

The Norwegian Cash-for-Care Reform

Changing behaviour and stable attitudes

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Abstract: In 1998 Norway introduced a cash-for-care scheme. Parents with children aged one or two were offered a cash-for-care benefit if they did not make use of public funded day care centres. The reform was supported by political parties of the centre and right and strongly opposed by parties on the left. Since 1999 ever fewer parents have made use of the opportunity to claim the benefit and have instead sent their children to a day care centre. Attitudes towards the cash-for-care reform, however, have remained very stable up to now. The principle of freedom of choice appears to be strongly rooted among Norwegians. The political agreement on maximum prices made this freedom a reality even for parents who wanted to make use of child care centres.

In 1998 Norway introduced a cash-for-care scheme. Parents with children aged one or two were offered a cash-for-care benefit if they did not make use of public funded day care centres. The reform was supported by the political parties of the centre and right and opposed strongly by the political parties on the left. Before the 1997 election there was no parliamentary majority in favour of such a reform. However, a cash-for-care scheme was a matter very close to the heart of the Christian Democratic Party and in the negotiations on a new centre-right government the party succeeded in obtaining support from the two other coalition partners, the Conservative Party and the Centre Party, the traditional agrarian party in Norway. Thanks to the support of the far right Progress Party, outside of the new coalition government, a policy supported by a minority before the election turned into a policy supported by a majority in Parliament after the election. In spring 1998 Parliament made the decisions necessary to implement the reform as from August 1998, in Proposition to the Storting (St.prp. nr. 53, 1997-98). The political parties on the left, the Labour Party and Socialist Left Party, were strongly opposed to the reform.

Under the cash-for-care scheme parents who did not make use of public subsidised child care were offered a cash benefit from the state equal to the average state outlay on subsidising a place at a day care centre. In 1998 this amounted to NOK 3 000 (about 340 Euro) per month and NOK 36 000 (about 4 100 Euro) per year. Parents could combine cash benefit with attendance in child care centres. For example, one day (up to eight hours per week) at a day care centre reduced the cash benefit to 80 per cent of the full rate while attendance for four of five days weekly (between 24 and 32 hours) at a day care centre reduced the cash benefit to 20 per cent of the full rate. Every year since 1998 about 80 per cent of the recipients have received cash benefit at the full rate. The cash benefit was available from the month the child reached the age of one and ended the month the child reached three.

According to the government the reform would give parents an opportunity to spend more time together with their children. The reform would also secure more freedom of choice. Parents would have an opportunity to make a real choice between caring for their own children, buying care from private child minders in

the market or using child care centres. A further aim was to equalise public support for child care, irrespective of which type of care the parents preferred to use.

The opponents argued that cash-for-care was a serious attack on gender equality. They argued that it would primarily be mothers who would stay at home, thereby reversing a steadily increasing rate of female work participation. The reform would also increase the relative price of care at child care centres compared with private care and therefore reduce the demand for places in day care centres. If the mother stayed at home on cash benefit, why then pay a huge sum of money for day care for older brothers or sisters. Such decrease in the demand for places in day care centres was expected to threaten the entire child care centre sector. The opponents feared that lower demand would force many day care centres to close one or more divisions, even entire centres could be compelled to close out of economic necessity. This would in turn be unfortunate for vulnerable children and their families in most need of child care centres, such as for instance children who were child welfare clients and children from low income families. It was also expected that the cash-for-care benefit might further encourage poor immigrant families not to enrol their children in a child care centre. In this way the cash-for-care scheme could impede the integration of new immigrants.

Of many surveys carried out just before and shortly after the reform, we present data from

the Norwegian Monitor survey carried out by Synovate. Norwegian Monitor is a large survey done every second year in which many questions are put to a representative sample of adult Norwegians. In the first monitor survey after the implementation of the cash for care reform, the respondents were presented with the following statement about the reform: "The parents of small children receive a cash-for-care benefit if they don't use a child care centre". The respondents were asked to choose among three pre-coded answers: 1. *I like it – it's right.* 2. *I don't like it – it's wrong.* 3. *Of no concern to me.*¹ In the autumn of 1999, soon after the reform had been implemented, Norwegians were divided in their attitudes to the reform. About 40 per cent said that they liked the reform, about 40 per cent disliked it and about 20 per cent were unconcerned. Attitudes were strongly correlated with political preference. The opponents constituted quite a clear majority among political parties on the left. Among Centre Party voters (the agrarian party) and to an even greater extent in the Christian Democratic Party, supporters were in a large majority. In the three other political parties represented in Parliament, opponents and supporters were evenly balanced. Table 1 shows clearly that supporters represented only a minority among the voters. The cash-for-care reform was primarily a result of negotiations to obtain the necessary parliamentary support for a new centre-right government and not a result of political pressure among the voters.

