

The Demand for Quality Child Care: from a Hedonic Price Approach vs. from a Parent's Perspective

Studies have rated the quality of child care in the U.S., on average, as 'mediocre' (Whitebook, 1990; Helburn, 1995). However, it is not clear what is responsible for this mediocre quality. Is it due to the lemons market problem or due to the lack of demand for quality on the part of parents? Research has found that lowering the implicit price for quality does not influence the demand for quality, such as teacher-to-child ratios (Hagy, 1998). Previous results, however, do not rule out the possibility that parents differ from researchers in what they believe constitutes quality child care. In order to answer this question, first, we use a hedonic price approach and estimate the demand for ratios, using the more recent and unique data set we have collected. The empirical results confirm previous research that lowering the implicit price for child-to-teacher ratios would not affect parents' demand for ratios. Then, we take one step further to see if this finding can indeed support the claim that parents do not care for quality. The second finding casts some doubt on this claim, since we show that quality, as measured by parents, is the most significant factor in predicting parents' desire to switch their current child care arrangement to another. These two findings appear to somewhat contradict each other. One possibility that these findings can be reconciled is that parents do perceive quality child care differently from researchers. In an attempt to answer this question, we examine parents' quality ratings against several sub-dimensions of quality measures, especially the structural measures of quality and the Emlen scales of quality. The Emlen scales are usually used to measure quality from a parent's perspective. The data set we have collected allows us to carry out this analysis because it contains rich information on both structural measures of quality and Emlen scales of quality. Our third finding is that the structural measures of quality, such as child-to-teacher ratios and teacher's training on early childhood education, are not significant factors for parents, but certain characteristics of curriculum and child care providers are significant. This finding suggests that parents, indeed, differ from child care experts in what they believe constitutes quality child care.