

Childcare policy, maternal employment, and the UK policy debate: examining the evidence

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Public Child Care and Maternal Employment – Lessons from Germany

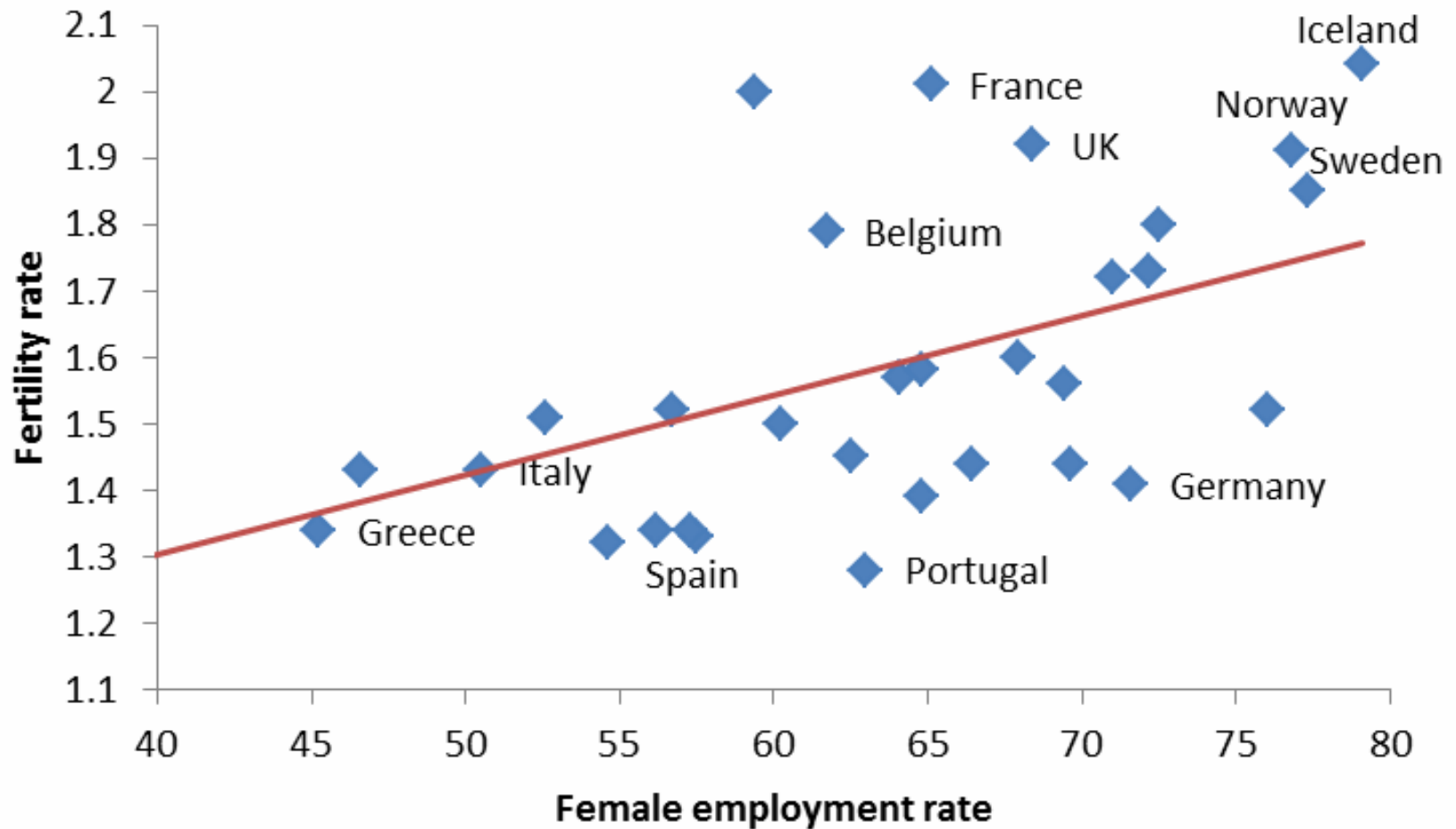
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Motivation

- Female employment and fertility in 2012



Motivation

- Ambiguous effects of child care on maternal employment
 - Many studies find **positive effects** of public child care on maternal employment
 - E.g., Baker et al. 2008, Berlinski et al. 2011, Berlinski & Galliani 2007 Cascio 2009, Gelbach et al. 2002, Lefebvre & Merrigan 2008, Nollenberger & Rodriguez-Planas,, Schlosser 2007
 - **No or little effects** of public child care on employment
 - If a reform introduces only **marginal decreases** in the costs of available public child care (Lundin et al. 2008) at least if **female employment is already high**
 - If newly available public child care simply **crowds out** existing **private** (Havnes and Mogstad 2011) or **comparable public child care arrangements** (Fitzpatrick 2010)
 - Crowding-out might be particularly relevant if public child care slots are still severely rationed after expansion

**The 1990s:
Introduction of a Legal Claim to a
Place in Kindergarten**

Bauernschuster & Schlotter (2015), Public Child Care and Mothers' Employment, *Journal of Public Economics*, 123, 1-16.