Table 1. Attitudes to the cash-for-care reform by political party preference in 1999. Per cent.

Source: Synovate: Norwegian Monitor.

	<i>Socialistic Left Party</i>	<i>Social- democrats</i>	<i>Liberal Party</i>	<i>Centre Party</i>	<i>Christian People Party</i>	<i>Conservative Party</i>	<i>Progress Party</i>
Like	30	25	41	59	75	40	40
Dislike	53	60	39	24	15	41	40
Don't concern	17	15	20	17	10	19	19
Number (n)	264	751	110	128	240	574	337

Table 2. Attitudes to the cash-for-care reform by age and gender in 1999. Per cent.

Source: Synovate: Norwegian Monitor.

	Age					
	15–24	25–34	35–44	45–54	55–67	68 or more
	<i>Male</i>					
Like	43	52	37	30	34	33
Dislike	32	33	48	50	46	44
Don't concern	25	16	15	20	20	23
Number (n)	159	342	333	305	229	235
	<i>Female</i>					
Like	60	52	35	34	39	34
Dislike	20	37	54	50	43	40
Don't concern	20	11	11	17	18	27
Number (n)	265	356	296	283	256	325

As shown in table 2, there were more opponents than supporters among the over-35s, both among men and women. Supporters were in majority among younger respondents, particularly among very young women. In the age group 25–34 a clear majority supported such a policy. For many people this is a stage of life with small children. Among parents with children younger than three, the actual target group for the reform, as much as 68 per cent found such a policy to be right while only 24 per cent said they disliked it.

At the outset the government announced that the effects of the reform on family life, on equality and on society in a broader sense would be the subject of an evaluation. In spring 1999 it was decided that that Norwegian Research Council should take charge of a research based evaluation. Since the evaluation report was expected to be completed early in 2001, only short-term effects could be investigated.

The evaluation report, based on the results of seven research projects (Baklien, Ellingsæter & Gulbrandsen, 2001), concluded that the reform had had few effects, or maybe more correctly, almost no effects at all. If the amount of time parents spent together with their children could be measured indirectly by the time parents spent in paid work, the reduction of mother's working

hours was quite minimal (Baklien et al, 2001, p. 22ff; Ellingsæter & Gulbrandsen, 2001). As representative cross-section data showed almost the same work participation rates among mothers in the target group both before and after the introduction of the reform, the only way to document any effects was by contrafactual analysis comparing the actual development either with the growth in mothers' work participation in the period before the reform or with the growth in the same period of work participation among mother with older children. The most astute and comprehensive of these analyses was done by Pål Schøne (2004) who found a rather small short-term effect and an even smaller effect in a slightly longer perspective. However, such analysis designs are characterised by uncertainty, not least depending on the degree of correctness of the underlying assumptions (Ellingsæter & Gulbrandsen, 2007a, p. 170). Neither was the demand for places in day care centres reduced. Almost no parents took older children out of day care centres (Gulbrandsen & Hellevik, 2000). A small decrease in day care attendance for one- and two-year-old children in the first year of the cash-for-care scheme seemed rather to be the result of lower supply due to fear among owners of child care centres of reduced demand than to be caused by any real reduction of demand.

Soon afterwards the use of day care centres was increasing again. At the end of 2000 the number of children at age one and two in day care centre was higher than ever before. A new survey in 2002 showed an increasing demand that was not met by the existing supply (Ellingsæter & Gulbrandsen, 2003).

With the cash-for-care scheme in function the political controversy could be put aside, making room for a stronger focus on child care services. In 2003, exerting pressure on the centre-right minority government, the political opposition, including the political parties on the left and the right-wing Progress Party alike, joined together in an alliance calling for a strong reduction in the price of child care services. According to this alliance, prices payable by parents should gradually be reduced to less than half of current levels. At the same time the opposition promised, as soon as possible, to may a day care centre place available to everyone who wanted to make use of this type of child care. By this means care at a day care centre would become a genuine option for almost all, including low income families. The centre-right government could hardly resist this policy. For the government, the principle of freedom of choice had been an important argument for the cash-for-care scheme. With a policy which both promised lower prices and better provision, the agreement of the political opposition would turn care in day care centre into an obtainable possibility and a real choice on line with the private

care solutions that the cash-for-care benefit was intended to encourage (Ellingsæter & Gulbrandsen, 2007b, p. 662 ff). In 2003 the government and the opposition made an agreement both on reducing the price of places in day care centre to a new maximum price far below existing prices and at the same time offer a place to anyone who wanted to make use of day care centres. These goals could not be reached without a very substantial growth in the public transfers to day care centres.

