

**COMBINING EMPLOYMENT WITH CHILDCARE:
AN ESCAPE FROM DEPENDENCE?**

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Abstract

The fifth sweep of the National Child Development Study provides an opportunity to analyse the use of childcare by a national sample of employed women who were aged 33 in 1991. The very substantial use of informal care, by lone mothers and those in partnerships is evident. The use of formal care is greatest for mothers with children under five. Reported costs of child care represent nearly a quarter of net weekly earnings for mothers with a child under five. The effect of varying the assumptions as to who pays for childcare on the relative financial position of the parents is examined. Formal childcare is shown to be important in facilitating a continuous full-time career which, in turn, raises the likelihood of equality of earnings between couples and increases the proportion of women contributing to occupational pension. However, the majority of women do not take this route. For those who earn little, paid childcare is not an economic option and this, in turn, restricts the scope of paid employment.

Combining employment with childcare: an escape from dependence

Clare Ward, Angela Dale and Heather Joshi.

In a society in which women still take primary responsibility for children, the availability of childcare is an important factor in enabling motherhood to be combined with paid work. It is through paid work that women retain their long-term earning capacity, reduce the economic impact of divorce, separation or widowhood and lessen the risk of poverty in old age (Cohen and Fraser, 1991; Joshi 1994). Many women cite a lack of affordable childcare as a deterrent to taking paid work (McRae, 1993; Metcalf and Leighton, 1989; Witherspoon and Prior, 1991). This paper considers the role of childcare in facilitating women's employment and its relation to women's economic dependence¹, taking evidence from a cohort born in 1958. It goes on to assess the implications of women's current labour force participation on their future levels of economic well-being. From earlier work we concluded that, within the current institutional and ideological framework of Great Britain, full-time work provides the only route by which women can avoid economic dependence on either a partner or the state (Ward, Joshi and Dale, 1993). In this paper we ask is whether the purchase of childcare achieves economic independence or whether, once its costs are taken into account, there is little economic gain.

The importance of paid work

Paid work provides women not only with an independent source of income but also affects the extent to which they contribute to the total family income. The 1991 British Social Attitudes Survey estimated that 69 per cent of mothers working full-time felt that a job was the best way for a woman to be independent. The corresponding figures for women working part-time and for those not in paid employment were 51 per cent and 42 per cent respectively. Qualitative research into household allocative systems also provides evidence of the link that women make between paid work and an independent source of income:

Well it gives you a feeling of contribution, there is a bit of independence there but it's independence in as much as you are physically contributing to the household..... I think it's independent in a contributory sense rather than in independent being apart. (Rose and Laurie, 1991, p.9)

Although in the population as a whole, earnings as a proportion of family income have been falling, they are still the most important determinant of living standards in Britain. Amongst the higher income households in Britain, earnings are the most important source of income, whilst amongst the poorest, social security payments represent the main source (Pond, 1989; Stark, 1988). Analyses of the Family and Expenditure Survey (FES) illustrate the importance of women's earnings in keeping couples out of poverty. However, these studies also show that women's earnings do not significantly move the couple into the top of the income distribution (Dale and Joshi, 1992). The obstacles to generating income from employment are particularly acute for lone mothers. This is reflected in the lower family income of lone parent families (Bradshaw and Millar, 1991; Holtermann 1993; Ward, 1993). It is particularly difficult for lone mothers to earn enough to cover childcare costs and still retain sufficient income to support their family; additionally the benefit system

provides little assistance with meeting childcare costs² (Holtermann, 1993; Joshi, 1990). A lack of affordable childcare provision is also of importance in the employment decisions of women with partners (McRae, 1993; Metcalf and Leighton, 1989; Witherspoon and Prior, 1991) and is strongly associated with high levels of part-time working. The disadvantageous consequences of part-time work have been discussed elsewhere (Burchell, Dale and Joshi, 1994).

What is childcare ?

Childcare involves the care and supervision of children by someone other than their mother. These arrangements have varying degrees of educational content. In this paper we are particularly concerned with arrangements made while the mother is in employment, and it is on these that our data source focuses.

The multiple functions of childcare are reflected in the different types of provision available. Employed mothers need childcare not only while they are at work but also during the time spent travelling to and from their place of work. However, facilities that are open for long hours are rare and tend to be very costly. On the other hand free facilities, such as nursery classes, tend to care for children for only a few hours a day since they are part of the educational system. Once children are at 'proper' school the constraint of school hours and holidays is also apparent. After-school care is very limited; it has been estimated that there are out-of-school places for less than 0.2 per cent of primary school children. This lack of supplementary care means that children may be left to fend for themselves in the holidays and after school, or that mothers limit their hours or leave the labour force because they cannot find alternative childcare (Cohen and Fraser, 1991). Difficulty in arranging childcare can also place severe limitations on the time that women are willing to spend travelling to work. This restricts their search for jobs, and can have adverse effects on wages (Paci et al forthcoming).

