

SERVICE DESIGN
IMPACT REPORT

PUBLIC SECTOR



Netherlands Enterprise Agency

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SERVICE DESIGN NETWORK

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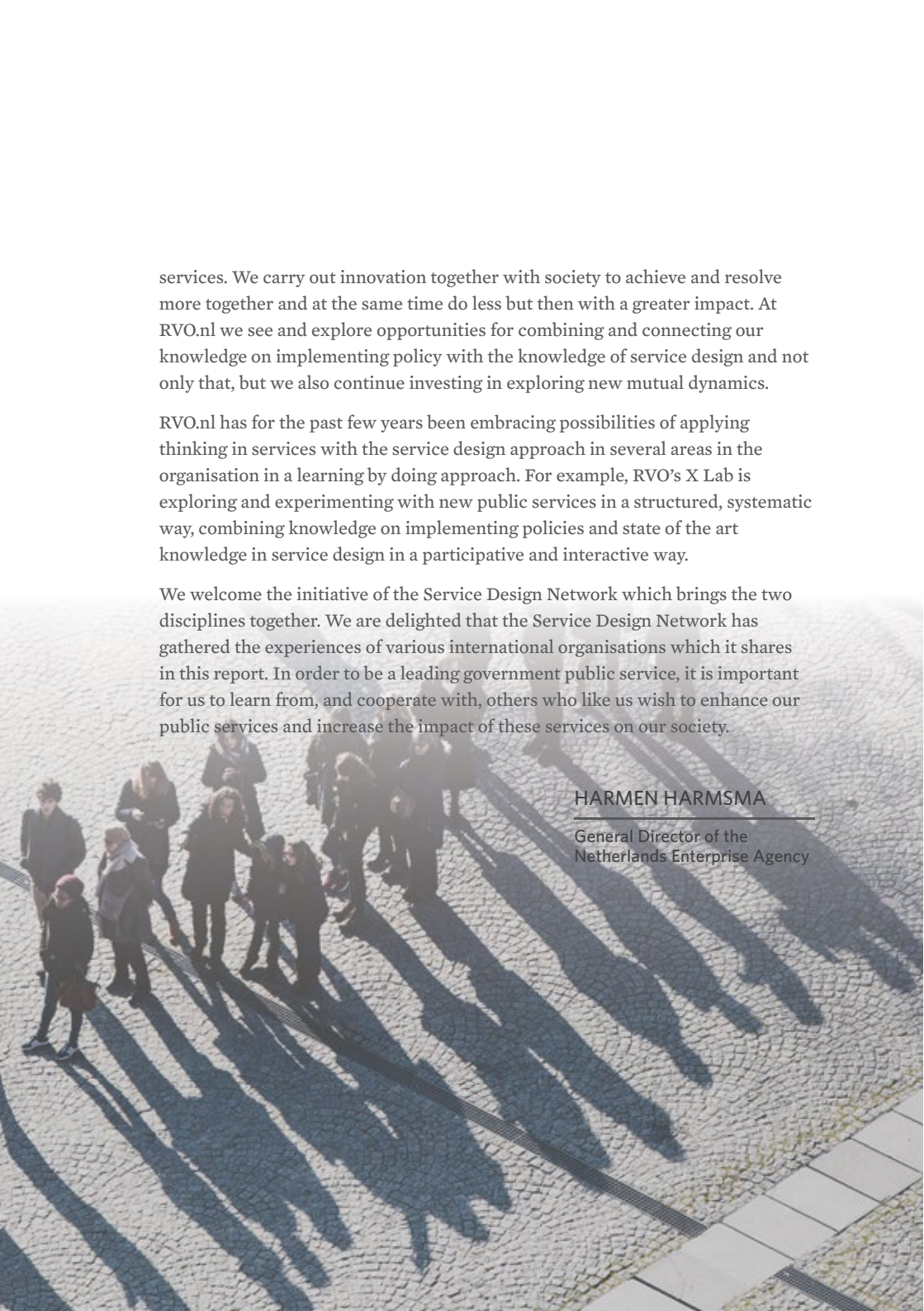
FOREWORD

How to make better use of our knowledge and experience in implementing policy in actual policy making, combined with how to achieve optimum societal impact with relatively limited public resources, are key challenges we face today.

Although the government is responsible for public services, a public service is not necessarily provided by the government alone. In many services, government is a player, partner and not necessarily the principal provider. Policy implementation is continually changing and becoming more complex due to the fact that more and more players are involved. While governments have to make markets thrive, entrepreneurs make them come alive. The challenge of implementing policy then becomes the opportunity to partner with commercial enterprises, academics and non-profit organisations in such a way that private profits and public good reinforce each other in a virtuous cycle.

