contexts are shaped by policy decisions made throughout history. In the United States, government decisions in past decades, from redlining, to states failing to expand Medicaid, to building highways through communities of color, have created inequities so that Black, Hispanic, Asian-American and Pacific Islander, Indigenous, and other people of color, people with low-incomes, and immigrant communities live, work, and interact with the government in contexts that may be profoundly different from the contexts of their white or wealthier counterparts. Equity-focused, behaviorally informed policy design must therefore recognize not only the importance of context in shaping behavior but also the role policy decisions have in creating the contexts we experience.

Pervasive narratives about people experiencing poverty, people of color, and the intersection between the two often drive policy and its administration. False and harmful beliefs have been used to justify the implementation of substantial barriers to access to government programs for programs that disproportionately benefit people with low-incomes and Black, Hispanic, Asian-American and Pacific Islander, Indigenous, and immigrant communities. Programs such as SNAP and Medicaid, for example, have lengthy and complicated enrollment and reverification processes. People applying for these programs have to submit extensive documentation and may need to complete an in-person interview. In contrast, non-refundable tax credits, which disproportionately benefit high income white families and children, are much easier to access. Over two-thirds of people who benefit from the mortgage tax deduction are high-income taxpayers in the top 20% of earners.¹ Similarly, even though white families make up only 67% of families in the United States, they receive 82% of the benefits from the exclusion of employer contributions for medical insurance and medical care and 84% percent of the benefits from the mortgage interest tax-deduction.² There’s no additional paperwork, appointments, signatures, or information requirements to receive these benefits other than filing one’s taxes. As a result of these types of policy decisions, the average Black and Hispanic household has only about 10 to 15 percent of the wealth that the average white household has.³

This can lead people to make one of the most common cognitive mistakes—attributing an outcome or behavior to a characteristic about the individual without recognizing how the situation shaped their behavior. In contrast, when thinking about our own behavior, we attribute it to the context. When someone else is late for a meeting, we think it is because they don’t care, but when we are late, we attribute it to extra heavy traffic. This mistake—known as the fundamental attribution error—may in turn contribute to policy decisions that focus on changing individual behavior—

such as requiring people with low incomes to participate in training programs in order to receive benefits—without recognizing the ways in which their behaviors have been shaped by policy decisions. In reality, though, poverty is a context, characterized primarily by scarcity, not just of resources, but of time.⁴ Scarcity, like any other context, elicits predictable and understandable, if sometimes counterintuitive, behaviors. Forcing people living in poverty to jump through hoops to receive benefits only contributes to the experience of scarcity and perpetuates inequality.

In order to address poverty and inequality in the United States, we must create more generous social benefit programs that don't penalize people because they are experiencing poverty.⁵ To do this, we must trust and empower people living in poverty by creating slack to increase the resources people have and cutting the costs to participate in government programs.

In 2023, the ideas42 Policy Lab will focus on advancing the following policies in the United States:



Increasing resources families have to create slack

- ▶ Create slack for families through tax credits
- ▶ Create slack for families through basic income programs
- ▶ Create slack for families through emergency savings



Reducing barriers to government programs by cutting costs to participate

- ▶ Cut costs by eliminating asset limits
- ▶ Cut costs by reducing administrative burdens
- ▶ Cut costs by improving court reminders

Endnotes

¹ Harris, Benjamin H., C. Eugene Steuerle, and Amanda Eng. (2013). New Perspectives on Homeownership Tax Incentives. Urban Institute, Special Reports, Tax Notes. 23 December 2013. <https://www.urban.org/sites/default/files/publication/43086/1001710-new-perspectives-on-homeownership-tax-incentives.pdf>

² Cronin, Julie-Anne, Portia DeFilippes, and Robin Fisher. (2023). "Tax Expenditures by Race and Hispanic Ethnicity: An Application of the U.S. Treasury Department's Race and Hispanic Ethnicity Imputation." Office of Tax Analysis, Department of Treasury. Working Paper 122. January 2023. Accessed at: <https://home.treasury.gov/system/files/131/WP-122.pdf>

³ Aladangady, Aditya and Akila Ford. (2021). "Wealth Inequality and the Racial Wealth Gap." The Federal Reserve. 22 October 2021. Accessed at: <https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.html>

⁴ Damingler, Allison, Jonathan Hayes, Anthony Barrows, and Josh Wright. (2015). Poverty Interrupted: Applying Behavioral Science to the Context of Chronic Scarcity. ideas42. May 2015. http://www.ideas42.org/wp-content/uploads/2015/05/I42_PovertyWhitePaper_Digital_FINAL-1.pdf

⁵ Policy solutions must be informed by the unique contexts, histories, and narratives of individual countries and localities. Although ideas42 is a global organization, the Policy Lab currently focuses on domestic policy within the United States, to be grounded in a specific location.