In Britain, childcare is officially viewed as a private matter and not as a public concern. Individuals and their employers are left to deal with the childcare consequences that arise from a decision to take paid work (Brannen and Moss, 1991). This contrasts with other European countries such as France, Denmark and Sweden in which daycare is seen, at least in part, as a social responsibility. The great variety in the levels and types of childcare provision in different countries is reported in Moss (1988) and cited in detail in Joshi and Davies (1992).

In the UK, pre-school childcare provision is based on a mixture of private, voluntary and public facilities, comprising childminders, nannies, nurseries and nursery schools (McRae, 1991), besides a large informal element. The UK has one of the lowest levels of publicly funded childcare provision in the European Community, with only 2 per cent of children under three having publicly funded childcare places. In contrast Denmark (48 per cent) and Belgium and France (both 20 per cent), provide daycare for a much larger percentage of children under three. Children from three to school age are also better catered for in most European Community countries. Britain has 37 per cent publicly funded provision for this age-group compared to 95 per cent in Belgium and France and over 50 per cent in the remaining European Community countries (Cohen and Fraser, 1991). In addition the UK, until recent changes were forced upon it by the EC, was unique in Europe in not offering

maternity leave to all pregnant women in employment; it is still unique in having no provisions for parental and family leave.

Data and definitions

The data are drawn from the fifth sweep of the National Child Development Study (NCDS). NCDS is a cohort study of all those born during the week 3rd - 9th March 1958 (aged 33 in 1991) and who were resident in England, Scotland and Wales. The research reported here comes from the main cohort member interview, of which 11,407 were obtained. This represents 85 per cent of the traced population (13,444) and 73 per cent of the target population (15,666), (Ferri, 1993). Cohort member interviews asked about the use of childcare by cohort members in full or part-time work who were mothers or lone fathers and have children under fourteen. There is no information available about the use of childcare by non-employed mothers or lone fathers. For this reason we cannot deduce how important lack of suitable child-care is in preventing employment, nor chart the full extent to which children experience non-maternal care. Other data concerning the use of childcare was collected in a part of the survey administered to a sample of mothers of cohort members' children. However, these data are not used here since they apply to a subset of survey mothers and contain no information about the cost of childcare.

The term 'married' is used to refer to women currently living with a partner whether legally married or not. Marital status is based on a question to cohort members in the 'Your Life' self-completion questionnaire, which was completed by a total of 11,175 cohort members. Separate analyses are not carried out for married and cohabiting couples because, after breaking down by the types of childcare used, the cohabiting group is too small.

Childcare questions were asked of 2245 married mothers, 229 lone mothers and 21 lone fathers, (all of whom had children under fourteen) and who were in employment at the time of the interview. They were asked to give details of their usual childcare arrangements whilst they were at work. Since respondents were able to specify more than one type of care, this information has been combined into 'packages' of care. We thus distinguish those who use just one form of care from those who use a combination. Those for whom a partner or a school provided childcare were not asked if they paid for the care. We classify such an arrangement as 'non payable'. Those using any other type of care were asked whether they paid for it, and if so how much. Anyone to whom this question was put is assumed to have a 'payable' type of arrangement. A cohort member reporting 'no usual childcare arrangements' was not asked questions about payment. Since these arrangements cannot be assumed to be free they are generally excluded from analyses comparing families who do and do not pay for their childcare. Those reporting 'no usual' childcare arrangements or 'other childcare' are more likely to be self-employed than those reporting the more common packages of care (figures not shown).

In all the analyses it is important to remember that figures relating to a cohort born in 1958 will differ from those for the population as a whole. The ages of children of 33-year old parents will differ from those in a national sample, as will the characteristics of the parents.

Use of childcare

Results from NCDS5 show the bulk of childcare being provided by informal sources or the school system. This, and the minor role of formal paid types of provision, also appears in other surveys (Marsh and McKay, 1993; Martin and Roberts, 1984; Witherspoon and Prior, 1991). Appendix table 1 compares the use of childcare by married mothers, lone mothers and lone fathers in NCDS5. Lone fathers are a very small group and so are not included in most further analyses in this paper. Since respondents could specify more than one type of childcare this table does not give a clear indication of how different groups vary in their use of childcare. Therefore most of the subsequent analyses refer to childcare packages and are also confined to married and lone mothers (table 1). It is noticeable that, although most lone mothers do not have a partner who can provide childcare, their use of informal care is only slightly less than that of married mothers; they use parents and friends instead. Lone mothers are, however, more likely than their married counterparts to use a combination of informal care and school, perhaps reflecting the fact that, in this study, the children of lone mothers tend to be, by a couple of years on average, older than those of married mothers.

