



Do our childcare policies support mums back into work?

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Based on paper “Does more free childcare help parents work more?” with Mike Brewer, Sarah Cattan, Claire Crawford



Introduction

- Cost of childcare is a big concern for parents, and many countries have expanded or are considering expanding generosity of subsidies
- Public support for childcare takes several forms in England:
 - Subsidies to low- and middle-income families through Universal Credit
 - Childcare vouchers (tax-free childcare)
 - Entitlement to a free nursery place for all 3- and 4-year olds and disadvantaged 2-year olds



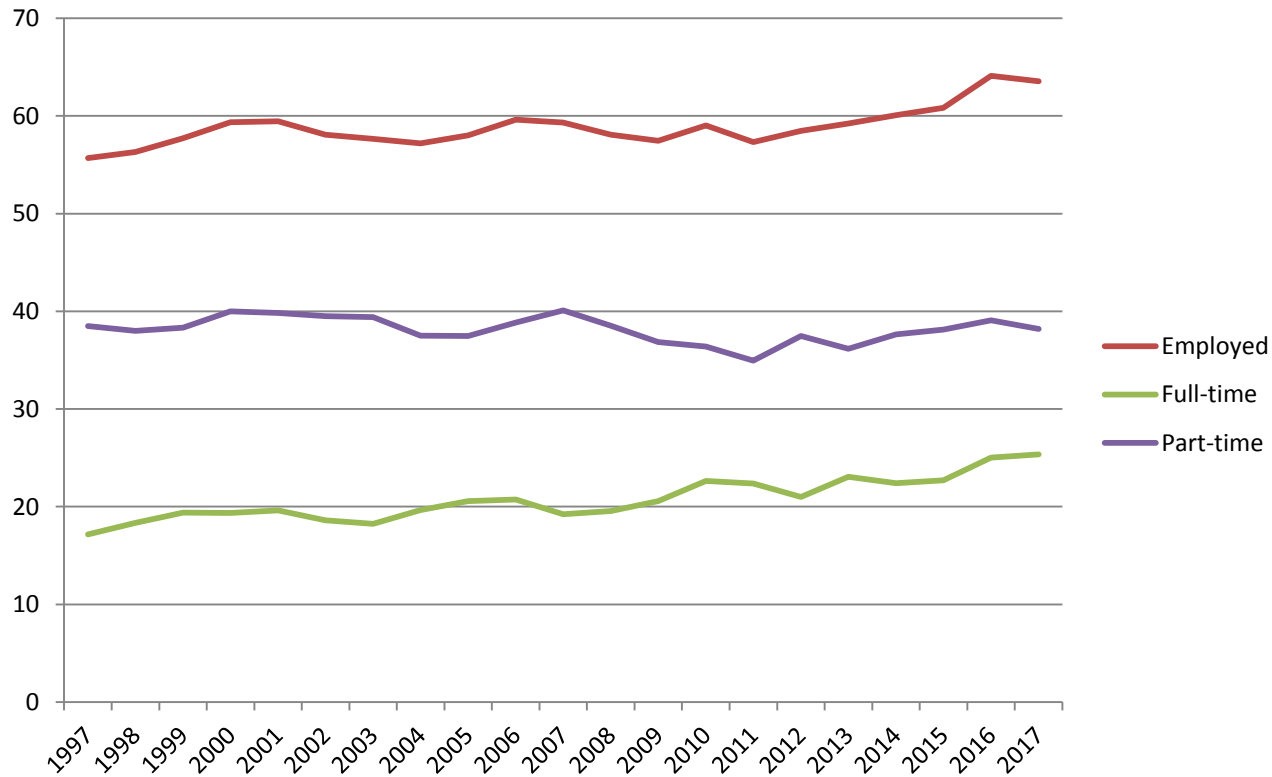
Public support for childcare in England

- UK approach to childcare support has changed dramatically over the past three decades
 - Now one of the highest spenders on pre-primary services in Europe
 - Recent policies increase public support even further: Extension of the free entitlement for all 3- and 4- year olds of working parents from 15 to 30 hours from September 2017

“Additional free childcare will help families by reducing the cost of childcare and will support parents into work or to work more hours, should they wish to do so” (Childcare Bill, Dec 2015)

A success story?