At the outset a great majority of parents entitled to support under the cash-for-care scheme made use of the opportunity to claim the cash benefit. As shown in table 3, three out of four children received support. Not surprisingly the use was higher among children at the age of one than among children at the age of two, but the difference was less than 10 percentage points. After a very small reduction in the initial years, the broad political agreement on lower prices and full coverage of the demand for places in day care centres started an expansion as never before in small children's enrolment at child care centres and a subsequent reduction in use of the cash-for-care benefit. An ever decreasing use of the cash benefit is seen from 2003 onwards. At the end of 2006 the users represented for the first time a minority of the target group. At the end of 2007, almost 60 per cent of the target group were not making use of the cash-for-care benefit. As it is possible to combine cash benefit

Table 3. Percentage of children who receive cash for-care benefit at the end of each year 1999–2007. Source: Norwegian Labour and Welfare Administration.

	<i>All children one or two years old</i>	<i>Children one year old</i>	<i>Children two years old</i>
1999	74.8	79.0	70.7
2000	74.3	79.1	69.5
2001	73.2	77.9	68.6
2002	70.7	75.6	65.9
2003	67.9	73.0	63.0
2004	63.3	68.9	57.7
2005	58.1	64.3	51.7
2006	47.9	56.2	39.7
2007	41.4	47.1	35.1

Table 4. Percentage of children aged one or two attending a day care centre 1970-2007.

Source: Statistics Norway. Annual reports from all day care centres in Norway.

1970	1980	1990	1995	1997	1998	2000	2002	2004	2006	2007
0.9	6.8	15.4	31.3	40.0	38.8	37.1	40.9	47.5	61.8	69.3

with reduced use of child care centres, the percentage of children in day care centres was even higher. About 20 per cent of recipients were on reduced support because of part-time use of child care centres. At the end of 2007 almost 70 per cent of children in the age group eligible for the cash-for care benefit used day care centres. This figure corresponds fully with figures reported by the day care centres which are shown in table 4. As the demand for places is still not fully met, this trend will continue.

Over a period of 30 years attendance in child care centres of children at age one or two has risen from almost zero to a clear majority. Table 4 shows that the cash-for-care reform did nothing to halt this long term trend, and was merely a short brake on a trend towards virtual universality.

In table 5 we report from a nationwide sample survey among parents with children of pre-school age. The survey was carried out in May 2008. If we compare data from this sample survey with the register data on all Norwegian children which table 4 is based on, we find both correspondence and divergence between the two data sources. For children born in 2002, 2003 and 2004, according to the register data 94.3

per cent attend a day care centre. In the survey data the average figure is 97 per cent. Since the survey is done by internet, we expect a slight over-representation in the survey of parents both having access to internet and using child care centres. The divergence between the different data is larger among children born in 2005 and 2006 than among older children. Here the register data report 69.3 per cent, while the survey shows an average user rate of 80 per cent. Some of this divergence may be a result of the internet-based method of data collection, but it may also to some extent be a result of constant growth in the supply of day care centre places. This is clearly the case if we compare the figures for children born in 2007. At the start of the year, 4.4 per cent had a place in a day care centre according to register data. In as much as 19 per cent in the same birth cohort had a place in May 2008, there must have been a real expansion of the supply since the turn of the year. The figures are also a strong indication that the portion of parents choosing child care centres instead of cash-for-care is still increasing.

Given this considerable change in the use of the cash-for care benefit, we should expect attitudes towards the reform to change in the same

Table 5. Percentage of children with a place in a day care centre and percentage of children for whom the parents have applied for a place, by year of birth of the children. May 2008. Source: Nationwide survey among parents of children of pre-school age, done by TNS-Gallup for Vesfold University College.

	<i>Year of birth of children</i>					
	2002	2003	2004	2005	2006	2007
Has a place	98	97	96	89	71	19
Has applied for a place	–	2	1	6	16	27
Neither has a place nor has applied for one	2	2	3	5	13	54
Number of children (n)	364	367	315	367	339	273

Table 6. Attitudes to the cash-for-care reform 1999–2007. Per cent.