The situation in West Germany in the 1990s

- Traditional **male-bread winner** model
 - Traditionally **very low maternal employment** rates
 - In 1994, only 45% of mothers with oldest child 3-4 were employed in West G - almost exclusively in part-time jobs
 - **Public child care** in the early 1990s
 - What does „public“ mean? - Municipalities, church, private initiatives run child care centres and receive public subsidies
 - Subsidies cover 80% of costs, parental fees cover 20%
 - 90% of all 6 and 5 year olds, 70% of all 4 year olds, and 30% of all 3 year olds attended kindergarten (1994)
 - 14% full-time; 62% of those did not offer care during lunchtime
 - The **private and informal market** for child care
 - No private market due to heavy regulation (market share 1%)
 - 35% of all children aged 3-4 were (also) cared for by their grandparents (1994)

Legal claim to a place in kindergarten

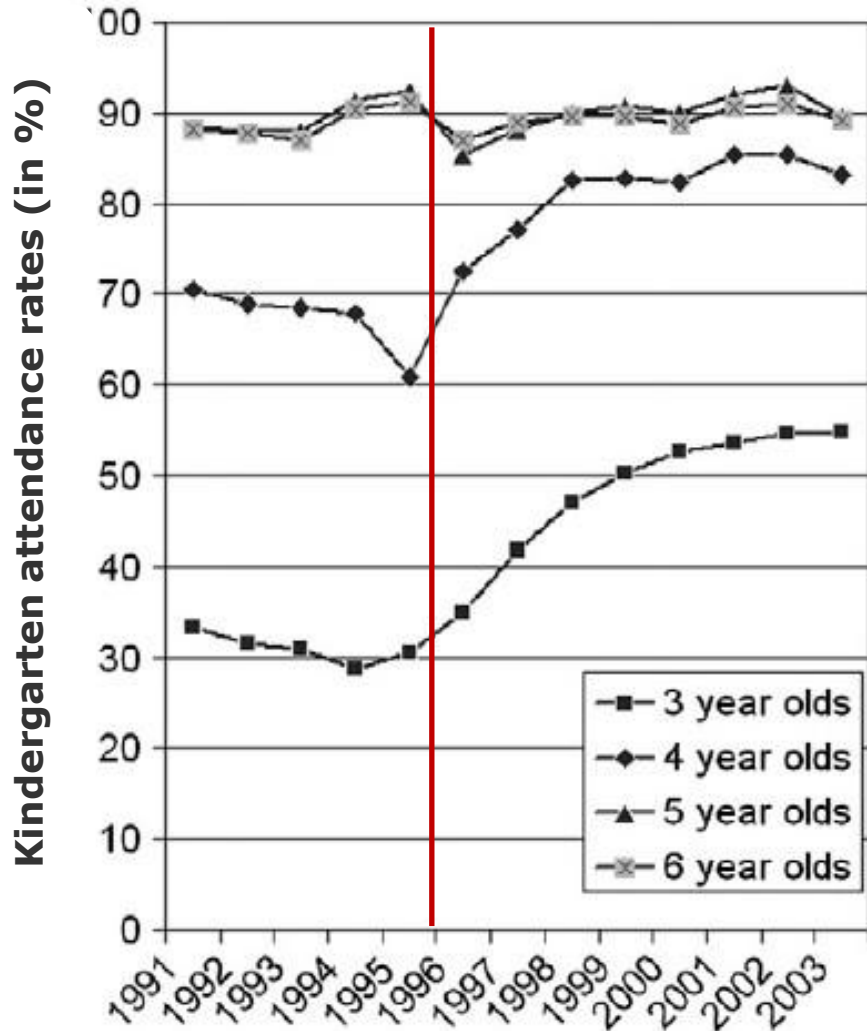
- Since 01/08/1996
 - §24 SGB VIII: **Every child is assured a (half-day) slot in center-based kindergarten from her 3rd birthday**



- We expect **large and positive effects** in West Germany
 - The reform provided **highly subsidized universal** child care,
 - Public child care was **far from universal prior** to the reform,
 - There was **no private market** for child care which could be crowded out by a public child care expansion,
 - **Maternal employment rates were low** at the time the reform set in although females were **very well educated**