In attempting to resolve these complex challenges we see a potential for cooperation between the government and the service design sector. In developing public services efficiency, effectiveness, legality and transparency are of utmost importance. It is hereby necessary to be able to put oneself in the position of other disciplines and to be able to understand each other's language and methods. Increasing understanding and acceptance of public services is key as well as designing those services which have the most impact and highest level of public trust.

It is very encouraging to see civil servants think like designers and designers think like civil servants. Often because they are one of the same. As the Netherlands Enterprise Agency (RVO.nl) we feel that we should set the example and invest in innovation. We believe that by encouraging experimentation, prototyping and testing that we will in turn contribute to improving public



services. We carry out innovation together with society to achieve and resolve more together and at the same time do less but then with a greater impact. At RVO.nl we see and explore opportunities for combining and connecting our knowledge on implementing policy with the knowledge of service design and not only that, but we also continue investing in exploring new mutual dynamics.

RVO.nl has for the past few years been embracing possibilities of applying thinking in services with the service design approach in several areas in the organisation in a learning by doing approach. For example, RVO's X Lab is exploring and experimenting with new public services in a structured, systematic way, combining knowledge on implementing policies and state of the art knowledge in service design in a participative and interactive way.

We welcome the initiative of the Service Design Network which brings the two disciplines together. We are delighted that the Service Design Network has gathered the experiences of various international organisations which it shares in this report. In order to be a leading government public service, it is important for us to learn from, and cooperate with, others who like us wish to enhance our public services and increase the impact of these services on our society.

HARMEN HARMSMA

General Director of the
Netherlands Enterprise Agency

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USING SERVICE DESIGN TO BUILD MORE INCLUSIVE CITIES

MARSHALL SITTEN & EDUARDO STASZOWSKI

Roughly eight-and-a-half million people live and work throughout the five boroughs of New York City. More than three million people have crossed international borders and waters to call New York their home, more than any other city in the world. That global diversity has made the city a rich and complex confluence of industries, communities and economies and an icon of innovation and opportunity.

But when a city's residents speak more than 800 languages and represent at least as many different cultures, the design and delivery of public services is among its greatest challenges, particularly services that meet the needs of financially vulnerable households.

According to recent data, one in every five¹ New Yorkers is living below the poverty line. Nearly half² of all NYC households lack sufficient savings to sustain three months at the poverty level in the event of a disruption to income, such as an unexpected medical expense or the lack of a job. And forty-seven percent³ of NYC households with a mortgage spent at least a quarter of their annual income on housing costs in 2014.

But these statistics do not tell the whole story for New York policymakers. They do not uncover the harder-to-quantify gaps in the data that reveal the true complexity and diversity that make up the daily lives of residents. And, far too often, policy and services are developed within functional and hierarchical silos rather than through collaboration across agencies on programs that target the co-determinants of poverty in a more holistic and integrated way.

To further complicate matters, some of the basic structural differences between public and commercial services can present challenges for government agencies seeking to make improvements. For example, public services like the Department of Motor Vehicles operate outside of normal market forces: as sole service providers, they have a special and fundamental role to serve the entire public, and are, therefore, not under the same kinds of competitive pressures to evolve as their private-sector counterparts. And, as in the case of banking services and the US Postal Service⁴, some kinds of innovation are off-limits due to regulatory or budgetary restrictions.

Few, if any, of these challenges are visible to the public, however. As users of public services, all we know is what we tend to experience: the *clichéd travails* of long waits and lengthy forms, outdated systems and confusing procedures, limited locations and inconvenient hours. But, for vulnerable New Yorkers who need access to food assistance, affordable housing or other vital social services, these are more than annoying inconveniences. They can be costly and even damaging obstacles to achieving financial stability.

That environment is changing rapidly. City governments across the country are taking a leading role in policy and program innovation, and, in New York under the de Blasio administration, a new wave of civil servants at the NYC Center for Economic Opportunity and other agencies is exploring service design's

“This initiative has given us a powerful new approach for understanding and expanding financial inclusion – one that we hope to apply to other challenges and in other cities.”

Bob Annibale, Global Director of the Citi Community Development and Citi Inclusive Finance (US)

potential for addressing the complex and interrelated origins of financial vulnerability: the common threads that connect issues such as health, housing, employment, food security and other obstacles to economic opportunity.

In late 2014, Citi Community Development approached the NYC Department of Consumer Affairs to explore how service design can be used to make NYC's financial empowerment services more effective and accessible. That collaboration sparked the creation of Designing for Financial Empowerment⁵ (DFE), a landmark initiative that assembled an interdisciplinary team of experts from the Parsons Design for Social Innovation and Sustainability (DESIS) Lab, the NYC Center for Economic Opportunity (CEO), the NYC Department of

Consumer Affairs Office of Financial Empowerment (OFE), the Mayor's Fund for New York City and Food Bank For New York City. Together, this team would use service design to directly involve New Yorkers who are living on low incomes in improving the services they themselves use.