Source: Synovate: Norwegian Monitor.

	1999	2001	2003	2005	2007
Like	41	45	43	44	45
Dislike	41	37	38	39	39
Don't concern	18	18	19	16	16
Number (n)	3505	3524	3582	3626	3702

direction. Every second year since 1999, Synovate has posed the same question about attitudes towards the cash-for-care scheme in the Norwegian Monitor survey. Our expectation of changing attitudes was not supported. As shown in table 6, for every second year the surveys show the same distribution of supporters, opponents and people with no clear opinion. The changing behaviour is not accompanied by changing attitudes. Apparently there is a contradiction between actual behaviour and attitudes. People have changed their behaviour but not their attitudes and opinions.

The survey from autumn 1999 showed a close connection between political preferences and attitudes to the cash-for-care scheme. Among people sympathising with the political parties on the left, the opponents represented a clear majority. In the Centre Party and even more in the Christian Democratic Party, the supporters represented a clear majority. In the Liberal Party

and the two parties on the right, opponents and supporters were evenly balanced.

In autumn 2007 (table 7) the opponents still represented a clear majority of supporters of the political parties on the left. After the 2007-election the Centre Party joined a so called red-green coalition government with the two left-wing parties. Centre Party voters, however, showed only a modest shift towards the attitudes characterising the voters of their coalition partners. Still a clear majority of Centre Party voters said they liked the cash-for-care scheme. Among the voters of all other parties, the balance between opponents and supporters had changed in favour of the cash-for-care scheme. In the target group, where the portion receiving cash benefit has almost halved since 1999, attitudes have not changed significantly. In 1999, 68 per cent of parents with children under three liked the scheme and 24 disliked it. In 2007, 65 per cent of the same group answered that they liked it, while 28 per cent disliked it.

Table 7. Attitudes to the cash-for-care reform by political party preference in 2007. Per cent.

Source: Synovate: Norwegian Monitor.

	<i>Socialistic Left Party</i>	<i>Social- democrats</i>	<i>Liberal Party</i>	<i>Centre Party</i>	<i>Christian People Party</i>	<i>Conservative Party</i>	<i>Progress Party</i>
Like	27	29	50	52	88	49	51
Dislike	58	55	33	32	8	36	34
Don't concern	15	16	18	16	4	15	15
Number (n)	252	897	177	170	185	501	416

In table 8 we present the results of a logistic regression on the odds for liking the scheme. The odds-ratio coefficients show for each value of the independent variables how the odds for liking the cash-for-care scheme are higher (greater than one) or lower (less than one) than in the selected reference group of the variable controlled for the effects of the other variables in the model. We have used the same model on data from 1999 and 2007. The multivariate analysis confirms the results from the table analysis we have done so far. The effects of the different variables are to a great extent the same as in the simple table analysis and survive the control done in the multivariate analysis. Controlled for the other variables in the model, the effect of belonging to the target group has declined since 1999. In contrast to being a sympathiser with the two parties on the left (the reference group), the controlled effects of belonging to other political parties is stronger in 2007 than in 1999. The only exception to this tendency is the effect of being a sympathiser with The Centre party, the party which in 2005 joined a coalition government with the two parties on the left wing. In this case the supporters of the Centre party differ more from the supporters of their two coalition partners than the supporters of three of the four parties in opposition.

How can we explain this contradiction between changing behaviour and unchanging attitudes? One possible explanation could be that the data we have used are of bad quality. Contrary to this standpoint is for example the fact that the data show rather good consistency between attitudes to the scheme and preferences for political parties and their child care policies. Another factor that may cause bad data quality is the enormous size of the Norwegian Monitor survey. The data matrix from the 2007 survey contains 3,380 variables, and the questionnaire which the respondents fill in consists of 142 pages. Elstad (2008) has shown that the quality of answers given in such big surveys depends on the placing of the question in the questionnaire. In 2007 the statement about the cash-for-care benefit is found on page 53 of the questionnaire. The large number of questions may cause the respondents to gradually assume an apathetic state of mind when filling in the form. On the other hand, in this state of mind, the appearance of a question the respondents really care about may trigger increased attention to precisely this question. The rate of response is probably the

Table 8. Logistic regression on supporting a cash-for-care scheme. 1999 and 2007. Odds ratio.

