

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

Roberta Weber

Oregon State University

# 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

# Parent Preferences: Consensus Items

- ▣ 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

# Child Care Search Behavior

- ▣ 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

# Use Behavioral Economics to Explore Parent Decision Making

- ▣ 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