

# Who Should Care for Under-Threes?

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I heartily endorse much of what Janet Gornick and Marcia Meyers propose. But in my view their recommended policies may do too little to promote parental care during children's first year and too little to promote nonparental ("formal") care during their second and third years.

Gornick and Meyers recommend a focus on three aims:

- Gender equality at work and at home.
- Child well-being (high-quality care prior to formal schooling).
- More time for parents to spend with their children.

In pursuit of these goals, they propose the following policies:

- Paid family leave: A six-month nontransferable paid leave for each parent, to be taken at any time during a child's first eight years.
- Regulation of working time: A standard work week of no more than 39 hours and a standard work year of no more than 48 weeks. A right for all employees to request a shift from full-time to part-time, and equal (per-hour) pay and benefits for part-time employees.
- Early childhood education and care: High-quality out-of-home care and/or schooling available to all children, with parental cost adjusted to household income.

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Like Gornick and Meyers, I assume that in most affluent countries public schooling (or "preschooling") for many children will begin at age three. This is already true in some countries, and even in the laggard United States the momentum is in this direction (OECD 2006). The key question, then, is how care should be provided for children under three.

## **The First Year**

What paid parental ("family") leave policy would be most conducive to gender equality, child well-being, and parents' time with children?

Maximizing parents' time with children calls for a relatively lengthy leave. However, Gornick and Meyers rightly note that a long leave may conflict with the goal of gender equality at work, as beyond a certain point it is likely to discourage women's re-entry into paid employment and/or hamper their opportunities for workplace advancement and high pay (OECD 2001). We do not know what the tipping point is with respect to time out of work, but it seems likely to be somewhere between three months and fifteen months. Gornick and Meyers also want to encourage equal sharing of child care (and housework) by mothers and fathers — gender equality at home. One way to promote this is to encourage fathers to be heavily involved during a child's first year, and this is likely to be enhanced if fathers take time off from paid work. Gornick and Meyers propose a six-month nontransferable ("use-it-or-lose-it") paid leave for each parent. The expectation is that each parent would take this during the child's first year, though it could be used at any point during the first eight years.

Will this also be optimal for child well-being? Possibly not, if during the first year of life child well-being is best served by being with a parent. Existing research suggests that there may be adverse effects of nonparental care during the first year (Waldfogel 2006, ch. 2). If each parent has a six-month nontransferable leave, there is a real possibility that in many two-parent families the parents will take only six or seven or eight total months of leave, with the mother taking her full six months but the father taking none or just a month or two. Nonuse or minimal use of paid leave among fathers is common even in Sweden, despite the country's comparatively egalitarian gender norms. If this pattern turns out to be widespread, more children will end up in formal care than would be the case if, say, the parents had a twelve-month shareable leave or if they had six shareable months and each had three nontransferable months. The Gornick-Meyers proposal is likely to achieve greater gender equality than these latter, but possibly at some cost to child well-being. If such a tradeoff exists, my preference would be to prioritize child well-being over gender equality.

In a similar vein, while the ability to use the paid leave at any point during the child's first eight years enhances parents' freedom and flexibility, if child

well-being is best served by parental care during the first year it may be better to encourage or require parents to use it then.

## **The Second and Third Years**

Gornick and Meyers do not take a position on whether parental or nonparental care tends to be better for one- and two-year-olds (children age 12-to-36 months). They want to facilitate both. Their recommended policies with respect to working time and early childhood education and care certainly would help to do so.

I want to suggest some reasons why we should consider promoting formal care for this age group. (By "formal care" I mean child care provided in public or private centers and preschools, not unlicensed out-of-home care provided by a relative, friend, or neighbor.) I don't believe government should force parents to use it. In the United States we currently do that for children beginning at approximately age six; they must be enrolled in formal schooling or receive permission to home school. But we don't yet know enough about the relative merits of parental versus nonparental care for one- and two-year-olds to justify doing the same at this young age. Still, several considerations do, in my view, favor using policy to encourage (high-quality) formal care.

