

# The socioeconomic gap in childcare enrolment: The role of behavioural barriers <sup>[1]</sup>

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## AVAILABILITY

Access online <sup>[2]</sup>

### Excerpted from article

Many countries have been expanding subsidised childcare for decades, and Germany is no exception. Early childcare provision for children under age three is universal in Germany; it is targeted at all children. Each child has a legal entitlement to a childcare slot starting from age one. However, similar to other countries with universal childcare provision, such as Denmark (Landersø and Heckman 2016, Heckman and Landersø 2021), actual usage is far from universal, and there are substantial differences in usage by parental background.

In numbers, the socioeconomic gap in early childcare enrolment in Germany amounts to 14 percentage points (Jessen et al. 2020), and similar gaps can be observed in many other OECD countries (OECD 2019). This pattern is particularly important because disadvantaged children tend to benefit most from attending childcare (Garcia et al. 2017, Cornelissen et al. 2018, Felfe and Lalive 2018).

But why are children with lower socioeconomic status substantially less likely to be enrolled in childcare? Answering this question is highly relevant to policy because unequal take-up of formally non-selective social programmes may undermine their desired equity-enhancing effects. Yet, the causal determinants of the socioeconomic gap in childcare enrolment are largely unexplored.

Previous literature suggests that individuals with lower socioeconomic status (SES) may lack important information about the costs of different educational programmes, the application process, and their own suitability and eligibility (Currie and Gahvari 2008, Jensen 2010, Bettinger et al. 2012, Hoxby and Turner 2015). They are also more susceptible to behavioural patterns such as present bias and overreliance on routines or defaults (Lavecchia et al. 2016). These factors may distort educational choices of lower-SES individuals and thereby exacerbate educational inequality, especially when application processes for educational programmes are complex and competitive (see Lavecchia et al. 2016 and Damgaard and Nielsen 2018 for literature reviews of behavioural barriers in education).

In a field experiment, we study whether behavioural barriers in the application process work against lower-SES children (Hermes et al. 2021). In particular, we show that providing information and personal assistance for applications can reduce the socioeconomic gap in early childcare.

### Early childcare in Germany and study design

Early childcare in Germany is heavily publicly subsidised and characterised by decentralised admission processes (which may differ even across individual childcare centres) and strong competition for slots. The allocation of childcare slots is often criticised as inefficient. For instance, some families spend years on waiting lists before finding a childcare slot, despite their legal entitlement (Carlsson and Thomsen 2015). Moreover, because admission decisions are often not coordinated among childcare centres, some families receive offers from multiple centres for their child, blocking access and increasing waiting times for other families (Fugger et al. 2017).

This complex market setting may especially challenge families of lower socioeconomic status, who often lack knowledge, time, financial resources, and social capital. We investigate whether helping lower-SES families to navigate the admission system increases their chances of finding a childcare slot.

We conducted a large-scale field experiment in two cities in Germany. A total of 607 families with children under age one participated. Following previous literature on educational inequality (e.g. Bjoerklund and Salvanes 2011, Jessen et al. 2020), we categorise parents without a college entrance qualification as lower socioeconomic status (about 40%) and the remaining families as higher socioeconomic status (about 60%). Our sample reflects the educational distribution of young families in Germany.

The treatment was designed to mitigate behavioural barriers that parents may face when trying to make their preferred childcare arrangement (e.g. centre-based childcare) but not to persuade them to enrol their child in childcare. It included two components: information provision and customised application assistance.

First, to address a potential lack in parental knowledge about the childcare application process, we showed each parent in the treatment group a four-minute information video immediately after completing the baseline interview. Second, we offered parents in the treatment group personal application assistance by trained assistants. This customised support included, for example, help with filling out forms and

reminders of important deadlines.

In contrast, parents in the control group neither received information nor personal application assistance. Randomising families into treatment and control groups allows us to estimate the causal effect of the support measures on early childcare application and enrolment (i.e. the treatment effect).

### Key finding: Lower-SES families benefit from support measures

Figure 1 presents our main results. The left panel depicts treatment effects on the probability of applying for a childcare slot for lower- and higher-SES families. The right panel depicts treatment effects on actual childcare enrolment.

Nine months after receiving the support measures, the treatment increased the probability that lower-SES families apply for a childcare slot by 21 percentage points (left blue bar). In contrast, there is no detectable effect for higher-SES families (left green bar).

Most importantly, the support measures increased the probability of actually taking up a childcare slot among families of lower socioeconomic status by 16 percentage points (right blue bar), without affecting higher-SES families' take up (right green bar). Thus, the measures almost entirely closed the socioeconomic status gap in application rates (left grey bar), and more than halved the socioeconomic status gap in enrolment (right grey bar).

### Discussion and policy implications

Our findings suggest that behavioural barriers – combined with a competitive and non-transparent market setting – can prevent families of lower socioeconomic status from obtaining a childcare slot.

Of course, behavioural barriers in the application process are only one of several explanations for the large observed socioeconomic status gap in childcare usage. We find that closing the socioeconomic status gap in application rates does not fully translate into closing the gap in actual enrolment, which suggests that additional factors not addressed by our support measures may also curb the prospects of lower-SES families to secure a childcare slot.

These factors may include complementary demand-side reasons, such as differences by socioeconomic status in the quality of applications or general application strategies (e.g. narrow versus wide scope of search), as well as supply-side reasons, such as discrimination against lower-SES families by childcare providers in their admission decisions. We consider studying such additional factors a promising avenue for future research.

Our findings have policy implications for the design of equity-oriented social programmes. We show that an important mechanism behind socioeconomic status gaps in programme participation is that families of lower socioeconomic status have difficulties navigating complex application processes. This finding is in line with Walters (2018), who suggests that a lack of familiarity with application processes may explain why children of lower socioeconomic status are often underrepresented in US charter schools.

Therefore, simplifying application processes can be a simple but effective strategy to strengthen the desired equity-enhancing effects of universal social programmes. These may include, for example, minimising paperwork and the administrative burden, pre-filling application forms by using administrative records, and centralising the admission system.

However, such reforms also must be complemented by an increase in available childcare slots to allow all families to realise their preferred childcare arrangement.

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