The kindergarten expansion

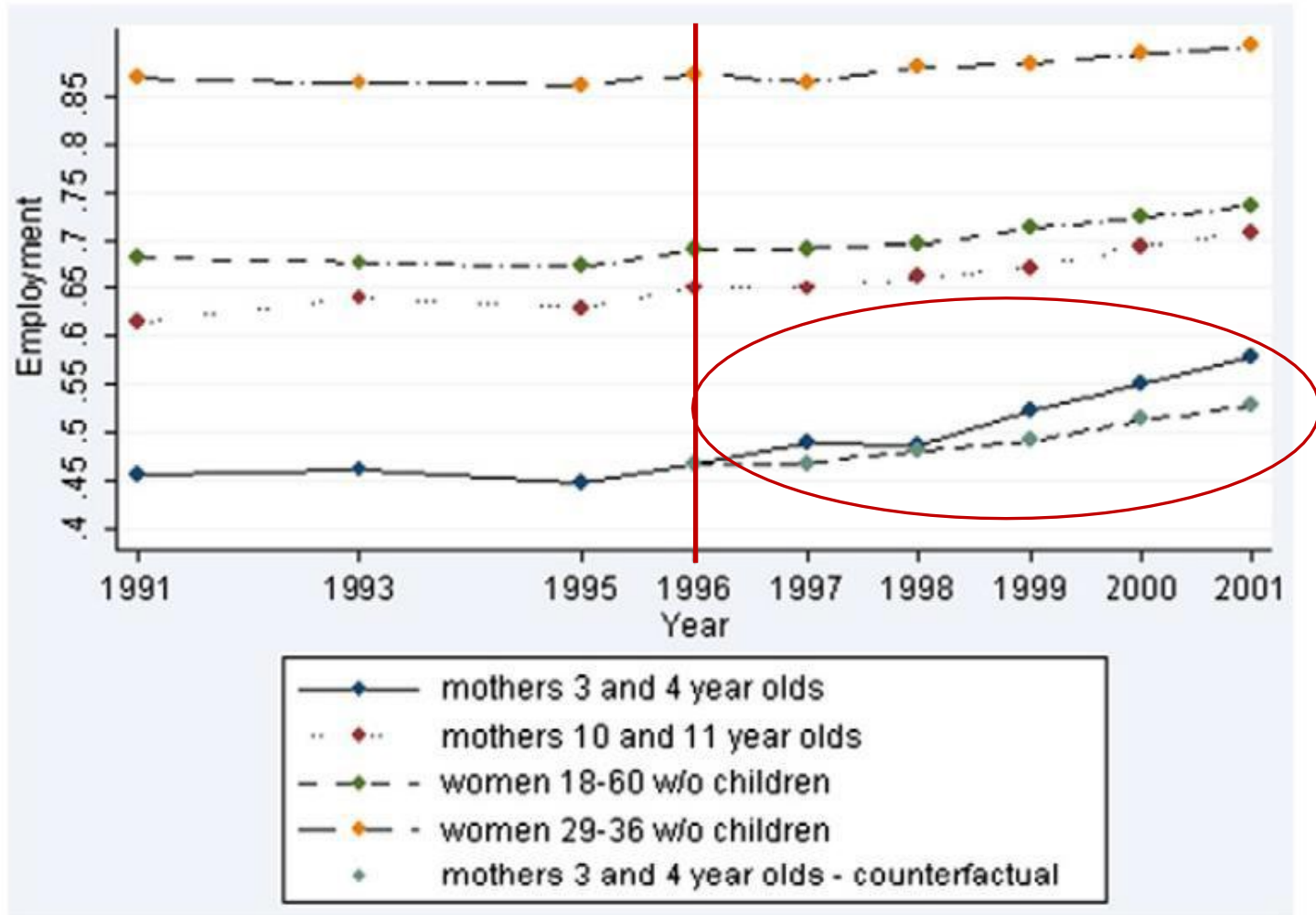
- Child care attendance by age of the child in West G



2002: 25% of all kindergarten slots were full-time slots offering lunch and an additional 50% were full-time slots without lunch