Designing for Financial Empowerment's first effort focused on a service that is one of the most effective tools for fighting poverty: enabling more New Yorkers to file their taxes for free.

THE CHALLENGE

The Earned Income Tax Credit (EITC) is regarded as one of the nation's most successful poverty-reduction programs, providing low-income working families with a refund that averages about \$2,400, but could reach as high as⁶ \$6,269 in 2016. Often the largest lump-sum payment that low-income families receive all year, this refund is a significant boost to income and can be used to pay off debts, purchase needed household goods or to start saving for the future. But, according to the Internal Revenue Service, one out of five eligible workers do not claim their EITC refund.

In addition, all of the nearly one million New Yorkers who received the EITC in 2013 were eligible to file their taxes for free thanks to the Volunteer Income Tax Assistance (VITA) program, a network of non-profit organisations and volunteers that provide high-quality, IRS-certified tax preparation services at locations throughout New York City. However,

just 3% of eligible New Yorkers took advantage of this service. Approximately 77% of filers used for-profit tax preparers instead, spending an average of \$250 in fees for the service.

Since nearly half⁷ of all families claiming the EITC earn less than \$15,000 a year, that extra \$250 can make a huge difference. Filers who use paid preparers are also potentially missing out on a host of other financial empowerment services, including one-on-one financial counselling and screening for food assistance and other benefits, which are also provided at VITA sites. And those who use paid tax preparers can fall victim⁸ to predatory products, hidden fees and even tax audits due to inaccuracies in their returns.

These factors led the DFE team to the central question of the project: 'Why are so many financially vulnerable New Yorkers paying for a service they can get for free?'

NEW TOOLS, NEW INSIGHTS

The DFE initiative was conceived as a true public-private partnership: Parsons served as the service design lead, executing the bulk of the work and documenting the project's outputs; Citi was the convener of the project and provided the funding support and additional service design expertise; the NYC Office of Financial Empowerment and NYC Center for Economic Opportunity acted as both clients and facilitators, providing guidance, connections to key stakeholders and valuable subject-matter knowledge and the Food Bank For New York City, as

the area's largest VITA provider, offered first-hand insights on how the VITA service works. Since the field of service design was new to many of those involved, the Parsons team also played the role of fostering active learning, instructing the project partners on the key concepts, tools and terminology throughout the process.

From the very first day of the discovery phase, the project directly engaged people whom, in most cases, had never before been asked to share their experiences about the service they used or delivered. For the first time, employees of OFE and the Food Bank were taking part in ethnographic field research intended to uncover exactly how the VITA service works – from the front lines to the back office – and to explore viable, sustainable avenues for improvement. And residents who were receiving free tax preparation and the EITC were not just being asked what they thought about the service: they were invited to participate in every phase of the design process.

During the discovery phase, the project team interviewed community and agency stakeholders, embedded in low- and moderate-income communities to understand how households learn about and take advantage of VITA sites and the EITC (or don't) and shadowed the staff of agencies and social service organisations in order to gain first-hand experience of managing free tax-preparation services. The findings produced a trove of valuable insights into why usage of the service was so low: they included pain points such as long wait times and inconvenient hours; low public awareness due to a



“At the New York Department of Consumer Affairs, under the vision of Mayor de Blasio, we strive to create sustainable communities. By collaborating with the New Yorkers we serve, we are creating programming that is truly impactful.”

Lorelei Salas, Commissioner of New York City Department of Consumer Affairs (US)

lack of quality marketing and confusion around the term 'VITA' and barriers to trust, such as the perception that a free public service is of lower quality.

The findings were synthesised into a deck of '**Challenge Cards**', with each card representing an area of tension or moment of opportunity for each of the stakeholder groups. These cards were then used during the co-design phase to explore potential ideas for new or improved services in a series of facilitated group sessions.

During the co-design workshops, participants (comprising NYC residents, tax preparers, VITA site managers and government employees) were divided into groups and, using cards from the

Challenge Deck, asked to imagine and illustrate a response that might be feasible based on their own experiences. These proposals were then developed into a 'Kit of Ideas' that could be arranged into different combinations of services.

For many of the participants who were new to service design, the co-design phase was transformative. It encouraged participants to think expansively about the service in a way that was simultaneously both free-form and structured, reconfiguring their perspectives from 'what is' to 'what if', a considerable departure from the more traditionally linear approaches they were accustomed to. And, since the different types of stakeholders of the service often



had non-overlapping needs, motivations and challenges, the co-design process produced multiple – and often conflicting – perspectives on how the VITA service might be improved. Facilitating and navigating that process was as much of a learning experience for the project team as it was for the participants.