One of the most important influences on the labour supply of mothers is the age of the youngest child in the family. In table 2 we look at how the type of childcare package varies by whether the child is school age or younger and also by the mother's employment and marital status. Among married mothers of children under five, a majority use just one form of care, but it varies for full and part-timers. Mothers at the pre-school stage are more likely to just use informal care (53 per cent) working part-time, while those employed full-time use either formal (29 per cent) or informal care (32 per cent). A substantial minority of both full and part-timers put together packages of childcare. There were too few employed lone mothers (n=52) with children under five to be analysed by hours of work.

As might be expected, mothers of children over 5 are much more likely to use school as a source of childcare and, in particular, to use a combination of informal care and school. There is remarkably little difference in the use of childcare by married and lone mothers, and little between full-timers and part-timers, though the latter are more likely than full-timers to work only when their children are at school (table 2).

Childcare Costs

Table 3 summarises the number and percentage of cohort members (including 21 lone fathers) using forms of childcare for which payment might be made (67%); and of those using childcare assumed to be free (23%) - that is, from their partner and/or school. (If a partner is combined with a 'payable' form of care then this is classified as a 'payable' package of care.)

Of the 1613 cohort members using 'payable' childcare, and responding on whether they paid, 683 (42 per cent) said that they did, in fact, pay for this care. This represents 29% of all those respondents who provided information on usual childcare arrangements, and indicates that around 70 per cent did not pay for childcare. In a national survey of child benefit claimants, Marsh and McKay (1993) found that 23% of working parents paid for childcare and 77% did not. For this cohort, as for their contemporaries of other ages, childcare during employment is unpaid, provided, and perhaps constrained by informal arrangements and by schools.

Table 4 shows half NCDS mothers paying for childcare paid less than £25 per week. Lone mothers pay slightly less per week for their childcare than married mothers. Because of the small number of lone mothers these figures should be treated with caution, although they are consistent with those of Marsh and McKay (1993) who found that lone parents in employment paid a median amount of £19 per week for their childcare compared with £29 per week for married parents. The median cost per week of formal care where it is the sole form of care (£43 per week) exceeds that of any other type or combination of care (table 5).

It is important to note that the cost of child care recorded in this and other social surveys is considerably lower than that quoted by childcare agencies and childcare providers³. Weekly rates for child-minding would be around £40, for nannies £100 and more. (See Holtermann 1992). The reason for this discrepancy is likely to be that childcare is supplied in a very fragmented market. Many women combine paid and unpaid childcare thereby reducing the mean hourly price paid. It may be surmised that women with access to informal arrangements tend to make use of them, those without can seldom afford the full price of the more expensive types of formal care by private nurseries or nannies. It is likely therefore, that the median figures recorded in NCDS5 underestimate the price of childcare facing those, at the margin, who have not yet taken it up.

Alternative ways to consider the costs of childcare are in terms of the cost per hour worked, the proportion of the mother's net earnings, and the proportion of net family income that childcare costs represent.

Costs per hour worked

Childcare costs per hour worked are calculated by dividing the total amount paid for childcare by the total number of hours which the mother works. However, the childcare received may be a mixture of paid and unpaid. Therefore, hourly costs represent the average amount paid per hour worked, **not** the hourly rate of payment for childcare. The figures refer solely to those mothers who pay for some or all childcare.

Women with a youngest child under five pay considerably more for their childcare per hour worked than those who have older children; 125 pence compared to 50 pence an hour. This is because mothers of young children are more likely to use formal care which costs more per hour than other types of care. Women working part-time pay more per hour worked than those working full-time (121 pence at the median compared to 93 pence) but because they work for fewer hours, the actual weekly costs are less.

Whilst a minority of women working part-time pay for childcare, those who do are distinctive. Firstly, they are more likely to have a child under 5: 40% of women working part-time with a child under 5 pay for childcare by comparison with 10% of part-timers whose youngest child is of school age. Secondly, part-timers who pay for their childcare are in higher level jobs than those who do not. This is particularly marked if their youngest child is under 5. Nearly half (48%) of women working part-time with a youngest child under 5 who pay for child care are in RG Classes 1 or 2 - WES occupations 1-4. Of women working part-time with a child under 5 who do not pay for childcare, only 24% are in these higher level occupations.

