



# Promoting integration of immigrants: Effects of free child care on child enrollment and parental employment<sup>☆</sup>



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## HIGHLIGHTS

- We study an intervention providing free child care for children aged four and five.
- We estimate the effect on the enrollment and parents' employment and education.
- The intervention increased enrollment of children from immigrant families.
- We find no support for effects on parental employment or education.
- Children in intervention districts perform better on assessment tests at age seven.

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## ABSTRACT

Proficiency in the language spoken by the majority population may be crucial for the cognitive development of children from immigrant families. High-quality child care is believed to promote such language skills, and it is thus of concern that children from immigrant families are underrepresented in formal child care across OECD countries. How can we increase their participation, and can such participation improve family integration? We study an intervention in some districts of Oslo where children aged four and five were eligible for 20 h of free childcare weekly. Taking advantage of the intervention being available in some city districts and not in others, we estimate the effect of the intervention on the enrollment of children and on their parents' employment and education, using outcomes measured for the same family before and after the child's age of eligibility. We find that the intervention increased the participation for children from immigrant families by 15%. However, we do not find support for effects on parental employment or education. The performance in tests at school entry (age six) for children from immigrant families in city districts with free child care is better than that of similar children in comparison districts. Overall, our results suggest that subsidizing center based child care can improve the cognitive development of children from immigrant families.

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## 1. Introduction

The child care center is the first public institution in which most children spend time without parental presence. The time in child care coincides with a phase in the child's life that is crucial for the formation of its values and skills (Shonkoff et al., 2000; Almond and Currie, 2011). The child care center is for most children the first step of the education system, and can thus lay the foundation for subsequent performance. A

number of studies show that formal childcare during early childhood is important for child development (excellent recent overviews are provided in e.g. Almond and Currie (2011), Ruhm and Waldfogel (2012), and (Baker (2011)). Moreover, for some children, formal child care might be of particular importance. For children who speak another language than the majority language, early and intensive exposure to the language spoken by the majority can be crucial for educational and emotional development (Bleakley and Chin, 2009).

Inequality in educational attainment of native and immigrant groups has been of great concern to policymakers in the US and Europe for a long time (Taguma et al., 2009; Schnepf, 2007; Grigorenko and Takanishi, 2009; Dustmann et al., 2013). The low enrollment of children from immigrant families in preschool programs enhances the fear that the current educational inequality will persist into future generations (Norwegian Ministry of Education and Research, 2010; Hernandez

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et al., 2009). We explore whether offering free center based child care might bridge this enrollment gap at an early age, and whether it affects parental employment and education. Furthermore, we investigate links between higher enrollment and cognitive child development.

Since 2006 the Norwegian government has allocated significant funding of an intervention offering 4 h daily of free child care in five city districts in Oslo. The city districts in question have a particularly high share of children from immigrant families, a group of children with lower participation rates in child care institutions in Norway as well as in a number of other countries (Drange and Telle, 2010; Dustmann et al., 2013). The main purposes have been to facilitate participation and provide systematic language stimulation of the children, as well as to raise awareness among their parents of the importance of language development and the crucial role played by the child care institution in promoting such development.

Our empirical strategy takes advantage of the fact that free child care for four- and five-year-olds was available in some city districts and not in others. This enables us to estimate the effect of the intervention on the enrollment of children, as well as on parental labor force attachment and educational attainment, comparing outcomes for each child (or parent) before and after eligibility age in city districts with and without the intervention. Moreover, detailed registry information on pre-intervention family characteristics allows us to explore how the effects vary across families with high vs. low family income, high vs. low parental education, as well as across child gender and sibling parity. We find that the intervention indeed succeeded in recruiting children from immigrant families to child care centers. In treated city districts, there is an increase in enrollment rates at about 11.5 percentage points. For native children, we find no such differences, implying that the offer of free child care might help to bridge the gap between children with and without an immigrant background (see Fig. 1 in Section 5.1). Although the intervention increased the enrollment of children from immigrant families, parental outcomes are to a very little extent affected. Looking at test scores at school entry (age six) we find that children with an immigrant background in city districts with free child care perform better than children in comparison districts. This result is robust for the inclusion of native children in a difference-in-difference model.