Results

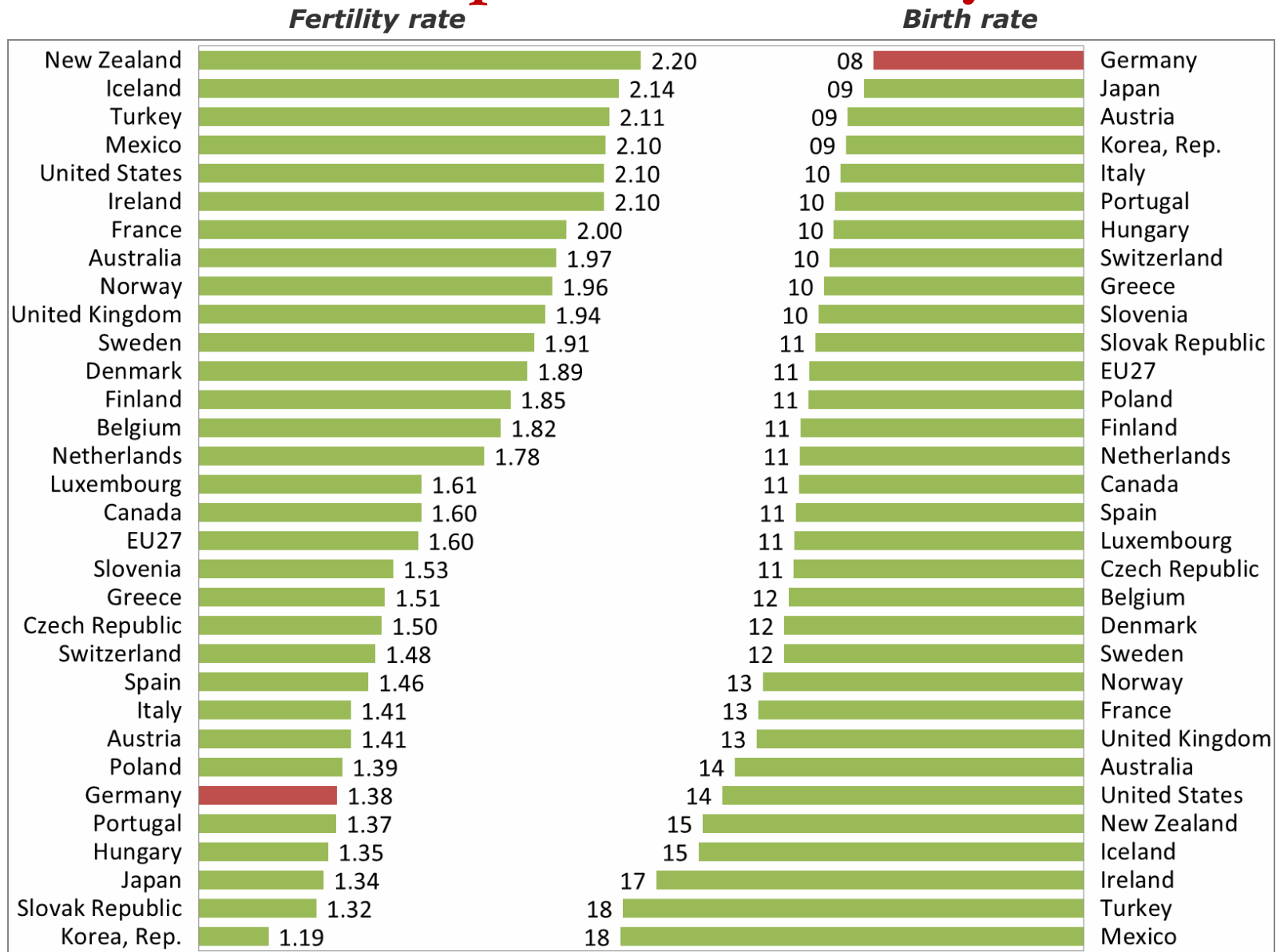
- Female employment by age of the youngest child in West



