



NEW REPORT: Universal preschool does not always increase mothers' labor supply

A new report published on [IZA World of Labor](#) finds that the impact of universal preschool policies on maternal labor supply varies considerably depending on the policy design and the country context.

Since the 1970s, many countries have introduced subsidies for free or low-cost preschool with the aim of increasing the number of mothers available for work and improving children's futures.

Sarah Cattan of the Institute for Fiscal Studies, UK, summarizes research showing that the provision of free preschool education has had very different impacts on maternal employment across countries. Studies show that while universal free preschool can increase maternal labor supply, its effectiveness depends on many factors, including the nature of the female labor market, the childcare market, the welfare system in place, as well as financial and family circumstances.

Subsidizing preschool education has had larger impacts in countries where maternal employment was relatively low to begin with. Countries with low maternal employment often being those where mothers are most financially constrained by the cost of preschool education. For example, the introduction of free preschool education for three-year-olds in the 1990s in Spain, a country with historically low maternal employment, increased maternal labor supply by 10%.

In countries such as Norway where mothers were already paying for private childcare or relying on informal care so that they could work, providing universal free preschool amounted simply to a transfer income from the government to these families without substantially affecting mothers' labor market behaviour. In this case, a targeted policy subsidizing preschool only for mothers for whom affordability is the main barrier to work could be more cost-effective in increasing maternal labor supply than a universal preschool subsidy.

While the literature provides fairly strong evidence of a greater effect of policies subsidizing preschool education among single mothers than among mothers with partners, a UK study finds that single mothers start entering employment only when their child is offered a full-time place. This suggests that a subsidy covering the cost of preschool for only 15 hours a week may not be a strong enough incentive for mothers to go back to work.

Cattan says: "The case for universal preschool has been made on multiple grounds ranging from increasing maternal labor supply to giving equal chances to all children. It is therefore fundamental that policymakers be clear about which objective they are seeking to achieve and realistic about how well a single policy can achieve several objectives while being an effective use of public resources."



BLOOMSBURY PUBLISHING
LONDON · NEW DELHI · NEW YORK · SYDNEY

I Z A
World of Labor
Evidence-based policy making

Media Contact:

Please contact Anna von Hahn for more information or for author interviews:

Anna.vonHahn@bloomsbury.com or +44 7852 882 770

Notes for editors:

IZA World of Labor (<http://wol.iza.org>) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.

The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.

Established in 1998, the Institute of Labor Economics (www.iza.org) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.