Figure 1 shows the mean costs of child care per hours worked broken down by age of youngest child and whether the mother is working full or part-time.

Costs as a proportion of the woman's net earnings

Mothers in paid work with children under five spend, on average, a quarter of their net earnings on childcare, irrespective of whether they work full or part-time (figure 2). Among mothers whose youngest child is five or over child-care costs represent over 20 per cent of net earnings for those working part-time and 11 per cent for those working full-time. This difference between full- and part-timers is accounted for by both the lower hourly rate of pay received by part-timers and the higher cost per hour worked that they pay for childcare. The latter could reflect economies of scale in purchasing childcare or be an artefact if childcare is used for longer hours than the mother is in employment.

Costs as a proportion of net family income

As shown in Figure 2, childcare costs account for approximately 5 per cent of net family income - except for mothers in full-time work whose youngest child is under five. For this latter group, 11 per cent of net family income is spent on childcare. These mothers are most likely to use formal care without other combination. Although child care probably counts as a major item of expenditure to those families who make it, it does not appear to be allowed to overwhelm these family budgets.

Childcare and dependency

In the following section we consider the relationship between childcare and women's financial position within the family. Are women who pay for child-care in a stronger economic position, in terms of their own earnings, than women who do not?

We firstly define 'income dependency', for women living in couples, in terms of the relative contribution of each partner to net family income. Where contributions to net family income are broadly equal, say between 45% and 50% each, we say no dependency arises. Where contributions are less symmetrical, we treat the minor contributor as financially dependent. Dependence may be (1) partial if there is some contribution but it is less than 45% of net family income or (2) complete if there is no contribution. The concept of dependency is based on an implicit assumption that family income is pooled and the lesser contributor is a net beneficiary. This allows us to examine the circumstances in which women are lesser contributors (economically dependent). We make no assumptions about how couples **actually** share their income and NCDS provides no information on this. A more detailed discussion of how dependence is defined and the issues involved can be found in Ward, Joshi and Dale, (1993).

Using this definition, income dependence is relative and will be affected by the size of contribution of the male partner as well as that of the woman. We therefore use a second, absolute measure of level of income which we term 'self-sufficiency'. This is a measure of whether or not a woman has sufficient income in her own right to meet minimum needs of herself and her children as defined by Income Support. It therefore allows one to establish any potentially hidden poverty within partnerships, if there were to be no redistribution or sharing within the family. It is also of relevance to lone parents, and other unpartnered women. We have not considered housing costs, but have simply related the income paid

direct to a woman to the day-to-day needs of herself and her children. Since our purpose in measuring 'self-sufficiency' is to get an indication of whether a woman has enough income, paid directly to her, to 'get by' in her current situation, 'self-sufficiency' has been set using April 1991 Income Support levels based on the personal allowance for a single person and amounts for dependent children according to their ages.

The relationship of childcare to both these measures is discussed below.

Does paid child-care provide economic independence for women working full-time?

The best way for women to achieve economic independence, in the sense of equality within a partnership (as in the relative definition above) is to work full-time; 54 per cent of childless women and 49 per cent of mothers, both in full-time employment (including full-time self-employment), in NCDS5 were 'non-dependent' in this sense. Roughly 30 per cent of both groups contributed equally with their partner to family income and the remaining 20 per cent contributed more. Some of the women contributing more than their partners have higher than average incomes but most have a partner with a lower than average income or a partner who is not in paid work (Ward, Joshi and Dale, 1993). This section therefore begins by considering economic dependency for mothers working full-time in relation to the age of the youngest child⁴. By definition it is confined to married (including cohabiting) mothers.

It is women employed full-time with a child under 5 who are most likely to be financially independent. Many of these women with a child under 5 at age 33 will have delayed motherhood and will therefore represent a self-selected group who are particularly likely to have higher earning power. Of this group, 36 per cent contribute equally to family income and a further 20 per cent contribute more than their partner (figure 3a). Nonetheless, 44 per cent of this group of women remain financially dependent on their partner. Amongst women working full-time whose youngest child is of school age, 26 per cent contribute equally, 20 per cent contribute more than their partners and 54 per cent are minor contributors to family income.

Unless the male partner takes responsibility for childcare, maternal employment is only possible if suitable childcare arrangements can be made. For some women, this means taking a job only whilst their children are at school. However, in order to work full-time, 80 per cent of mothers whose youngest child is five or over and 96 per cent of those with a youngest child under five organise childcare additional to school⁵. Some mothers put together a package of care which is assumed to be free (ie school or partner). The majority, however, use a childcare package for which at least some elements require payment. Levels of dependence vary between the different groups, with those women paying for childcare more likely to be economically independent than those who do not.