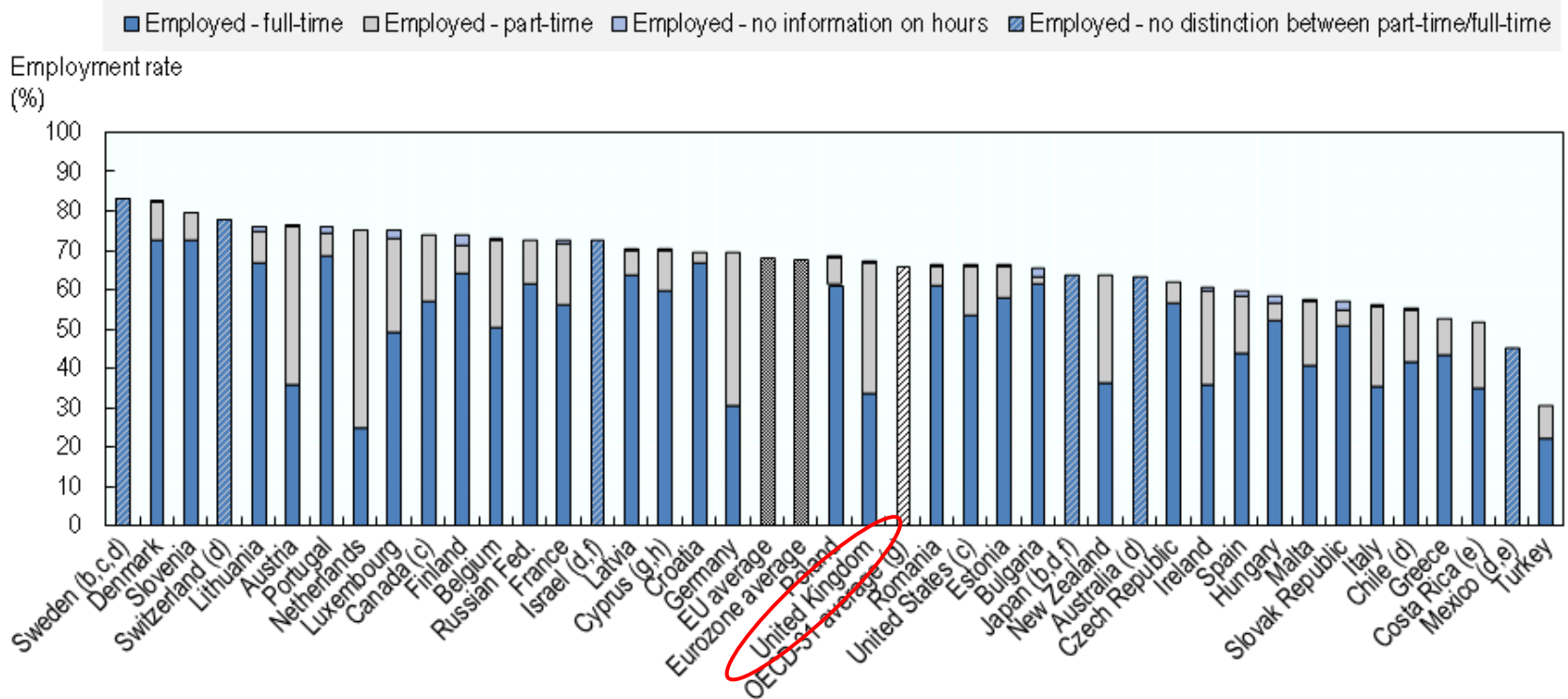
Percentage of mothers with a youngest child aged three or four years old who are in employment, England, 1997 to 2017



Source: ONS, <https://visual.ons.gov.uk/more-mothers-with-young-children-working-full-time/>

UK in comparison to others

Maternal employment rates for women (15-64 year old) with at least one child aged 0-14, 2014 or latest available year





What we do

- Estimate and compare the impacts of offering free part-time and free full-time childcare in England
 - Provision of free part-time childcare from age 3 (15hrs/week)
 - Provision of free full-time education from age 4/5 (30-35 hrs/week)
- Hope to learn something about the effect of the extension of free childcare

Eligibility for childcare

August-born



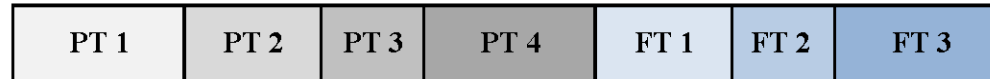
September-born



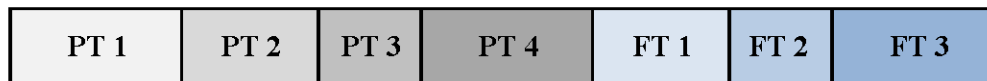
December-born



January-born



March-born



April-born



Age (months) | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71

Age (years) | 3 years old

4 years old

5 years old



Does eligibility affect childcare use?

