

Inequalities in the access to Early Childhood Education and Care (ECEC) the role of priority rules

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The provision of early childhood education and care (ECEC) services is broadly considered as a mean to narrow educational gaps that start at early age. To realize the aforementioned objective, families should use these services: large effects from interventions in terms of child development cannot be expected if a substantial proportion of children do not attend early childcare. However, the more vulnerable children, from whom the benefits of early childcare are expected to be the most important, are less likely to be cared for in ECEC facility in most OECD countries. This makes it crucial to understand the reasons of non-use.

Costs and quality are well-known determinants of childcare use. By contrast, priority rules for allocating available slots have received much less attention. Yet, due to existing priority rules, some families may have lower probability of getting a slot than other families do, even though all these families live in the same area and face the same childcare provision in terms of quality and costs.

This study extends previous studies by examining in more detail the relationship between childcare enrollment and childcare provision during early childhood in a country with universal childcare system, while most of the related literature focuses on targeted programs and/or older children. In context where childcare is highly subsidized, access restriction may be more determinant for enrollment than cost.

This study relies on different strands of the literature. The first strand is the economic literature on the role of childcare provision on child and maternal outcomes. Recent papers exploit policy changes that provide exogenous variations in prices or in access to childcare, with the aim of identifying the impact of lower childcare prices or greater access to outside household childcare on child and maternal outcomes. While these papers provide mixed empirical evidence, one consistent finding is that the effects of ECEC programs are large for the most-vulnerable children, but small or none for others. Two considerations regarding the results found in this literature are worthy of mention. First, most of these studies focus on preschool children (3–6 years old) while there is large evidence that socio-economic gaps in child development starts before children enter preschool, underlining the importance of studying daycare enrollment in the early years. Second, a great deal of previous literature focuses on the role of the introduction of childcare subsidies or programs while the expansion of such programs by increasing the amount of subsidies, the number of free hours of

care, or the group of eligible children, is either already implemented or debated in most countries.

The second strand of the literature is the literature in social sciences studying the existence of a social bias in childcare use. While the literature documenting gaps in ECEC settings is extensive, their determinants are not well understood. This literature provides mixed evidence but agrees that enrollment gaps are related to the availability and affordability of childcare.

I focus on Luxembourg as an interesting case study for the following reasons. The childcare system is universal with expanding access to ECEC services over the last decade. ECEC is highly subsidized, allowing focusing on the role of access restriction. There are both public and for-profit providers of childcare services, with different rules to allocate available slots. The proportion of children at risk of poverty is above the EU average in 2019 and the proportion of children with a migration background is high. From the literature on child development, those children are expected to benefit the most from early childcare education and care.

Studying the relationship between childcare enrollment and childcare provision is challenging, however, due to several confounding factors. First, there is a problem of reverse causality since childcare services are likely to be provided in areas where the demand is high, e.g. where families with young children live. For-profit childcare providers positively react to favorable demand conditions such as a high employment rate, a high prevalence of families with young children, childcare subsidies and no barriers to enter the market. Second, young couples may pay attention to the provision of services related to children (such as childcare services or preschool) in their residential choices. As an attempt to control for potential endogenous location, I use explicit controls for the location choices and information on amenities provided at the municipality level as local amenities are correlated with location choices.

I use household and individual level micro-data in conjunction with municipality level data for a sample of children aged 0-3. I show that the local provision of childcare does not contribute as much as family background to explain this gap, while the contribution of eligibility criteria seems more important than that of family background.