

An invitation to brainstorm

What Behavioral Economics Can Contribute to Child Care Policy, Practice and Research

Lisa Gennetian

October 20, 2010

Child Care Policy and Research Consortium Annual Meeting
Washington, DC



24
HOUR

FITNESS

24 HOUR FITNESS
WALKY VESTIBLES
&
WALKY STAIRS
WALKY DAY
FITNESS

24 HOUR FITNESS
WALKY VESTIBLES
&
WALKY STAIRS
WALKY DAY
FITNESS

FITNESS

24
HOUR

POINT LO...
HANICAR...
TO UPPER...
LOCATED...
24 HOUR

clocky™



Clocky is an alarm clock for people who have trouble getting out of bed. When you hit the snooze button, Clocky will roll off of the nightstand, fall to the floor, and run around the room, searching for a place to hide.

Views on Human Behavior

Traditional View

(Neoclassical Economics)

- Well-informed
- Stable preferences
- No problems with control
- Completely self-interested (selfish)
- Calculating

Behavioral/ Psych View

- Mediocre judgment
- Malleable preferences
- Impulsive
- Myopic
- Trusting and vindictive
- Implications
 - Inconsistent and sometimes ineffective
 - Could benefit from some help

The Beauty of BE

- Phenomena hard to understand in standard model (Moffitt 1983); not prices, budget constraints, or transactions costs.
- How can behavioral augmentation of this model help elucidate new solutions? (Bertrand, Mullainathan, Shafir 2006) Let's think about limited attention, self-control, etc.
- If “agents” are considered “choice architects” what are the design consequences?
 - new products, how walls and furniture is placed, what picture is on the letterhead.

This is deeper than cute nudges....

Attention and Capacity

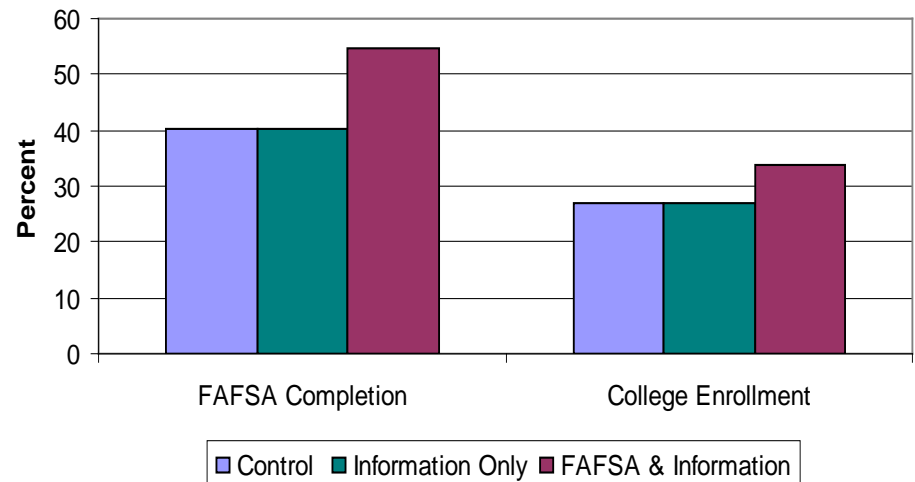
Key Behavioral Economic Concepts

- Limited Attention
 - A toy bat and a ball cost \$1.10 in total. The bat costs \$1.00 more than the ball. How much does the ball cost?
- Change Blindness:



About half of direction givers did not notice that the person they were talking to changed mid conversation

- Complexity and Choice
 - Too much choice: For every 10-option increase in 401(k) options, individuals' participation probability declines by ~ 2%
 - Too complex: If the FAFSA is automatically completed for low-income tax filers with college age children dramatically increased college enrollment.