The 2000s: Setting Up Child Care for Young Children Under the Age of Three

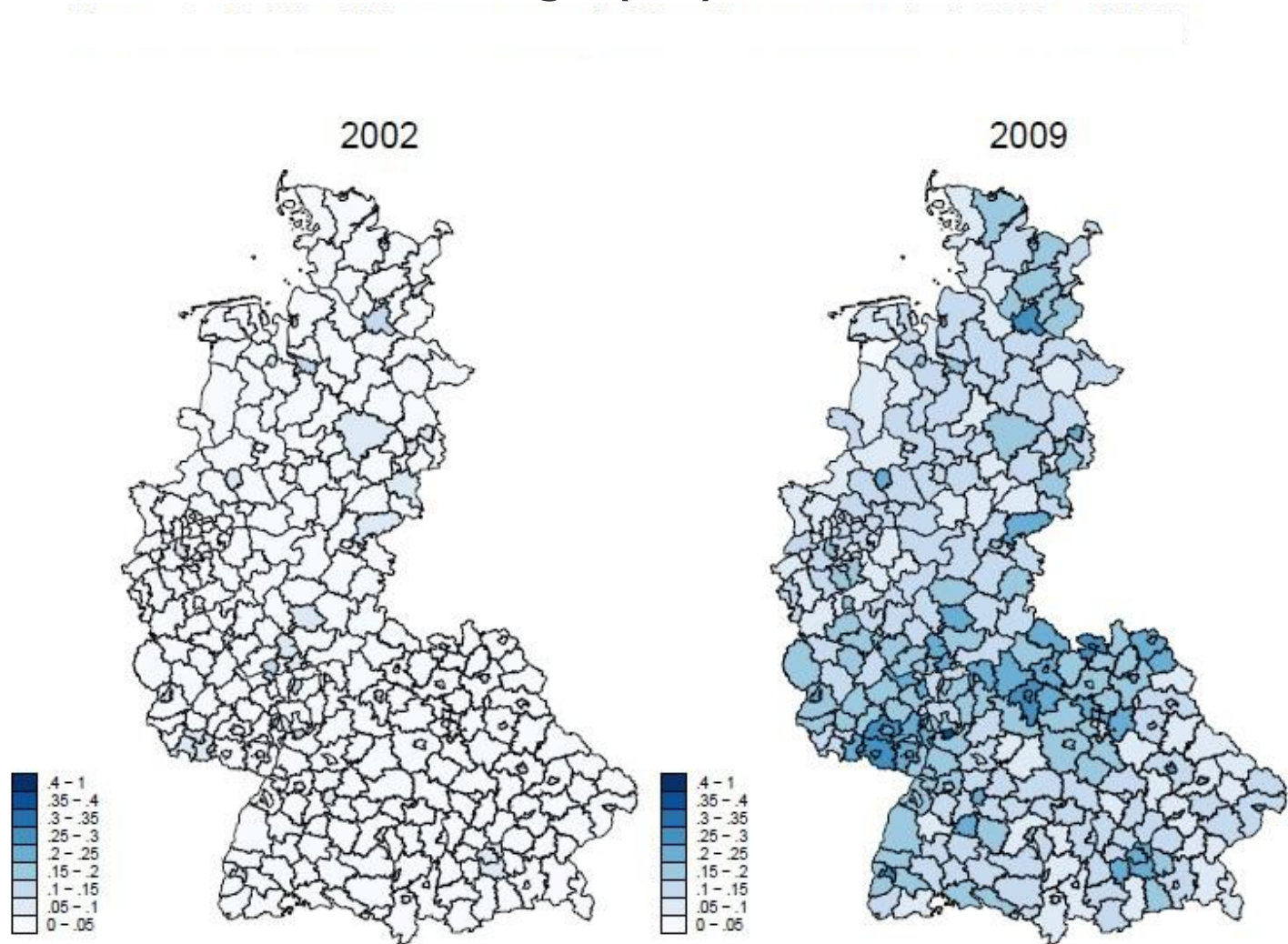
Bauernschuster, Hener, Rainer (2016), Children of a (Policy) Revolution: The Introduction of Universal Child Care and its Effect on Fertility, *Journal of the European Economic Association*, 14(4), 975-1005.

International comparison of fertility



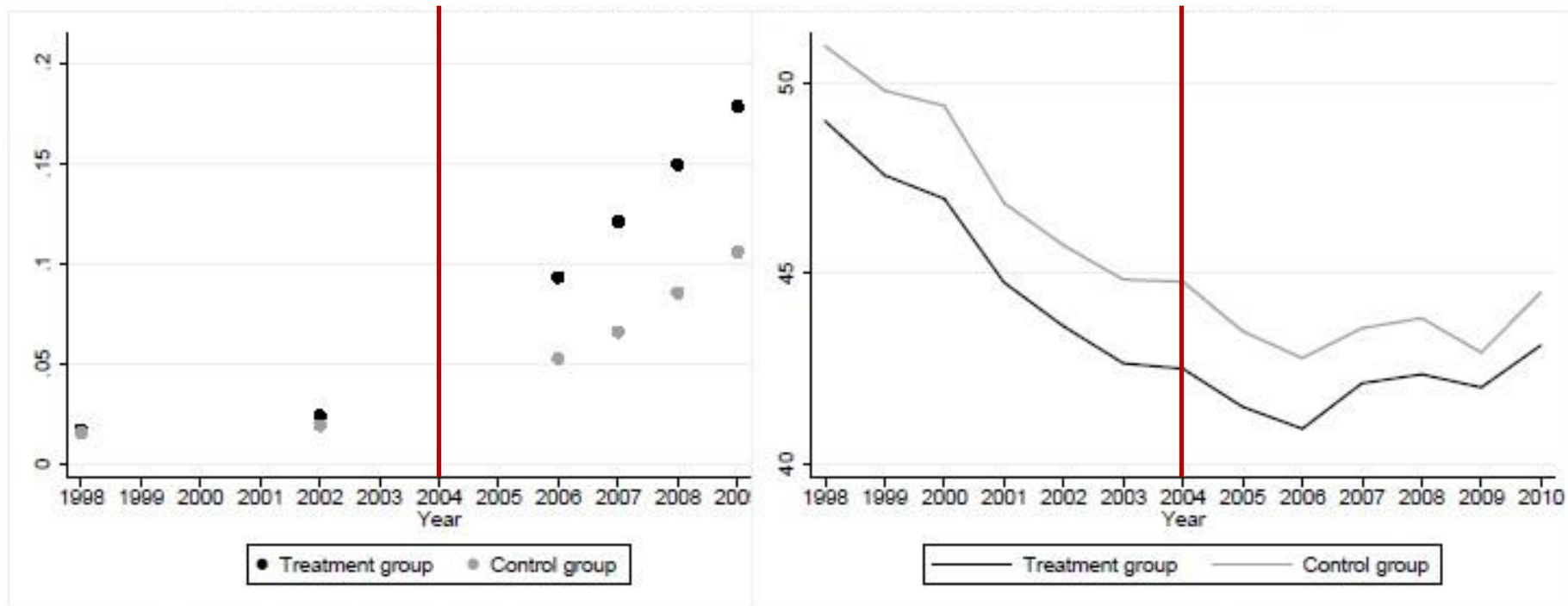
The U3 child care expansion in West Germany