These figures show association between using childcare and symmetry of partners' incomes. Although we cannot be sure of the causal ordering and mothers using paid child care are not the most likely to be the main earner, it is nonetheless clear that paid childcare facilitates women's ability to make a financial contribution to the family income at a similar level to their partner, and therefore to meet our definition of independence.

The definitions of dependence being used are based on a measure of family income from which childcare costs have not been deducted. However, it is evident that, particularly where children are under 5, substantial childcare costs are incurred. The NCDS does not provide information on which partner pays for childcare, although previous research has shown that responsibility for organising and paying for childcare rests largely with the mother (Brannen and Moss, 1991; Rose and Laurie, 1991). Although the couple may adjust their budget to take account of the wife's expenditure on childcare, it nonetheless makes sense to offset these expenses against the wife's earnings and to ask what effect this has on levels of economic dependency. It is also possible to vary the assumptions and assess the effect on women's economic dependence if childcare costs were met by her partner or, alternatively, if they were allocated in proportion to the relative earnings of each partner. The following analyses are confined to women who report payment for childcare.

The distributions reported in table 6, on the assumption that couples pool child-care expenses, reflect the same profile of dependency as if childcare were not netted out, as in Figures 3 and 4.

The sensitivity of the relative contribution of each partner to assumptions how to offset childcare costs is greater among mothers with a youngest child under five. Among mothers of older children the differences made by varying who is assumed to pay for childcare are less because childcare costs are less on average than for pre-school children (table 6).

Mothers working full-time: youngest child under five

If costs are assumed to be borne by both parents in proportion to their own income, 46 per cent of women employed full-time with children under five are minor contributors, 39 per cent contribute equally and 15 per cent contribute more than their partners.

If the costs of childcare are set against the wife's earnings then the proportion of partially dependent mothers of children under 5 rises to 72 per cent and the proportion contributing equally falls to 20 per cent. Therefore offsetting childcare costs against women's earnings reduces their level of 'independence' to around that of all women in the cohort (Ward, Dale and Joshi, 1993). Sharing childcare costs brings a majority of these mothers to the point of economic independence. Offsetting the costs of childcare against the father's income has an even greater equalising effect and brings two-thirds of women to the point of economic independence, with only one-third contributing less than their partners⁶.

Mothers working full-time: children five and over

Because of the lower costs of child-care when children are of school age, varying assumptions as to who pays has a less dramatic impact. As table 6 shows, the changes are in the same direction as when the youngest child is under 5, but even assuming that the mother were to pay all childcare costs, 38% remain equal or majority contributors to the family income.

The impact of childcare costs on self-sufficiency levels

Offsetting the costs of childcare against their earnings does not put many mothers employed full-time below the self-sufficiency level. This is because the 'self-sufficiency' level is very stringent in relation to full-time earnings. If it were set at 140 or 150 per cent of Income Support, then this situation may change. However, self-sufficiency levels of

women working part-time are much more responsive to childcare costs. The discussion below is therefore confined to women working part-time.

Does paid childcare provide 'self-sufficiency' for women working part-time ?

Only 5 per cent of mothers working part-time contribute as much as equally to family income. Given the low levels of women's part-time earnings relative to those of male full-time earnings this comes as no surprise. Therefore relative economic dependency needs no further discussion in the case of mothers employed part-time. Whilst mothers working part-time appear almost invariably dependent on their partner, they may, nonetheless, earn enough to meet the day to day living costs of themselves and their children and therefore retain some protection against any failure by the partner to pool resources.

Although levels of 'self-sufficiency' are lower amongst part-timers than full-timers, 53 per cent of mothers working part-time were self-sufficient compared with only 7 per cent of those not in employment (Ward, Joshi and Dale, 1993). In this analysis, which includes lone mothers but omits mothers who are self-employed, 58 per cent of mothers working part-time are self-sufficient (figures not shown). The vast majority (97 per cent) of mothers who work part-time while their youngest child is under five make some childcare arrangements other than school⁷. Even where the youngest child is five or older three-quarters of mothers working part-time use childcare other than school (table 3). Once again these arrangements are made in a number of ways and vary according to whether payments are made.