To our knowledge, very few studies have focused on child care and the particular group of children with an immigrant background. One recent exception is a study from Germany exploring a large increase in subsidized child care slots for children between three and six years old, finding positive effects on child development (cognitive and non-cognitive) for children from immigrant families (Dustmann et al., 2013). Another study looks at the introduction of free child care for five-year-olds in two city districts in Oslo in 1998, and finds that girls (no effects for boys) of immigrants perform better at the end of primary school, ten years after the intervention (Drange and Telle, 2010).<sup>1</sup> The main contribution of this current study is as follows. While Dustmann et al. (2013) look at effects of an intervention that expands the number of subsidized child care slots and a legal right to child care (from a situation where demand exceeds supply), we look at effects of an intervention that is implemented in an environment with little or no rationing of slots and where child care has been heavily subsidized for several years. The intention of the intervention we study was to recruit the children from immigrant families who had not already enrolled in child care, despite the long lasting availability of heavily subsidized child care of high quality.<sup>2</sup> Indeed, in our setting child care was offered free of charge and

public servants actively recruited non-enrolled children. Recruiting these children might be of particular importance if children who benefit the most from attending child care, are hard to recruit. Our findings also indicate that effects on test scores of attending child care are high for this margin of children. Thus, while the previous studies have focused on effects on children's cognitive (and non-cognitive) outcomes measured in school, we focus on how an intervention intentionally directed at children from immigrant families affects their enrollment in child care. In doing so we utilize that we have access to the outcome variable (child enrolled in care or not) for each child from before to after eligibility (at age four), which enables us to control for any time-invariant child characteristic.<sup>3</sup>

## 2. Background

### 2.1. Previous literature

Lack of participation in child care might delay the child's language development, in particular when parents have limited proficiency in the language spoken by the majority (Bleakley and Chin, 2009). Several of the studies examining the effects of child care on children's later school achievement and other subsequent outcomes in the general population, find that girls and children from families with low socioeconomic status benefit the most from attending formal child care (Cascio, 2009; Havnes and Mogstad, 2011b; Berlinski et al., 2009; Anderson, 2008). Studies of the effect on school performance or further education of children from immigrant families are scarce. Dustmann et al. (2013) examine how children of immigrants are affected when child care for children aged 3–6 is legally ensured through a universal program with subsidized, but not free, child care. The authors take advantage of the staggered implementation of a federal policy change in one region in Germany, which entitled all children to a child care slot from their third birthday and until school entry. The German child care institutions are similar to the Norwegian in that they are subsidized, follow consistent national policies regarding quality, and have a focus on learning through play. The outcome measure for the children of immigrant background is whether they need additional training in the German language at school entry. In addition, the children are tested for fine and gross motor skills. Comparing outcomes of cohorts of children who are differently exposed to the child care expansion across municipalities, Dustmann et al. (2013) find positive effects on language skills for children with immigrant background of the increased availability of child care, and no effects for children without such a background. The authors accredit this difference to the fact that the expansion in the child care enrollment of children with and without immigrant ancestry was affected on different margins. Children without immigrant background did enroll in child care centers before the increase of subsidized slots, whereas the children from immigrant families previously had less exposure to child care.

While child care has proved beneficial for child development in many studies, it is not always clear what the mechanisms are. One suggested mechanism might be that child care attendance frees up time for the parent who prior to enrollment spent time at home with the child (usually the mother). If this parent joins the workforce, family income will increase.<sup>4</sup> Some studies suggest that family income might affect child development positively. Dahl and Lochner (2012) find

<sup>1</sup> The data available to Drange and Telle (2010) did not allow studying of uptake because the data did not contain enrollment for the affected cohorts. Furthermore, treatment was limited to fewer city districts, resulting in a smaller sample size. Lastly, treatment differed in nature and intensity, as e.g. free child care was only available one year prior to school start.

<sup>2</sup> The intervention considered in Dustmann et al. (2013) provided child care at a fee of 54–129 Euros per month for 20 hours a day, which is similar to the fee of 500–1200 NOK that had prevailed in Oslo for several years when the free child care intervention was introduced (1 $\text{€}$  is about 8 NOK).

<sup>3</sup> On the other hand, with a focus on children's cognitive and non-cognitive outcomes, which are only measured after child care age, previous studies have utilized variation in uptake across cohorts (before and after intervention) at the municipal level, making them vulnerable to possibly endogenous compositional changes in the cohorts and disabling controls for unobservable child characteristic.

<sup>4</sup> Studies on this topic are inconclusive. While Havnes and Mogstad (2011a) find negligible effects on mother labor force attachment following a large expansion in universal and subsidized child care in Norway in the 1970s, other studies, such as Bauernschuster and Schlotter (2015) for Germany, Baker et al. (2008) for Canada and Brewer et al. (2014) for England, find substantial effects on maternal labor supply.

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