### ***Child Well-Being***

Though I am not an expert in this field, my understanding is that the best available evidence suggests that high-quality formal care after the first year tends to improve cognitive development, and that this is especially true for children from disadvantaged homes (Waldfogel 2002, 2006; Brooks-Gunn 2003; Carneiro and Heckman 2003; Clarke-Stewart and Allhusen 2005; Karoly, Kilburn, and Cannon 2005; OECD 2005, p. 116, 2006). This suggests that for one- and two-year-olds, child well-being may be best served by promoting widespread access to and use of good-quality formal care.

### ***Gender Equality***

In Gornick and Meyers' view, a major drawback of the "dual-earner/substitute-carer" model — that is, of heavy reliance on formal child care — is that parents spend less time caring for their young children than they would like. But do parents really want this? If so, how strongly? And which parents?

Gornick and Meyers refer to survey data on mothers' and fathers' preferences regarding time with family and children: "In surveys conducted in several OECD countries, one half or more of mothers report that they would like to have more time with their children.... More strikingly, perhaps, fathers in these countries are even more likely to report that they feel time poor with respect to family: 80 percent or more in most countries..." (p. 13). I'm not sure what to make of these data.

One concern is that many parents may simply be offering what they believe to be the politically correct response. I am particularly suspicious of the finding that more fathers than mothers want more time with their children. The image a father may have in mind when he thinks about "time with family" or "time with the children" is not one in which he is home alone with the children, but rather one in which both he *and* the mother are home and he is not necessarily the one in charge of supervising the kids.

In any event, when asking about what people want it is important to probe what, if anything, they would be willing to give up in exchange. For instance, when Americans are asked if they favor more government spending on education, the environment, crime prevention, social security, and so on, large majorities consistently say yes. But when asked if they would be willing to pay more in taxes in order to finance the expenditures, the percentages responding yes shrink, sometimes considerably. In the Gornick-Meyers proposal, after the six-month paid parental leave runs out a parent wanting to reduce employment hours in order to care for her or his child pays for it in forgone earnings (same hourly pay rate but fewer hours).

Jerry Jacobs and Kathleen Gerson (2004, pp. 74-75) report some relevant findings, which I quote here at length:

In 1998, the General Social Survey asked several questions about ideal working time, including the following: "Suppose you could change the way you spend your time, spending more time on some things and less time on others. Which of the things on the following list would you like to spend more time on, which would you like to spend less time on, and which would you like to spend the same amount of time on as now?"

Of employed individuals, 32.0 percent preferred to work less, 34.7 percent wanted to work the same hours, and 20.8 percent wished to work more. (Another 12.5 percent couldn't decide or did not answer this question.) ...

The answers shift markedly, however, when the issue of wages is added, as it is in another question in this same survey: "Think of the number of hours you work and the money you earn in your main job, including any regular overtime. If you had only one of these three choices, which of the following would you prefer — work longer hours and earn more money; work the same number of hours and earn the same money; work fewer hours and earn less money?"

When the options are posed as tradeoffs between time and money, working less becomes less attractive. In this case, 28.6 percent wished to work more, 50.5 percent preferred to work the same hours, and only 8.9 percent wanted to work less. (Again, 12.0 percent could not choose or gave no answer.)

What will fathers do given the choice between continuing to work at the same pay versus reducing work hours at reduced pay to care for a one- or two-year-old child? Gornick and Meyers are agnostic: "With respect to shorter-hour work ..., whether men will eventually take advantage of these options as often as

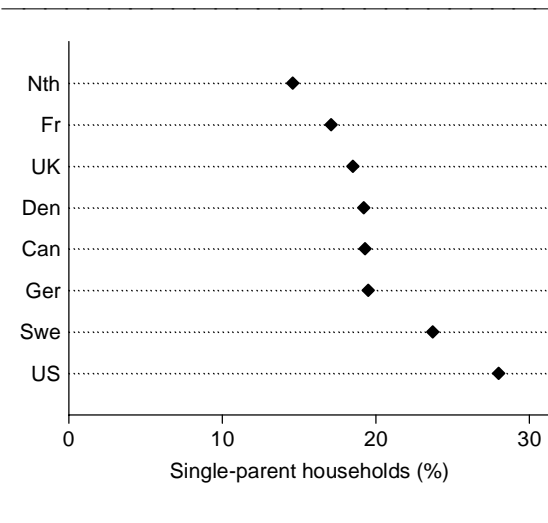
women is an open question.... The long-term prospects for men's usage of these arrangements are nearly impossible to predict" (p. 54). Sweden may be a useful test case, as fathers have had the right since 1978 to reduce work hours by up to 25% (from forty hours per week to thirty) during a child's first eight years. According to a recent study by the OECD, few Swedish fathers have chosen to spend more time with their kids: "working hours for men generally remain unaffected by the presence of children" (OECD 2005, p. 58).

