

Childcare, quality and location: A hedonic approach

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This paper develops a structural hedonic model to study the implicit market for childcare quality. The market is modeled as a matching model with hedonic ingredients: heterogeneous households and care providers decide about the location and quality of childcare to buy and sell respectively. The model features imperfect transferable utility to account for government price regulation in the public sector and subsidies to households purchasing private care. Using individual and household data in conjunction with data on childcare providers, we estimate households' marginal willingness to pay for and providers' marginal willingness to accept childcare quality. These estimates are then used to simulate the effect of alternative childcare policies.