	1999	2007
<i>Age</i>		
<i>Ref group: 15–24</i>		
25–34	0.89	0.82
35–44	0.54**	0.55**
45–54	0.49**	0.40**
55–67	0.53**	0.43**
68 or more	0.41**	0.48**
<i>Gender</i>		
<i>Ref group: Male</i>		
Female	1.14	0.90
<i>Children under three</i>		
<i>Ref group: No children under 3</i>		
Yes	3.25**	2.37**
<i>Level of education</i>		
<i>Ref group: Primary education</i>		
Secondary	1.08	1.22
Tertiary (University level)	0.86	0.91
<i>Political party</i>		
<i>Ref group: Socialistic left and Social democrats</i>		
Liberal Party	2.46**	2.59**
Centre Party	4.93**	3.10**
Christian People Party	10.66**	19.29**
Conservative Party	2.19**	2.56**
Progress Party	1.99**	2.66**
Other	2.14**	1.98**

most serious problem. Synovate normally receives answers from about the half the people they contact. Gulbrandsen (2004) has shown that the Monitor survey does not appear to be representative for young people and for the elderly. Compared to other surveys of good quality

and of much smaller scope than Monitor, the Monitor survey seems to be representative for people in the age range 30 to 65. This may be explained by the size of the survey. Among young people only the well established seem to use their leisure time in a way that gives them time enough to fill in the large questionnaire. Among the elderly probably only people in the best shape and in good health are capable of completing such a large questionnaire. The data have also been used in well recognised research on other topics. Ottar Hellevik, well known as a specialist in social science methodology, has based the bulk of his research in the last decade on this data base. He has published books (Hellevik 1996, 2008) and articles in high quality scientific journals on the topic of happiness using data from the Norwegian Monitor as the primary data source (Hellevik, 2003). Overall, we believe there is fairly little likelihood that our results are the product of bad quality data.

The question we have employed undoubtedly measures attitudes towards the cash-for-care scheme, but it may also measure attitudes towards a more general theme, namely the principle of freedom of choice. Even if this principle was an important component of the argumentation for the cash-for-care benefit, it is obviously quite possible to support the principle of freedom of choice and at the same choose care in day care centres. At the time the cash-for-care benefit was introduced a fairly large number of parents who preferred care in day care centres were not free to choose this solution either because of lack of places or because of high prices. In this respect the maximum-price policy introduced by the political opposition in 2002 as a new offensive in the policy area of family and children affairs, really came to be a policy securing the principle of freedom of choice, irrespectively of what people want to choose.

If this is true, the principle of freedom of choice is very strongly rooted in the Norwegian population. Paternalism apparently finds no good fertile soil in Norway. In 2005 the new centre-left government decided to maintain the cash-for-care scheme through the period to the next election in 2009. This was a concession to the coalition partner the Centre Party which still supported the scheme. The Labour Party and the Socialistic Left Party were ready to drop the scheme. The centre-left government, despite some uncertainty within the coalition partner the Centre Party, has announced its intention to

put an end to the cash-for care scheme as soon as all demand for places in day care centres has been met. If not a political hara-kiri, this does not seem to be a winner stance given the widespread support for cash-for-care, as least as a principle securing freedom of choice.

When existing demand for places at day care centres is fully met, a place at a day care centre will be guaranteed for all children from the age of one to the start of primary school. However, this guarantee will in practice be attached to the child's date of birth and the time of the main allocation of vacant places. Under the guarantee vacant places will each year be allocated in August among children who reached their first birth day before the end of August. Children born later than August in the preceding year cannot claim their right to a place at the age of one until the next main allocation in August the following year. The supply of places at day care centres in the local municipality will determine how many who will really have to wait that long, but since these places represent heavy economic burdens on the municipalities, we might expect at least some resistance from the municipalities against meeting demand they are not obliged to meet under the new guarantee rule. A difference between two families of one single day concerning the time of the children's day of birth may produce a difference amounting to NOK 120 000 or 13 600 Euro in the public transfers the families receive. If the cash-for-care benefit is at the same time dropped the difference surely will be seen as even greater and even more unjust. The broad support for the cash-for-care scheme and the possibility for unequal and unfair distribution of public transfers among families who wish to use day care centres, will surely kindle political controversies and stiff resistance to dropping the cash-for-care scheme even if the actual use made of the scheme still decreases.

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NOTES

1. In Norwegian the answer categories were as follow: 1. Liker – er riktig. 2. Liker ikke – er galt.
3. Ikke opptatt av det.

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