The difficulty, then, is that policies designed to facilitate an increase in parental time with young children may not result in a "dual-earner/dual-carer" society. Instead they might solidify, and perhaps accentuate, gender inequality in parental child care.

**Single Parents**

Figure 1 shows that single-parent households account for nearly 20% of households with children in a number of countries, and nearly 30% in the United States. It bears emphasizing that the ideal of parents shifting from full-time to part-time hours after the first year is likely to be out of reach for some, and perhaps many, single parents. Most single parents working in low-wage jobs cannot afford the loss of income.

Figure 1. Single-Parent Households, 2003

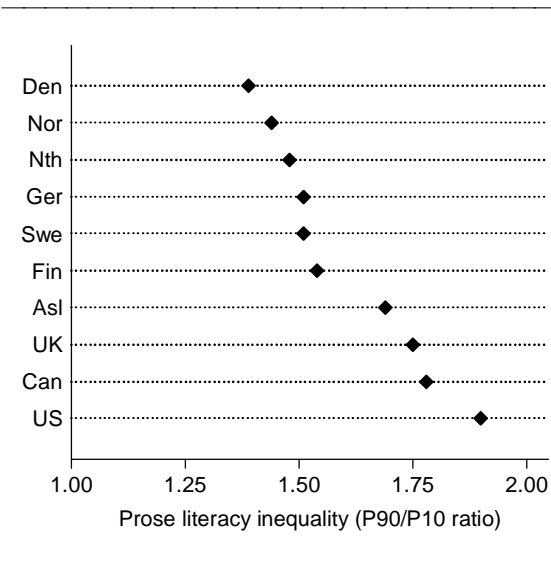


Note: Single-parent households as a share of all households with children. Source: U.S. Census Bureau, www.census.org, Statistical Abstract, table 1321: Single-parent households, 1980-2004.

### ***Formal Care, Cognitive Development, and Equality of Opportunity***

Let me return to the apparent beneficial effect of high-quality formal care on young children's cognitive development. Because this effect appears to be stronger for children from disadvantaged homes, one potential impact of provision and widespread use of formal care is to reduce the inequality of cognitive ability produced by genetics, homes, and neighborhoods. Progressives have long pinned their hopes for achieving such inequality reduction on the K-12 schooling system, but several decades of research have dampened this hope somewhat. It may be, however, that earlier intervention is more effective (Carneiro and Heckman 2003).

Figure 2. Adult Literacy Inequality, 1994-1998



Source: OECD and Statistics Canada (2000, table 4.13, p. 176).

Some useful comparative data are available from a multi-country study of adult literacy, the International Adult Literacy Survey (IALS), conducted in the mid-to-late 1990s by the OECD and Statistics Canada. Individuals were tested on three types of literacy: document, prose, and quantitative. Scores tended to correlate strongly across the three types. Figure 2 shows the degree of prose literacy inequality, measured as a P90/P10 ratio, in ten OECD countries. Literacy inequality was especially low in Denmark and Norway, followed by the Netherlands, Germany, Sweden, and Finland. The four Anglo countries, and particularly the United States, had the highest levels of inequality. In the United States the

prose literacy score at the ninetieth percentile of the literacy distribution was nearly twice as high as that at the tenth percentile.

