Early Child Care and Maternal Labor Supply: A Field Experiment

Henning Hermes  
DICE, HHU Duesseldorf

Marina Krauß  
University of Augsburg

Philipp Lergetporer  
TU Munich

Frauke Peter  
DZHW Hannover

Simon Wiederhold  
KU Eichstaett-Ingolstadt

Motivation

• Persistent gender gaps in the labor market
• Major reason: Childbirth and child care duties
• Universal child care may thus improve maternal labor market outcomes
• But: Lower-SES families are much less likely to use child care
• At the same time, lower-SES mothers face the largest gender gaps in the labor market

This paper: Causal effect of enabling lower-SES mothers to access early child care on maternal labor market outcomes

Institutional Background: Germany

Labor Market in Germany:
• Child penalties among the highest internationally
• Majority of mothers do not return to full-time work – not even in the long run
• Lower-SES mothers are even less likely to get back to full-time work

Child Care in Germany:
• Focus on early child care below the age of 3 years
  ☑ High quality, low prices (heavy public subsidization)
  ☑ Not enough slots (rationing)
  ☒ SES gap in enrollment (due to the complex application process)

Experiment

This Project:
• Field experiment in Western Germany with 607 families (children 0-1y)
• Intervention:
  1. 4-Minute video (central facts about child care system)
  2. Customized assistance with child care applications (33% take-up)
• Treatment effects on child care enrollment
  • Strong increase for lower-SES families
  • No effect on higher-SES families

Policy implication: Helping underrepresented families to access universal child care can mitigate SES and gender gaps in the labor market

Full-Time Employment

Other Labor Market Outcomes

<table>
<thead>
<tr>
<th>Log Household Income</th>
<th>Employment Working Hours</th>
<th>Log Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>0.104*</td>
<td>-0.008</td>
</tr>
<tr>
<td>Treatment × Higher-SES</td>
<td>-0.142**</td>
<td>0.064</td>
</tr>
<tr>
<td>Higher-SES</td>
<td>(0.056)</td>
<td>(0.065)</td>
</tr>
<tr>
<td>Pro-Treatment Outcome</td>
<td>0.167***</td>
<td>0.003</td>
</tr>
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<td>(0.036)</td>
<td>(0.064)</td>
<td>(2.021)</td>
</tr>
<tr>
<td>Stata Controls</td>
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</tr>
<tr>
<td>Sociodemographic Controls</td>
<td>Yes</td>
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<tr>
<td>Treatment Effect</td>
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N = 459 491 223 223

Mechanisms Full-Time Effect

• Non-maternal care hours as potential mediators
  ➤ Treatment increases hours in child care
  ➤ Treatment increases care hours of the father
  ➤ Treatment marginally decreases hours with other caretakers
• Mediators explain about 57% of the treatment effect on full-time employment

Gender Equality in Lower-SES Households

Treatment leads to:
• 20% fewer male breadwinner households
• 30% smaller gender gap in care hours between mothers and fathers
• 32% decreased earnings gap between working mothers and fathers

Conclusion

We show experimentally that providing access to early universal child care increases full-time employment of lower-SES mothers
• Large parts of the treatment effect can be explained by increased non-maternal care hours
• The treatment also has strong equity-enhancing effects on the division of paid and unpaid labor within the family

Feedback is highly appreciated:

Marina Krauß  
University of Augsburg  
marina.krauss@wiwi.uni-augsburg.de

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