- Public child care coverage (U3) in West German counties



Results

- Child care and fertility in treatment and control group



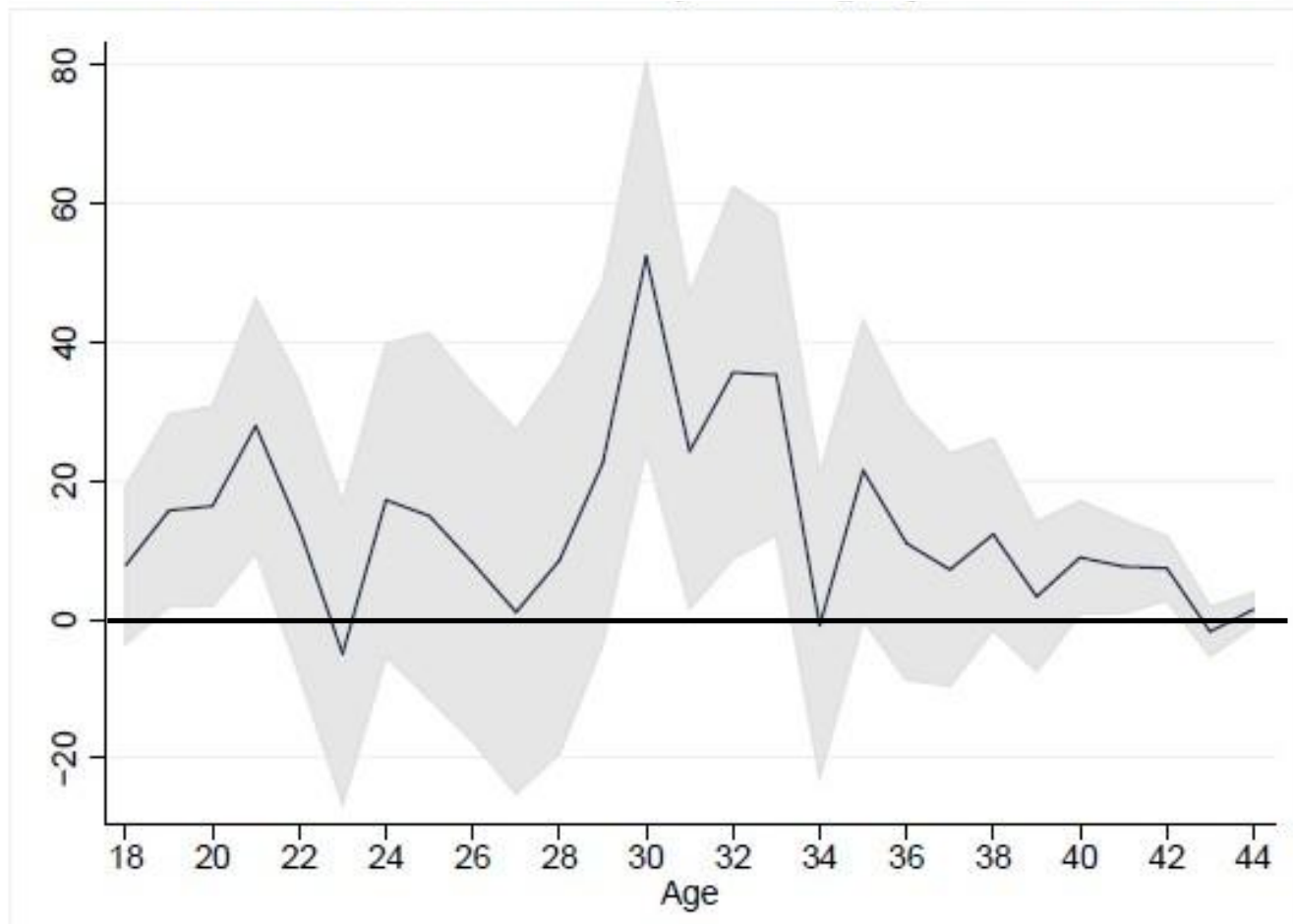
(i) Child care coverage

(ii) Birth rates

- Treatment group: counties with **above** median child care expansion 2002-2009
- Control group: counties with **below** median child care expansion 2002-2009

