

# Behavior and Brain Sciences Help Optimize Labor Programs

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Change in large organizations tends to come slowly. Despite a growing knowledge base of evidence-based practices that can help organizations save money, work more effectively, and keep employees engaged and satisfied, institutional inertia remains a huge roadblock. A new program from a large government agency, the US Department of Labor (DOL), aims to accelerate change within their own system.

The DOL implemented interventions from 2014 to 2017 with the goals of i) increasing participation in retirement savings programs, ii) increasing enrollment and attendance in a reemployment program, and iii) improving employer responsiveness to OSHA health and safety citations. In each instance, researchers identified problems with the existing systems and drew from behavioral science to test large-scale, low-cost approaches to addressing those problems. The DOL partnered with Mathematica Policy Research and ideas42 to assess and implement the three programs.

## Issue #1

Underutilized retirement savings program

## The Evidence-Based Fix

Redesigned email reminder, follow-up emails

## **The Results**

- 5 percentage point increase in employees contributing at least 5% of their salary to the DOL retirement savings program.
- Yielded an estimated \$11,500 increase in lifetime savings per employee.
- No increase in participation from employees who weren't already contributing

## **The Story**

In the fall of 2015 and spring of 2016, Mathematica Policy Research and ideas42 studied whether low-cost email interventions could increase employee contributions to retirement savings accounts. DOL employees receive an employer match for retirement fund contributions up to 5% of their annual income, essentially free money from their employer. Despite an automatic enrollment program for new employees and a variety of educational resources, the program was underutilized. In diagnosing hurdles to contribution, the researchers found that employees often don't plan actively for retirement, are very sensitive to the immediate loss of income and less sensitive to the future benefits of retirement savings, feel overloaded by information, fear that decisions will be permanent, or view the process as too much of a hassle.

To remedy as many of these problems as possible, researchers redesigned an email with the goals of making the retirement savings program more vivid and concrete, including positive and negative framing (e.g. "free money" and "missing out on benefits"), encouraging immediate action and providing concrete steps, and reducing perceived and actual hassle involved with the process.

## **Issue #2**

Poor response rate to Occupational Safety and Health Administration (OSHA) citations

## **The Evidence-Based Fix**

Clearer instructions, Spanish translations, checklists, postcard and phone reminders

## **The Results**

- 9 percentage point increase in employers engaging with OSHA in response to citations
- 3 percentage point increase in share of employers agreeing to informal settlements
- 8 percentage point increase in employers making payments toward settlements
- Projected 750-1000 fewer cases (14-18% decrease) referred to the national office.

## **The Story**

Employers, for any number of reasons, don't always respond to OSHA citations for violating health and safety regulations within the standard 15-day period. When employers don't respond, the cases are sent to a national office for enforcement and collection. Sending in a response seems like the logical route:

Those who do respond can settle for smaller amounts, contest the violations, and resolve the issue more quickly. Still, in 2013, 75 percent of cases sent to the national office were referred after a nonresponse.

Researchers identified the biggest sticking points in the process, determining that inattention, procrastination, and misunderstanding were the largest barriers to employers responding in a timely manner.

Researchers redesigned citation cover letters to include motivating language and behavioral nudges, translated all materials into Spanish (previously, some offices in some regions had some documents in Spanish, but the practice was spotty), and created a to-do checklist that employers could use to make a plan for their response.

### **Issue #3**

Low enrollment in reemployment program for unemployed workers

### **The Evidence-Based Fix**

Tone and instruction changes to signup email, reminder emails, planning prompts

### **The Results**

- 15 percentage point increase in unemployment benefits claimants scheduling their first session
- 14 percentage point increase in claimants completing the program

### **The Story**

To help unemployed individuals re-enter the workforce, the DOL offers a program called Reemployment and Eligibility Assessment (REA). The program provides in-person sessions in which participants complete assessments, develop a reemployment plan, and receive job-search resources, information on labor markets, and referrals to additional services. Individuals claiming unemployment insurance who are asked to attend these sessions, but do not, risk losing their benefits. Even with the threat of losing unemployment insurance, only 43 percent of those who received a notification letter scheduled their first REA session in the first quarter of 2015. To increase the reach and impact of REA, ideas42, the W.E. Upjohn Institute, and Michigan Works! Southwest collaborated to diagnose problems with the original notification system and identify solutions. As a result, the researchers reformatted REA emails to have a more approachable tone. The redesigned emails also encouraged recipients to make specific plans and directed them to some easy, quick actions they could take.

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