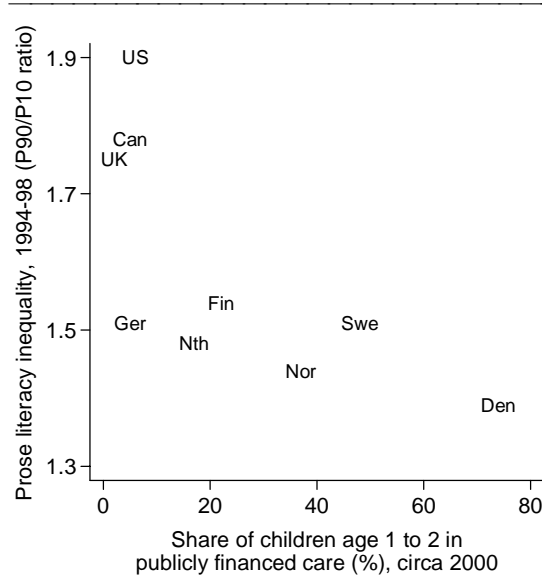
Gøsta Esping-Andersen (2004, p. 308) has suggested that the success of the Nordic countries in limiting inequality of cognitive ability is largely a product of extensive high-quality preschool care and education:

Scandinavian day care is basically of uniform, high pedagogical standards, meaning that children from disadvantaged families will benefit disproportionately. Day care in the United States is of extremely uneven quality, and children from disadvantaged families are likely to find themselves concentrated at the low end. Additionally, it is common practice in the Nordic countries for school-age children to remain in schools after classes in organized "after-hours" activities. This implies fewer hours parked in front of the family television. The upshot is that the uneven distribution of cultural capital among families is greatly neutralized in the Nordic countries, simply because much of the cognitive stimulus has been shifted from the parents to centers that do not replicate social class differences.

This is a plausible hypothesis. But there are two empirical problems. First, across these countries, the association between extensiveness of public child care and cognitive inequality is not terribly strong. Figure 3 shows the pattern for nine of the countries (public child care data are not available for Australia). The child care data refer to the share of one- and two-year-old children who are in publicly financed (provided or subsidized) care. Consistent with the hypothesis, Denmark, Norway, and Sweden are at one pole with extensive public child care and low literacy inequality among adults, while the United States, Canada, and the United Kingdom are at the opposite pole with very limited public child care and high literacy inequality. But Germany, the Netherlands, and Finland also have low literacy inequality despite having very few young children in publicly financed child care. Second, many things could account for the cross-country differences in cognitive inequality. To adequately assess the hypothesis, we need longitudinal data on cognitive inequality within countries. Unfortunately, to my knowledge such data do not exist.

Even if the comparative evidence is ambiguous, the possibility that extensive use of high-quality formal child care may contribute to reduced dispersion of cognitive ability should be of considerable interest to progressives. It suggests additional reason to consider encouraging formal care for one- and two-year-olds.

Figure 3. Adult Literacy Inequality by Share of Young Children in Publicly Financed Child Care



Sources: For prose literacy inequality, see figure 2. For share of children in publicly financed care: Gornick and Meyers (2003, pp. 204-05). Comparative data are not available prior to 2000 for use of public child care or after 1998 for literacy inequality.

### *The "Home Care Allowance" Threat*

Suppose momentum builds in the United States in favor of a serious discussion about public funding of child care. I worry that advocating an increase in parental care for one- and two-year-olds may heighten the likelihood that government funding will end up taking the form of something like the lengthy "home care allowances" (extended paid parental leaves) that currently exist in Germany, France, Finland, and Norway. These policies provide a subsidy — some earnings-related, some flat-rate; some means-tested, some not — to help enable a parent to stay home with a child for two to three years.

This type of program has an inherent political advantage, as it can be justified on grounds of choice (Morgan 2004). Proponents can argue that public provision or subsidization of care outside the home benefits only those who wish to use it, and is of no help to parents who prefer to stay home with their children. This argument is likely to be especially potent in the United States. Many conservatives and traditionalists favor parental care for young children. If advocates of generous work-family reconciliation policies are ambivalent, that may well

settle the debate in favor of a home care allowance in addition to, or more likely instead of, extensive government support for formal child care.