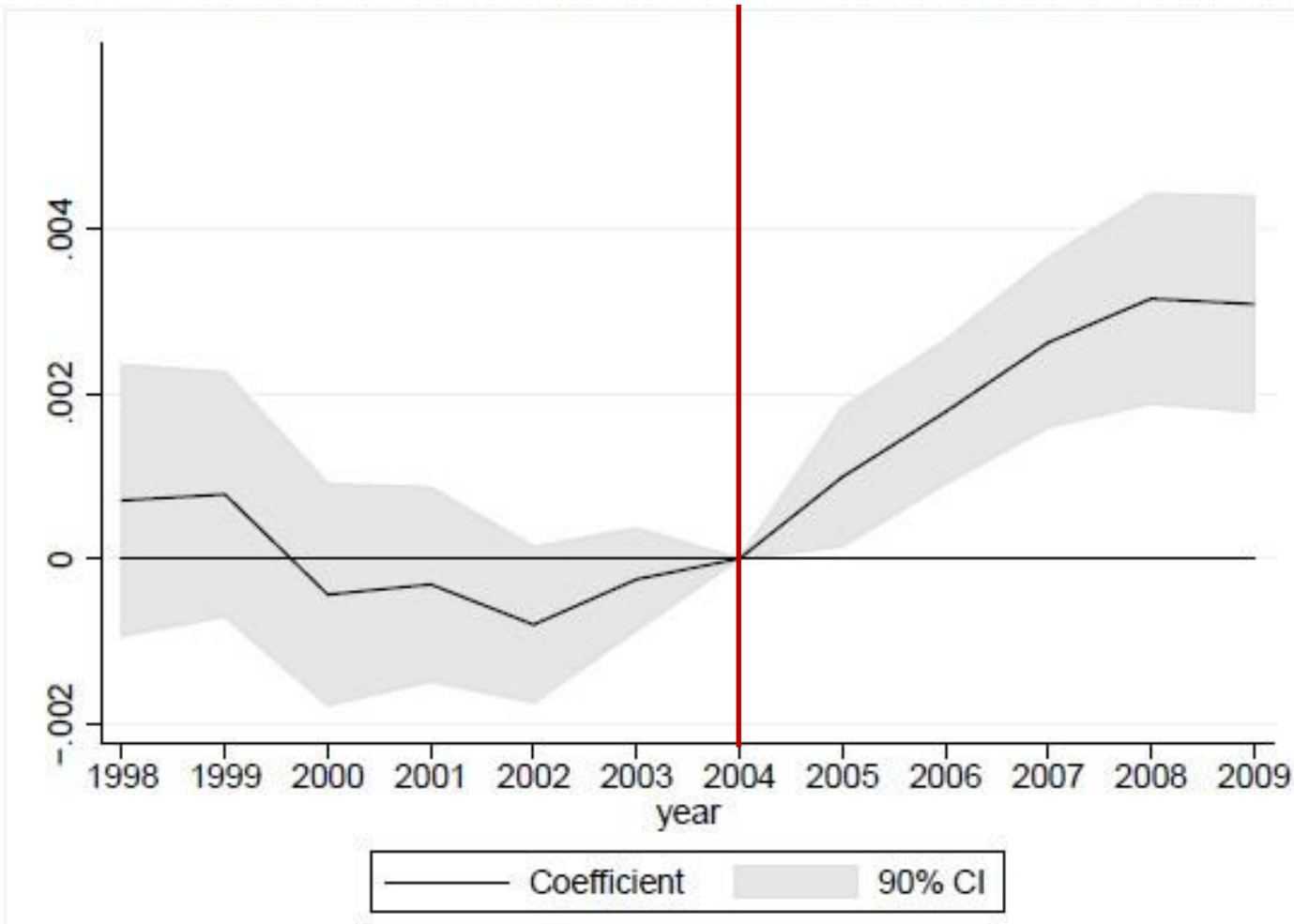
Results

- Impact of U3 public child care on births by year of age



Results

- Impact of U3 public child care on female employment



Conclusions & Outlook

Conclusions & outlook

- A summary of the findings

- The legal claim to a place in kindergarten **increased employment of mothers** whose youngest child was 3-4
- **Every third mother** starts working as a reaction to public child care provision; effects mainly driven by **part-time** work
- **60%** of the operating expenses of a child care slot (subsidies) are **covered by income tax revenues and social security contributions** paid by affected mothers