Part-timers with school-age children place heavy reliance on free, informal care to fill in around the school day, although as we have already seen, 40% of those with a youngest child under 5 pay for their childcare. Among those paying for childcare, 78 per cent are self-sufficient - by comparison with 58% of all mothers employed part-time. If childcare costs are offset against the woman's income, 'self-sufficiency' falls to 60 per cent among women with a youngest child under five and 56 per cent among those with older children (table 7). Offsetting these costs against the income of the father does not affect a woman's 'self-sufficiency' level since the measure is concerned with income paid to her directly and is not considered in relation to that of her partner.

On the assumption that women are responsible for childcare costs, the level of self-sufficiency drops to around 55-60% for all mothers working part-time and paying for childcare.

The beneficial effects of continuing attachment to the labour force

We have seen that, in the short term, some women spend a substantial proportion of their earnings on childcare, but seldom as much as it would be possible to spend in the private child-care market. Despite this expenditure the overall level of family income is higher than it would be if the woman were not employed (table 8) and women are also less likely to be financially dependent on their partner. In addition there may also be important longer term implications for these women's financial well-being. Maintaining continuous employment maintains long-term earning power and pension entitlement (Davies and Joshi, 1993, Joshi and Davies, 1994). Here we investigate potential longer term benefits

by looking at the payment of National Insurance contributions and at the membership of occupational pension schemes by employed mothers.

National Insurance contributions

Entitlement to the basic state pension, the State Earnings Related Pension (SERPS), maternity benefit, sickness benefit and unemployment benefit is based on National Insurance contributions. National Insurance contributions are not paid by employees who fall below the lower earnings limit (LEL) and these employees are not entitled to the various National Insurance benefits. However, those responsible for looking after children who are not contributing to NI receive Home Responsibilities Protection. This protects their entitlement to the Basic Pension and SERPS but it does not entitle them to short term benefits - maternity, sickness and unemployment.

The lower earnings limit (LEL) for National Insurance was £52 per week in 1991 - the date of the NCDS5. Almost all mothers working as full-time employees earned above this limit. The following analyses only apply to mothers in part-time employment. A majority of mothers employed part-time earned at or above the lower earnings limit (table 9) but a large minority did not. It can be inferred from table 9 that 42 per cent of women with a youngest child under five and 45 per cent of women with a youngest child aged five and over earned below this level. The proportion of mothers reaching the lower earnings limit is higher among those paying for childcare than among those who do not, particularly if their youngest child is under five. Among women who pay for childcare, 81 per cent with children under five and 73 per cent with older children earn at or above the lower earnings limit.

Therefore, women employed part-time with a child under five spending roughly a quarter of their earnings on childcare, are retaining their National Insurance rights which might be regarded as a longer term investment - although they would be covered for the Basic State Pension by Home Responsibility Protection, even if not in employment. Some part-timers may even be reducing their eventual SERPS entitlement by working part-time rather than dropping out of employment during these years. State earnings and basic pensions provide only a basic income and adequate financial provision in old age is more likely to come from an occupational or private pension scheme.

Occupational pension schemes

An alternative way in which to provide for oneself in old age is to contribute towards an occupational pension scheme. Membership of an employers' pension scheme was the most frequently cited fringe benefit received by employees in the NCDS cohort, particularly among those working full-time. There are, however, considerable differences in the levels of membership of such schemes amongst women (Ward, Dale and Joshi, 1993). In our group of mothers, nearly two-thirds of those working full-time with a youngest child under five contributed towards an occupational pension in their current job if they paid for childcare. This is a similar order of coverage to men. Table 10 also shows around around half the full-timers with children of five and over contributing to occupational pension. Mothers working part-time were far less likely to be members of their employer's occupational pension scheme with the exception of those with a youngest child under five who pay for childcare. It is possible that other mothers may have rights to a pension from

a previous employer or personal contributions not recorded in the survey, but it seems likely that those currently covered in full-time employment have the best prospects of security in old age.

In figures 1 and 2 we saw that these mothers of younger children paid a lot (absolutely and relatively) for their childcare. However, they appear to be balancing this against the short and long term benefits of continuous employment whilst their children are young.

Implications for women's economic independence

From the earlier discussion it is evident that, for many women, the net hourly wage that remains after deducting the cost of childcare is very low. The costs of childcare are not tax deductible and are not taken into account in Family Credit calculations (although from October 1994 a childcare allowance of up to £28 a week will operate - see earlier footnote). Whilst women with partners in full-time employment may decide that the marginal amount earned after paying childcare costs is worthwhile - particularly in terms of long term retention of earning power and pension contributions - for lone mothers the financial equation is quite different. Employment is only a feasible proposition for lone mothers if the amount left after meeting childcare costs is greater than the amount of benefit payable. Whilst Family Credit is designed to help parents take low paid work, in 1991 childcare costs could not be counted as an allowable expense which meant that employment was often not an economic proposition. Whilst the changes to be introduced in October 1994 will alleviate this situation, they will not help the lowest paid and will not meet the full cost of childcare, even with only one child. In terms of women's economic independence and propensity for engaging in full-time employment, the childcare situation is bleak.