What consequences would a lengthy home care allowance have for gender equality? Mothers almost certainly would make far greater use of the allowance than fathers. This would reinforce, and perhaps heighten, the existing gender disparity between parents in employment and in child care. That appears to have been the result in Germany, France, Finland, and Norway. A report by the OECD in 2001 reached this conclusion (OECD 2001), and the same is true of several recent country-specific assessments. One study finds that a three-year "baby break" has become "a virtually universal phenomenon" among employed German women who have a child (Gottschall and Bird 2003). Among west German mothers with children under age three, the labor force participation rate fell from 28% to 23% between 1986, when the leave was first implemented, and 2000 (Morgan and Zippel 2003, p. 67). And for mothers who do return to the work force, the break appears to encourage part-time rather than full-time employment (Ondrich et al. 1999; Gottschall and Bird 2003). France too introduced its long-term care leave in the 1980s. The eligibility criteria for the leave were eased in 1994, and in the ensuing years the rate of women's labor force participation dropped for the first time in several decades (Morgan and Zippel 2003). Marit Rønsen and Marianne Sundstrom (2002) find that Finland's lengthy paid care leave has reduced reentry into employment after childbirth among women who had previously been employed, and Rønsen (2001) finds the same to be true in Norway.

## **What To Do?**

I would recommend the following:

### ***Paid Parental Leave***

Given research findings that it tends to be best for a child to be cared for by a parent throughout the first year, I would prefer a twelve-month paid leave for the family, with each parent having three nontransferable months. This would be less conducive to gender equality than the sixth-month nontransferable leave for each parent that Gornick and Meyers propose. But if we assume that, at least in the medium-term, many fathers will choose to take only a month or two of leave, children will be better served by a policy that allows the mother to stay home for nine months rather than just six. It is worth emphasizing, however, that we need more research on the costs and benefits of parental versus formal care for children in the first year.

### ***Regulation of Working Time***

Although I have reservations about Gornick and Meyers' ambivalence with respect to parental versus nonparental care for one- and two-year-olds, I support their working-time regulation proposals.

A work week of no more than 39 hours and a work year of no more than 48 weeks strike me as desirable. A shift from a 40-hour work week to a 39-hour one seems unlikely to have much of an effect, though, and thus perhaps not worth the political battle. If a change is to be made, perhaps 37.5 hours should be the goal.

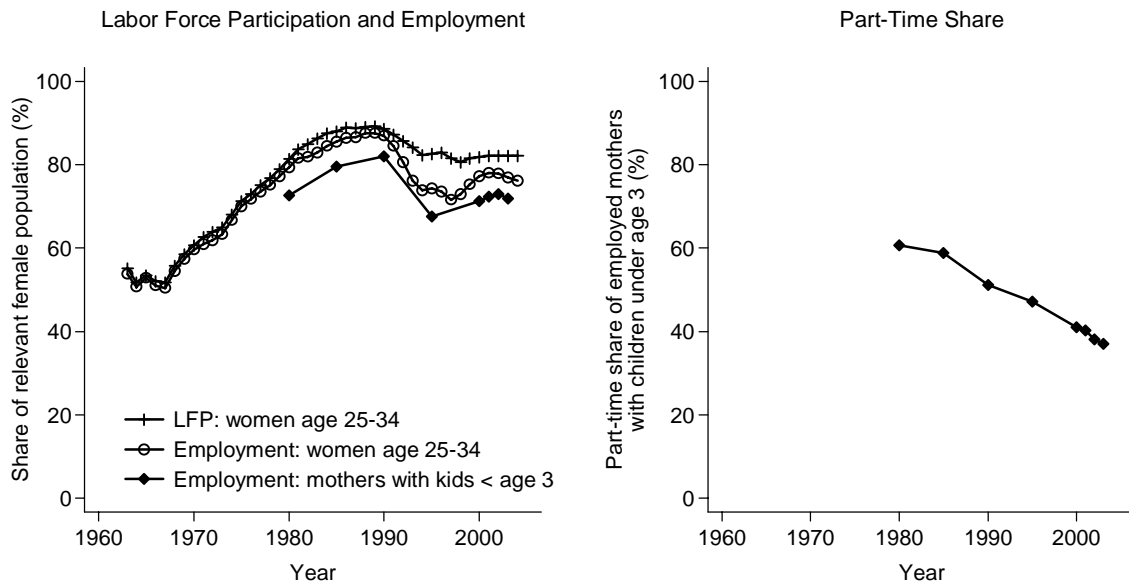
I also favor giving employees the right to shift from full-time to part-time hours. On the plus side, this would offer parents greater choice about how to manage child care. The drawback is that it would probably increase gender inequality in parental care of one- and two-year-olds. But I suspect this effect would be fairly small. If coupled with an expansion of affordable high-quality formal care, a reduced work-hours option might lead to relatively little reduction of employment hours among mothers with young children. If offered the choice between affordable high-quality formal care and reduced work hours at reduced pay, my guess is that most women will opt for the former.

