IMPLICATIONS OF BEHAVIORAL ECONOMICS RESEARCH FOR CCDF RESEARCH AND POLICY: PARENT DECISION MAKING

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Overview

- Exploratory approach
  - Discussion starters versus proposals
  - Time to generate ideas rather than reach consensus
- Explore opportunity that Behavioral Economics provides to:
  - Increase understanding of child care decision making, specifically the gap between preferences and usage
  - Strengthen support of the decision-making process
- Begin with brief review of what we know about parent decision making
Characteristics of a Child Care Decision

- High stakes—well-being and future competence of child
- Uncertainty—difficult to know if an arrangement will be what it is purported to be
- Difficult to observe—parent seldom present and child may not be able to describe
Parent Child Care
Decision Making: Known and Unknown
Research shows substantial parental consensus on important characteristics of child care (Anderson, Ramsburg, & Scott, 2005; Barbarin et al., 2006; Cryer & Burchinal, 1997; Gamble, Ewing, & Wilhlem, 2009; Henly & Lyons, 2000; Ispa & Thornburg, 1998; Kim & Fram, 2009; Kontos, Howes, Shinn, & Galinsky, 1995; Mensing et al., 2000; Rose, & Elicker, 2008; Shlay, 2010; Shlay, Tran, Weinraub, & Harmon, 2005; Van Horn, 2001).

- Healthy, safe, clean
- Warm and nurturing teacher/caregiver and positive interactions
- Supports learning

Congruence between what parents want and what research indicates children need
Other Identified Reasons for Child Care Selection Decisions

- Logistics: location, cost, hours, flexibility of hours, reliability (Anderson et al., 2000; Henly & Lyons, 2000; Kim & Fram, 2009; Leslie, Ettenson, & Cumsille, 2000; Mensing et al., 2000; Shlay et al. 2005)

- Special role of trust found in studies with low-income parents (Mensing et al., 2000):
  - Commonly defined as prior knowledge of the teacher/caregiver
  - Used as screener — has to be met before other characteristics considered
  - Most important reason reported for 44% of child care decisions reported by parents receiving subsidy
Most child care decisions are made quickly (within two weeks, Kontos et al., 1995; average of seven weeks, Hofferth et al, 1991)

Over half of parents rely on social networks (Hofferth, Shauman, & Henke, 1998; Willer et al., 1990)

Only when networks fail do parents turn to more formal information sources (Pungello & Kurtz-Costes, 1998)

Studies predate growth in CCR&R and internet-based information
Decisions often do not appear to reflect parents’ preferences

Using testing strategies developed by Behavioral Economists, to identify and test supportive strategies:

- Reasons some parents use trust defined as prior knowledge as a screener—reasons and benefits
  - How to broaden sense of trust so as to increase options
  - Is use of trust as a screener higher for low-income parents? If so, why?

- How parents actually deal with the complexity surrounding child care decisions (e.g., need child care decision to be made simultaneously with employment, transportation, and accessing financial assistance decisions)

- How important a role is played by social influences (e.g., identity, place in group)

- Compare intention and actual decision making
Application of Behavioral Economics Tools to Support Parent Child Care Decision Making
Lessons from Behavioral Economics: Simplify & Focus

- Build on core child care preferences (warm/nurturing, healthy & safe, supportive of learning)
- Focus parent attention on core preferences
- Create and test an instructional flyer on making child care decisions
  - Include related decisions: child care arrangement, job characteristics, and transportation needs
  - Describe process for identifying options
  - Provide tool for evaluating options
- Stress losses rather than benefits—e.g., child will miss opportunity to get ready for school
Lessons from Behavioral Economics: Change Social Norms

- Develop public education message on making child care decisions that support development
- Target communication to audiences including social networks and trusted figures
- Use trusted figures as the bearer of the message—e.g. pediatricians
Subsidy Program Policy Makers as Choice Architects

- Use parent identity (versus that of worker) in references to and interactions with parents
  - Focus on finding care that meets child needs
  - Affirm parent intention to make the best arrangement for the child
- Identify existing default behavior of parents and subsidy workers
- Simplify application and recertification paperwork and processes
  - Lengthen eligibility periods
  - Create safeguards for failure to recertify
- Automate—use EBT cards and POS systems
Examine and Reconsider Defaults within the Subsidy Program

- **Givens:**
  - Low-wage work and earnings fluctuate with periods of unemployment common (Jolliffe & Ziliak, 2008)
  - Current subsidy characterized by short subsidy spells and unstable child care arrangements (Ha, 2009; Weber, 2005)
  - Existing default is that job loss results in loss of eligibility for subsidy program

- **Turn default on its head:**
  - Revise default so that default is for continuous child care for a set period (e.g. until the end of the school year), and
  - Job loss results in problem solving session on how to protect child’s needs during period of unemployment.
Use Behavioral Economics Lens as Opportunity

- Increase understanding of parental child care decision making
  - Articulate areas that need more understanding
  - Devise experiments that will move understanding forward

- Design and test experiments using subsidy administrators as choice architects, for example
  - Simple graphic for decision making formed around what parents already want out of child care
  - Turn subsidy default on its head—make it a child care program that supports employment