Conclusions

Levels of 'independence', 'self-sufficiency' and overall family income are increased by mothers' participation in paid work, particularly amongst those employed full-time with a youngest child under five. Employment among these women depends, however, on the availability of suitable childcare arrangements. Only those with the ability to get or retain a well paid job whilst their children are young are able to afford full-time childcare which, as has been seen, can be very costly. A high proportion of the arrangements made in the absence of subsidised facilities involve other family members rather than the purchase of childcare on the market. Evidence from the 1958 Cohort is consistent with other sources on a broader age range of parents.

Many mothers working full-time would be reclassified from 'independence' to minor contributor if childcare costs are offset against their earnings. Among part-timers the relative measure of dependence is affected little when childcare costs are deducted, as their incomes are so low compared to their full-time partners. However, levels of self-sufficiency fall among mothers working part-time if the costs of childcare are offset against their earnings. In both cases, but particularly for full-timers, this expenditure may be regarded as a longer term investment, since continuing attachment to the labour market brings both short and long term financial benefits as well as any emotional, psychological and social benefits.

There seems to be a sense in which childcare simply reinforces polarity between women able to earn a high enough salary to sustain full-time employment and pay for formal childcare, and the rest. For those who cannot earn very much, it makes sense to use informal childcare, if any, but their contributions to the economy and the family budget are limited. A key policy question is whether there is a third group of women who would work longer hours or take a better paid job, if affordable formal childcare were provided. This would improve their own long-term prospects as well of those of the economy in general. With childcare left to market forces, a large group of women are left dependent on financial support from their spouses in the short and long-term.

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Notes

1. The concept of economic independence has two aspects. The first concerns equality and power within a partnership and relates the income of one partner to that of the other. The second is concerned with a woman's current and future economic vulnerability and the extent to which a woman can support herself and her children on income which she receives direct from earnings, benefits and other sources.

2. From October 1994 a childcare allowance of up to £28 per week will be payable to families receiving Family Credit. This allows childcare costs up to £40 to be offset against earnings. Because of a ceiling to the amount of FIS payable, only those with earnings of £109 or more will get the maximum benefit. Those on the lowest incomes already receiving their full family credit entitlement, will get no help with childcare costs (Greater Manchester Low Pay Unit, 1994).

3. Ferri (1992) reports that what childminders actually received was much lower than what they claimed were their charges according to the 'going rate'.

4. Actual hours of work are not available for the self-employed in NCDS, and so this analysis is restricted to employees. Amongst full-time employees, 55 per cent of childless women and 53 per cent of mothers were contributing at a similar or higher level than their partners.

5. These figures include 7 per cent and 1 per cent respectively who say they have no usual childcare.

6. If couples take decisions about whether or not to have a second earner, then childcare costs would tend to be offset against the earnings of the partner with the lower earning power. In practice for most couples this would mean that children would be offset against the net revenue from the wife's earnings. In terms of the women's status within the family, however, it may be that the gross amount earned is more significant than the amount left over after paying for childcare.

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7. School includes nursery school.

Table 1 : Packages of childcare used; employed mothers

Childcare package	'Married' mothers	Lone mothers	All mothers	
	%	%	%	N
Informal (Partner only) (Other) *	40	35	40 (14) (26)	977 (344) (633)
Formal	9	6	9	221
School	12	17	13	309
Other care	4	5	4	98
Informal/formal	5	4	5	120
Informal/school (Partner only) (Other) *	16	22	17 (3) (14)	414 (65) (349)
Formal/school	3	2	3	80
Informal/formal/school	2	3	3	61
Other package	3	3	3	76
No usual care arrangement	4	4	4	90
BASE	2220	226	2446	2446

* Could include partner and other informal care or just the latter

See Appendix 1 for details of the different types of arrangement.