Here too Sweden is the most useful test case. Since 1978 Swedish parents have had the right to reduce work hours from forty per week to thirty. The first chart in figure 4 shows three time plots: one for the labor force participation rate among women age 25 to 34, one for the employment rate among women in that age group, and one for the employment rate among mothers with children under age three. The latter figures are the ones of most direct relevance, but they are available only beginning in 1980 and only at five-year intervals. I include the labor force participation rate and employment rate for 25-to-34-year-olds because this is the age group most likely to include mothers with young children, and these data are available annually and much farther back in time. For the years of overlap the trends are virtually identical, suggesting that the 25-34 age group may function as a reasonable proxy for mothers with young kids. The labor force participation and employment rates for 25-34s increased steadily in the decade before 1978, and both continued to rise in the ensuing decade. There was a slow-down in the rate of increase in the late 1980s, but that was very likely a "ceiling effect," as the labor force participation rate for this age group had reached 88% by 1985. The trends since 1990 are not very informative, as they are dominated by Sweden's deep economic crisis of the first half of the nineties, during which labor force participation and employment rates plummeted for both women and men and in all age groups.

Even though the employment rate for women age 25-34 and for mothers with under-three-year-old children continued to rise after introduction of the reduced-hour option, the policy could have caused an increase in *part-time* work among these women. However, the second chart in figure 4 indicates that exactly the opposite occurred. The share of employed mothers with children under age three

working part-time — defined here as less than 35 hours per week — fell steadily in the decade after the reduced-hour policy was put in place (and has continued to do so since then).

Figure 4. Employment Patterns of Swedish Mothers Before and After Introduction in 1978 of the Reduced Work-Hours Policy



Note: LFP = labor force participation. Sources: For women age 25-34: My calculations from data in the OECD's "Labour Force Statistics Database," available at [www.oecd.org](http://www.oecd.org). For mothers with children under age three: OECD (2005, table 3.5, p. 70).

Gornick and Meyers appear to favor allowing employees to shift from full-time to part-time in the hope that a substantial and relatively equal number of mothers and fathers will do so in order to spend more time with their young children. I suspect that if such a policy did in fact have a sizeable impact, it would probably be bad for gender equality at work and at home, because it would be mainly mothers using it. Were that to be the case, I might oppose the policy. But while it is dangerous to generalize from a single country, the Swedish experience suggests that, provided good-quality affordable child care is available, having the option to shift from full-time to part-time is not likely to result in a substantial decline in full-time employment among mothers with young children.

***Early Childhood Education and Care***

In some countries, such as Denmark and Sweden, government centers provide much of the out-of-home child care. In the United States and other English-speaking countries, the private market for child care is so developed that it is difficult to imagine it being replaced by public facilities. One mechanism for subsidizing marketized formal care would be vouchers (Blau 2001; Helburn and Bermann 2002). How to ensure high quality? David Blau (2001, p. 219) recommends that the value of the voucher vary according to the quality of the child care it is used to purchase: "For example, a low-income family might receive a subsidy of 30 percent of the average cost of unaccredited child care if they use unaccredited care, 60 percent of the average cost of care if they use a provider accredited as of good quality, and 100 percent of the average cost of care if they use care accredited as of excellent quality. This gives families an incentive to seek care of high quality, and it gives providers an incentive to offer high-quality care in order to attract consumers."

Earlier I suggested a variety of reasons why we might want to promote formal care for one- and two-year-olds. Given that I nevertheless support Gornick and Meyers' proposals for changes in working-time regulation, does this matter in practice? It does if there turns out to be a political tradeoff between achieving reforms in working-time regulation and in early education/care. If it's possible to get both, great. But if it's one or the other, I would strongly favor prioritizing government support for more and better formal child care.

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