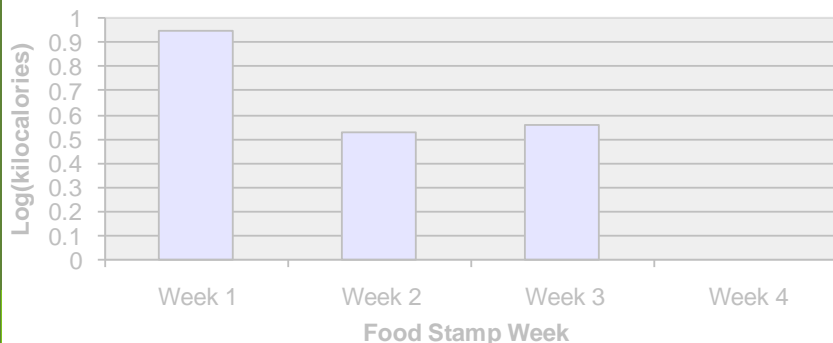


Intention and Action

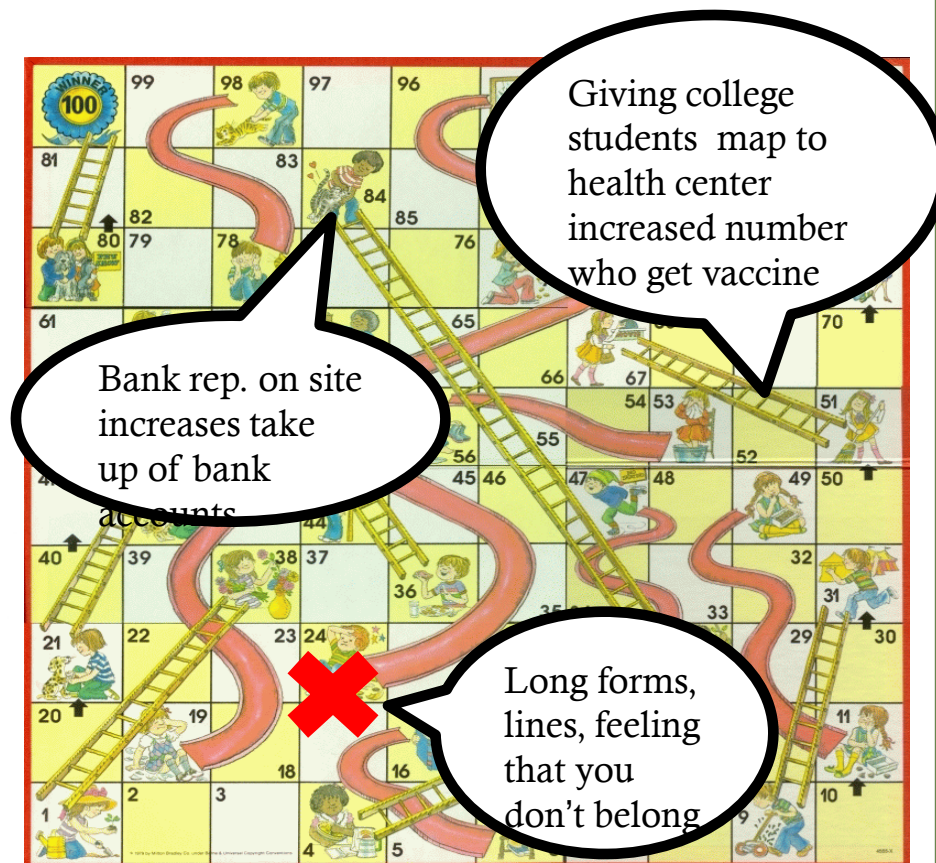
Key Behavioral Economic Concepts

- Defaults: 401(k) enrollment significantly increases when enrollment in the status quo, similar results seen in organ donation
- Self-control: Studies find that caloric consumption in the last week of the SNAP cycle is significantly lower.

Caloric Intake Over the Month



- Channel & Hassle Factors:



Identity

Key Behavioral Economic Concepts



What is a Politician?



A “Poor” Identity

Identity salience in the context of welfare benefits programs (EITC and VITA sites)

	Condition:		
	<u>Neutral</u>	<u>Affirmation</u>	
Stopped to consider:	44%	58%	(ns)
Of those, took the information:	36%	79%	$p=.03$
(Total take up:)	<u>16%</u>	<u>46%</u>	

Child care

The challenges (messy, messy, messy, complicated, complicated, complicated):

Blended funding

Access

Cliffs & co-payments & eligibility cut-offs

Capacity

Needs versus slots

Accreditation

Quality

Aligning workforce development issues with child care needs

Parental decision making (Weber, 2010)

- **Trust:** Who is delivering the information? Example of pediatricians.
- **Framing around values and beliefs, and identity:** Do parents want care providers that are like the child's grandmother or like the parent's vision of a school teacher?
- **Reduce choice complexity:** What if there were a menu of packages—work, child care & transportation— that can suit families?
- **Defaults:** The child care search process is short; timing is key. What are the default options, decouple from erratic work schedules (look at what the French do!)

Administrators & Providers (Adams & Rohacek, 2010)

- **Reduce load on attention.** Sending projects home that incorporates reading with also getting dinner on the table.
- **Framing.** Advertise quality based on center director philosophies and goals to parents. Learning outcomes vs. making parents comfortable, etc.
- **Defaults & streamlining.** maximize & smooth revenue flow.
 - Providers setting up their own “rainy day funds”
 - Pay centers for vouchered kids through a 3- or some X-month period so that center viability is not contingent on changing eligibility and population of vouchered children

Transformation in lunch line design (today's NY Times!)

Chutes & ladders:

- Cash for cookies: forbid use of lunch tickets for dessert. Students bought 71% more fruit.
- “Healthy Express” pay line for students not buying desserts: doubled sales of health sandwiches.

Framing:

- Salad bar in front of cash register: tripled sales of salad
- Apples in a fruit bowl vs. stainless steel: doubled fruit sales

An invitation to keep brainstorming

Apply and test BE concepts to the child care arena:

The Behavioral Interventions for Advancing Self-Sufficiency (BIAS) Project

MDRC/ideas42

Funded by the Administration for Children and Families