Table 2 : Childcare packages used by age of the youngest child in the family and mother's employment status

Childcare package	Child under five		Child five or over			
	Married mothers		Married mothers		Lone mothers	
	FT	PT	FT	PT	FT	PT
Informal	32	53	35	35	35	33
Formal	29	11	6	1	4	1
School	3	3	13	25	12	29
Other care	4	4	4	3	3	5
Informal/formal	13	7	2	1	3	1
Informal/school	4	9	23	25	27	23
Formal/school	5	5	3	1	3	1
Informal/formal/school	4	3	3	1	8	0
Other package	4	3	4	3	1	3
No usual care arrangement	1	1	7	6	5	3
BASE	315	738	431	736	77	95

Table 3: Childcare payment for mothers and lone fathers with a child under 14

		%	N
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(1)	Total number cohort members asked about childcare		2495
(2)	Number with childcare categorised		2467
	(2446 women and 21 men)		
(3)	percentage of (2) with payable package	67%	(1658)
(4)	number with usual arrangements		2331
	percentage of (4) who pay:	29%	(638)
	Those with a payable package:		
	no. paying	42%	683
	no. not paying	0.58	930
		100%	1613
	no response		45

Table 4 : Average weekly childcare costs; employed mothers (£pw)

	'Married' mothers	Lone mothers	All mothers
Mean	34	24	33
Median	25	17	25
Inter-quartile range	30	25	32
Total	393	49	442

Table 5 : Costs of childcare by type of childcare used (£pw)

Package of childcare	Median cost of childcare	Total
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Informal	20	90
Formal	43	141
Other care	*	2
Informal/formal	20	69
Informal/school	17	48
Formal/school	30	44
Informal/formal/school	20	43
Other package	*	11

Mothers using partners and/or school as their sole forms of care and those with no usual childcare arrangements are excluded from table 5 since payment questions are not applicable to them.

Table 6 : Families using and paying for childcare; dependence varying the assumptions as to whose income the costs of childcare are offset against

Mothers working full-time

'Married' mothers in paid work	Youngest child under five			Youngest child five	
	Both parents pay childcare	Mother pays for childcare	Father pays for childcare	Both parents pay childcare	Mother pays for childcare
Wife contributes all	3	2	0	1	1
Wife contributes over half	12	5	33	13	7
Equal contributors	39	20	35	34	30
Husband contributes over half	46	72	32	52	62
Husband contributes all	0	0	0	0	0
Total	144	138	133	77	74

Table 7 : Families using and paying for childcare; self-sufficiency varying the assumptions as to whose income the costs of childcare are offset.

Mothers working part-time

All mothers in paid work	Youngest child under five		Youngest child five or over	
	Both parents pay childcare	Mother pays for childcare	Both parents pay childcare	Mother pays for childcare
Self-sufficient	79	60	74	56
Not self-sufficient	21	40	26	44
Total	177	177	50	50

Table 8 : Family income of those using and paying for childcare £pw

	Full-time		Part-time	
	Child < 5	Child >= 5	Child < 5	Child >= 5
Net family income	451	351	346	299
Net family income minus wife' earnings	250	205	266	230
Net family income minus childcare costs	398	334	329	283
BASE	154	97	173	50

Table 9 : Payment of National Insurance contributions - mothers working part-time

	Child under five		Child five and over	
	%	N	%	N
All mothers working part-time	58	472	55	550
Working part-time and using and paying for childcare	81	144	73	45
Working part-time and using free childcare	48	312	53	465

Table 10 : Percentage contributing towards an occupational pension

	Child under five		Child five and over	
	%	N	%	N
All mothers working full-time part-time	65	240	46	365
	28	504	16	584
Working, using and paying for childcare full-time part-time	66	157	56	66
	48	157	20	330
Working and using free childcare full-time part-time	53	101	42	245
	27	48	15	492

**Appendix 1 : Type of childcare used by employed NCDS5 cohort members
by marital status (column percentages)**

Type of childcare	Lone father	Lone mother	'Married' mother	All
Informal				
Husband/wife/partner	0	7	36	33
Parents/In-laws	57	45	33	35
Other relatives	19	10	8	8
Friends	10	13	9	10
Neighbours	10	3	3	3
Formal				
Live-in nanny	5	<1	<1	<1
Other nanny	0	<1	2	2
Registered childminder	14	9	10	10
Unregistered childminder	5	3	2	3
Play group	0	<1	3	3
Workplace nursery/crèche	0	<1	1	1
Local authority nursery/crèche	0	0	1	1
Private nursery/crèche	0	2	4	3
Out of school club	0	1	<1	<1
School				
Nursery school/class	0	2	3	3
Infant/primary school	24	41	32	3
Secondary school	10	12	9	9
Other				
Old enough to look after themselves	21	6	4	4
Other usual arrangement	0	1	2	2
No usual arrangement	24	8	7	7
Number of respondents	21	229	2245	2495

NB Columns add up to more than 100% because respondents were able to give more than one reply