In the prototyping phase, the potential solutions proposed during co-design were fleshed out and thoroughly tested in a realistic staging environment (in this case, the Food Bank for NYC, which does extensive VITA work every year). This phase was crucial, since no amount of scenario planning or blueprinting could fully anticipate how a prototype for a co-created service like tax preparation, which brings the expertise of the preparer together with the unique needs of the filer, will function in the real world. This live staging not only provided the opportunity for rehearsal and continuous feedback from stakeholders, it also tested our assumptions, introduced new challenges and forced us to adapt the concepts to meet the demands of realities we had overlooked.

The City of New York implemented two prototypes from the kit of ideas for the 2016 tax season: in place of the confusing ‘VITA’ acronym and array of non-profit provider logos, they developed a clear, recognisable ‘NYC Free Tax Prep’ brand identity that offers a more unified, professional look and feel. The City also introduced ‘NYC Free Tax Prep at Work’,

a pilot program that enabled workers at eight large employers in NYC to file for free at work by using a convenient, drop-off service that takes just 20 minutes, both saving employees from having to take time off from work (which they may not be able to do) and relieving some of the strain from the VITA sites.

In 2017, the NYC Office of Financial Empowerment will be launching an online registration portal that will allow New Yorkers to check their eligibility for VITA and the Earned Income Tax Credit, register for alerts and reminders, view the wait times at the closest VITA sites and more.

BEYOND OUTCOMES

The mission of Designing for Financial Empowerment is to build better public services for financially vulnerable New Yorkers. Yet the first project in this initiative has already delivered more than just a set of new service prototypes. This experience produced valuable – and, at times, unexpected – insights throughout the process and has empowered everyone involved with new tools, vocabulary and mind-sets for more effectively engaging with public services and the people who depend on them.

For example, even though not all of the information gathered during discovery was used to develop the final prototypes, some of the insights into the practices of the paid and volunteer tax preparation

industries are being used to inform policy and procurement changes that will protect and support New Yorkers. The highly participatory nature of the project has had a lasting cultural effect as well, setting a new tone for policy making that has found its way into other city agencies and led to the launch of two more Designing for Financial Empowerment projects.

This is not to offer service design as a panacea for urban society's woes, nor to suggest that it is an approach without risk, flaw or cost. Indeed, service designers in the public sector are often constrained by political, bureaucratic and even regulatory factors that can limit the scope of exploration and the viability of potential solutions. Instead, we must acknowledge that government is primarily a service provider and that service design offers a complement to data- and technology-driven solutions and is a valuable framework for unravelling many of the complex challenges facing low-income households.

Designing for Financial Empowerment represents a major step toward the

“Service design methods like those used by the New York Center for Economic Opportunity honor the actual experiences of residents – helping the City understand how programmes really work, not just how we intend them to work.”

**Matthew Klein, Executive Director,
New York City Center for Economic
Opportunity (US)**

goal of more inclusive cities, cities in which services for meeting the needs of financially vulnerable households are designed to be holistic, accessible and, above all, effective. Service design offers municipal governments an approach to civic engagement that treats residents like partners and invites them to take part in reshaping the services they depend on to build a more secure financial future for themselves and their families.

1 www.nyc.gov/html/ceo/downloads/pdf/CEOPovertyMeasure2016-ExecSummary.pdf

2 localdata.assetsandopportunity.org/place/3651000

3 furmancenter.org/homeownershipopportunityNYC

4 <https://www.washingtonpost.com/news/federal-eye/wp/2015/10/29/should-the-post-office-also-be-a-bank/>

5 www.dfe.nyc

6 <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-income-limits-maximum-credit-amounts-next-year>

7 <https://www.fas.org/sgp/crs/misc/R43805.pdf>

Become part of the Service Design Network

Belong to a strong network and play a role in strengthening the practice of service design!

The Service Design Network (SDN) unites a community of approximately 30,000 people interested in service design. In 2014, we built a Special Interest Group focussed on "Service Design in the Public Sector", recognising the increasing importance service design has in this domain. The SDN facilitates conversations between designers who are working in the public sector – as in-house or as external consultants – and between designers and public servants themselves.

The SDN has built a platform to share case studies, and with the annual Service Design Award, it highlights cases that have an outstanding value for the public. In addition, it provides a database of articles giving members the opportunity to self-publish, and enables learning-networks. As a member of the SDN, you have access to all of this content. In addition, you have full access to Touchpoint, the international Journal of Service Design, you get discounts for the national and global conferences, you are invited to our exclusive Members Day and the associated reception, and you can create a detailed profile for yourself on the new and improved SDN website.

The Service Design Network is committed to growing the body of knowledge about the application of service design in the public sector.

We believe that strong alliances will mean stronger influences for us as service designers. If you want to be part of this network, join us!