

Behavioral Economics: Implications for Child Care Research Concerning Providers

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Overview

- Early reactions
- Policy research areas where BE theory is immediately applicable
- Policy research areas where BE theory can inform future research and exploration
- Take-away thoughts

Early reactions

- Common sense/familiar
- Challenges with terms
- Seeming paternalism
- Concerns about possible assumptions of homogeneity/ universality of psychological patterns

Characteristics of policy research areas where BE easily applicable

Seems to be most useful where “points of stickiness” involve:

- Interactions between agency and individual
- Defined process and commonly valued outcome
- Sufficient control over process that agency action likely to affect the outcome

Some policy domains seem immediately relevant for BE

- Subsidy policy design, management, and implementation
 - Providers (minimizing errors in attendance reporting, maximizing accuracy of payments, improving communication with agencies)
 - Parents (minimizing parent burden and maximizing accuracy of application, eligibility determination, and recertification)
- Licensing enforcement
- Some aspects of quality improvement initiatives
- Caseworker processes and administrative systems

Examples of relevant BE principles

BE principles useful for these policy areas include:

- Assessing current choice architecture
- Identifying bottlenecks
- Defaults
- Opening channels
- Assuming error
- Feedback

Many of these principles already implicit in many subsidy simplification/ customer service strategies

Policy research areas where BE useful for further exploration

BE principles also useful to help us explore aspects of more complex policy areas – for example two areas of research at UI:

- Role of voucher policies and practices in affecting providers willingness to serve families with vouchers, quality, and financial stability
- Factors that shape whether providers provide quality care

BE and complex policy areas

Complex policy areas differ from earlier examples:

- Still trying to understand/map processes
- Many contextual factors at play – individual personality/characteristics, as well as market, community, policy contexts
- What is “best” for individual much less clear, involves complex tradeoffs, requires more assumptions
- Policy factors only one of a variety of contextual factors affecting desired outcomes

BE principles useful to explore more complex processes

- BE underscores importance of understanding and mapping out choice processes/influential factors
- How defaults function for different providers
- How incentives and incentive conflicts function for different providers
- Complexity of choice sets for different providers
- Challenges of mapping preferences to outcomes
- Considering automatic decision-making vs reflective decision-making
- Importance of feedback

Takeaway thoughts

- BE very useful addition to tool kit
- Supports many important common sense ideas:
 - Consider real people/real life
 - Understand importance of context
 - Focus on/examine implementation
- Underscores and strengthens the importance of work that CCPRC researchers are doing
- Caution needed in applying principles to policies around complex processes – more research needed on interactions, tradeoffs, preferences, and diversity