Income instability and material deprivation of young families: Does formal childcare availability foster families’ buffering capacity?

Young families in Europe are increasingly exposed to employment instability with consequences for their risks of material deprivation. When one partner loses income, an increase in the work intensity of the other partner is a critical coping strategy to avoid material deprivation. Such a coping strategy, however, is contingent on the presence and age of children in the family as well as on context-specific institutional aspects, including family policies and especially access to ECEC (Early Childhood Education and Care) services.

Focusing on a large number of European countries, this study combines micro longitudinal data (EU-SILC, longitudinal files) with childcare coverage data to explore whether and to what extent families of different constellations manage to buffer economic risks via (other) family members’ income and how this capacity depends on the levels of formal childcare availability.

We show that income fluctuations in fact increase the risk of material deprivation and that the extent to which this happens depends on families’ employment situations. Higher (regional) availability of ECEC is found to be associated with lower deprivation following the income loss from one partner. This happens mainly because ECEC availability supports the continuous employment of mothers and only to a minor extent through the activation of inactive mothers income in the moment of loss.