Family Resources Survey analysis:

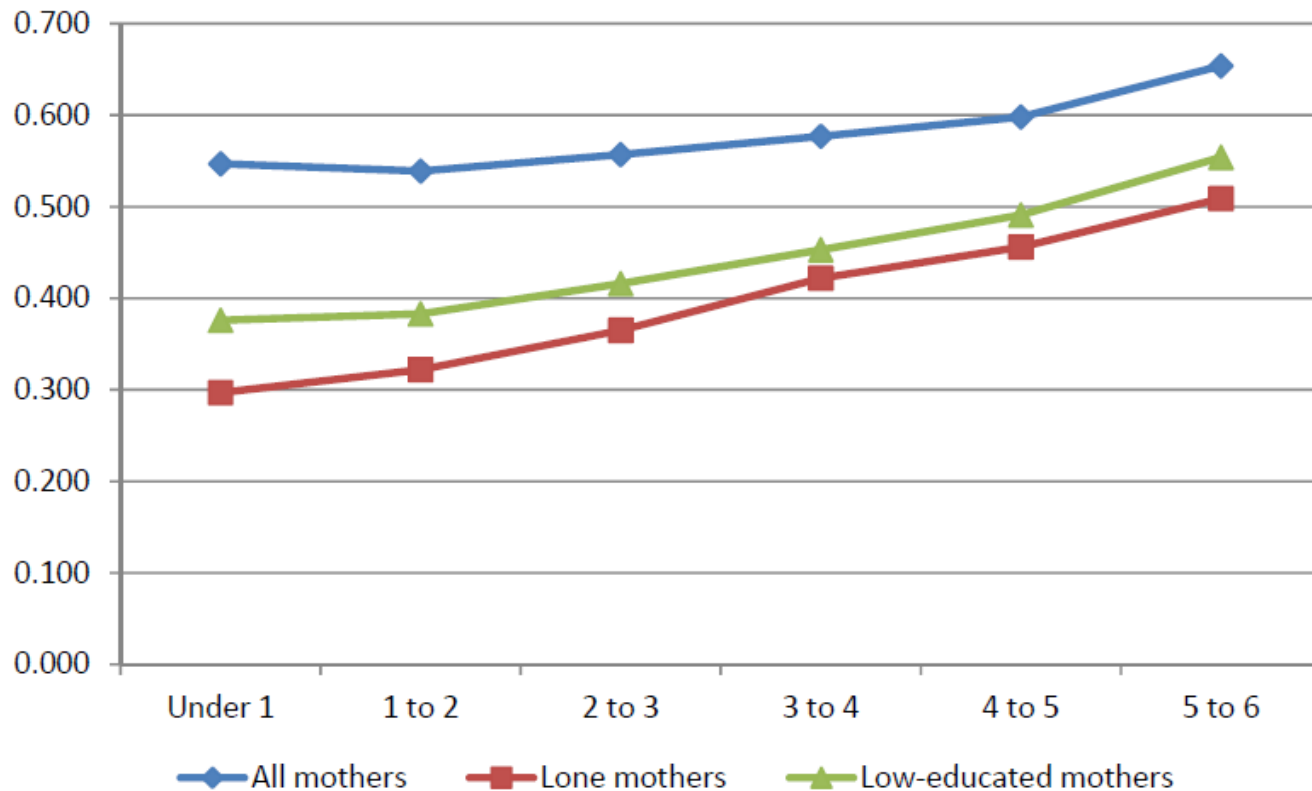
- When p/t eligibility starts, use of childcare is up by 11 ppts, 3 hours/week, £8/week less spend
- When f/t eligibility starts, use increases by *another* 12 ppts, 1-2 hours/week, £6/week less spend

- eligibility does increase childcare use, but many parents would use it without the free entitlement.
- This means we cannot expect large effects on employment

● ● ● | Now to the effects on work



Mothers' employment by age of youngest child



Note: Based on estimation sample, LFS, 2004-2013



Impact of entitlement to free p/t child care

- Very little impact on mothers' labour market behaviour
- No evidence that more mothers take up work
- Towards the end of first year 2 out of 100 women with youngest child in part-time care say they are looking for work



Impacts of entitlement to free f/t child care

- Once youngest child is in full-time schooling mothers are:
 - 1 ppt more likely to be in work after first term
 - 3.5 ppts more likely to be in work after first year
- Extra jobs are concentrated among full-time work



How big are these effects?

- When youngest child moves from p/t to f/t eligibility
 - about 4,000 more mothers **work** in first term,
 - about 12,000 by the end of the first year of eligibility.
 - When youngest child moves from p/t to f/t eligibility
 - about 10,500 more mothers **enter labour force** in first term,
 - about 19,500 by the end of the first year of eligibility.
 - Effects larger for lone mothers than partnered
- Positive but no “transformative” impact on maternal labour supply



Discussion

- Free f/t childcare more effective at increasing maternal labour supply than free p/t childcare, but no “transformative” impact on maternal labour supply
- Not sufficiently generous or flexible to enable parents to work (only term time, for 6-6.5 hours/day)?
- Provision not early enough? – policies covering younger children find larger effects.
- Need to consider impact on child development



Bigger picture

- No/very small effects on child development, no effects of free entitlement on mothers' work
 - what is the free entitlement for?
 - Initial set-up was for child development
 - Since 2002: 'double dividend'
 - Extension: work / help with cost of living
- Little impact on overall use of childcare
 - Free entitlement to childcare replaces other types of childcare for most families
 - Income transfer, helping families with the cost of living
 - Or deadweight cost that could be spent better elsewhere?
 - Universal vs. targeted?