

Contents

Acknowledgments	ix
1 Introduction: Policy Issues and Research Questions	1
An Indirect Approach to Valuing Employer-Sponsored On-Site Child Care: Parental Choice When an On-Site Center is Available	4
A Direct Approach to Employee Valuation of Employer-Sponsored On-Site Child Care	7
Research Design	8
Notes	10
2 The Labor Market and Child Care Context in the United States	11
Trends in Women’s Labor Force Participation	11
Trends in the Use of Nonparental Child Care	13
Child Care Expenditures	16
Trends in the Provision of Employer-Sponsored Child Care (ESCC)	18
Notes	20
3 Economic Framework for the Valuation of ESCC	21
Modeling the Firm’s Choice of Benefits as a Cost-Minimizing Strategy	21
Review of Previous Research on the Benefits of ESCC	25
Notes	31
4 Description of Study Sites and Data Collection	33
Description of Industry and Firms	33
Description of ESCC Centers	35
Description of Data Collection	38
Note	41
5 Analysis of the Use of Employer-Sponsored On-Site Child Care	43
Primary Arrangements	45
Secondary Arrangements	53
Comparison of Employee Characteristics	54
Determinants of On-Site Center Use	62
Determinants of Any Center Use	68
Discussion	71
Notes	73

6 A Direct Method for Valuing Employee Benefits from ESCC Using a Contingent Valuation Approach	77
The Theory of Contingent Valuation	77
Empirical Application of CVM to ESCC: An Overview	79
A Detailed Look at the Application of CVM to ESCC	81
Recent Developments in the Contingent Valuation Literature	83
Notes	86
7 Employee Valuation of Employer-Sponsored On-Site Child Care	87
The Contingent Valuation Votes and Multivariate Results	88
Determinants of Willingness to Pay (WTP) for an On-Site Center	95
WTP as an Estimate of the Potential Wage Savings to Firms	107
Discussion	108
Notes	109
8 Discussion and Policy Implications	113
Current Government Policy Regarding Child Care	116
Policy Implications of the Value of ESCC to Employees	121
Notes	126
Appendix A.1: Contingent Valuation Questions for Action Industries and Bell Manufacturing	127
Appendix A.2: Contingent Valuation Questions for Central Products	131
Appendix B: Bell Manufacturing Survey Excluding CV Questions	137
Note	154
References	155
The Authors	167
Index	169
About the Institute	175

Tables

2.1	Primary Child Care Arrangements Used for Preschoolers by Families with Employed Mothers in the United States, Selected Years, 1977 to 1999	14
2.2	Weekly Full-Time Child Care Costs for Children under Five Years of Age with Employed Mothers in the United States, Spring 1997	17
4.1	Selected Demographic Characteristics of Employees at the Three Firms Surveyed	39
5.1	Distribution of Primary Type of Child Care Used by Non-Hmong Employed Mothers with Children under Age Five	46
5.2	Characteristics of Child Care for Non-Hmong Employees' Children under Age Six	48
5.3	Child Care Options of Non-Hmong Employees with Children under Age Six	50
5.4	Secondary Arrangements for Children under Age Six of Bell Manufacturing and Central Products Non-Hmong Employees	53
5.5a	Characteristics of Action Industries Non-Hmong Employees by Care Status of Children under Age Six	56
5.5b	Characteristics of Bell Manufacturing Non-Hmong Employees by Care Status of Children under Age Six	58
5.5c	Characteristics of Central Products Non-Hmong Employees with and without Children under Age Six	60
5.6	Determinants of the Use of On-Site Center Care or Any Center-Based Care for Non-Hmong Children under Age Six	65
7.1	Distribution of CV Bids Offered to Employees for Payment for On-Site Child Care, and Percent Agreeing to Pay	90
7.2	Characteristics of Sample Employees in the Three Firms	91
7.3	Marginal Effects on Employees' Probability of Voting Yes to Help Pay for On-Site ESCC	92
7.4	Elasticity of a Yes Vote by Employees with Respect to the "Price" of On-Site Care	93
7.5	Mean Willingness to Pay (Biweekly Amount) for Employer-Sponsored On-Site Child Care Center by Selected Employee Characteristics	96

7.6	Probability of Voting Yes to Help Pay for an Employer-Sponsored On-Site Child Care Center at a Price of \$5 Biweekly, by Selected Employee Characteristics	100
7.7	Percentage of Employees Voting Yes or No to Help Pay for an Employer-Sponsored On-Site Child Care Center, by Selected Reasons	104