- The expansion of U3 public child care in recent years did not only **increase** female employment but also **fertility**
- Fertility effects mainly driven by **women in early 30s** and by **intensive margin** adjustments (higher-order births)
- Investing in public child care is **five times more efficient** than investing in monetary incentives (child benefits)

Conclusions & outlook

- The child care situation today

- **U3 child care** attendance rates for U3 in 2015

	0-1	1-2	2-3	Total	0-3 Full-time
West	2.3	28.3	55.1	28.2	12.8
East	4.1	66.4	86.3	51.9	39.6

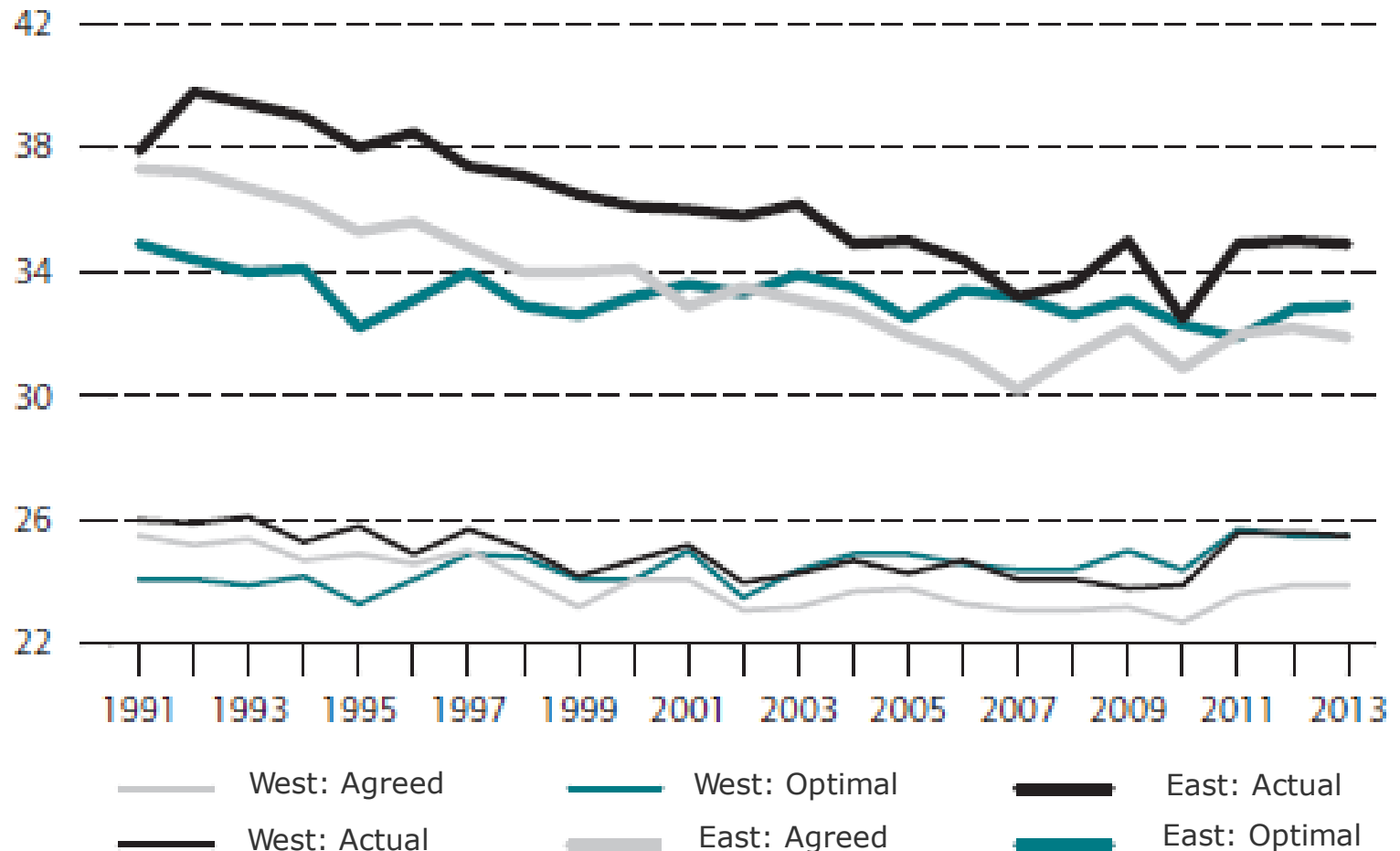
- **Child care** attendance rates for **3-5** in 2012 and 2016

	3-5	
	Total	Full-time
West	92.9	29.8
East	95.6	68.0

	3-5	
	Total	Full-time
West & East	93.6	44.8

Conclusions & outlook

- Working hours of women with children <16





Thank you

For more information, please visit
<http://www.wiwi.uni-passau.de/bauernschuster.html>
(or use the QR-code)

or write me an e-mail
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