

Decline in Preschool Use in Post-Socialist Societies: The Case of Bulgaria

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Abstract

Childcare is often analyzed in its role as facilitator of women's labour force participation. But for preschool aged children, childcare can also contribute importantly to human capital development, especially among poor children. By international standards, preschool enrollments were high under socialism. Since transition, however, enrollment rates have declined. This may leave large numbers of children without preparation necessary to succeed in school and to be included in the region's post-socialist development. We examine changing dynamics of preschool enrollment in Bulgaria. We evaluate demand- and supply-side explanations for changing enrollments, and use municipal-level data to develop a simple, OLS model of municipal-level demand for preschool. We examine the impact of changing employment and earnings, proximity and perceived quality of childcare centers, and ethnic/cultural background. Through this model, we hope to broaden understanding of preschool enrollment decisions, and to assist policy makers in improving preschool attendance.

Key Words: preschool, childcare, education, transition, Bulgaria

In a majority of state-socialist countries, the later years of the state socialist experience were characterized by high rates of female labour force participation and high rates of enrollment of children in heavily-subsidized, state-run preschools. Among Central and East European countries, female labour force participation rates ranged from about 65% in Poland to 90% in Bulgaria in the mid-1980s (UNICEF, 1999:24; European Commission, 1995), while preschool enrollment rates ranged from 49% in Poland to 64% in Bulgaria and 90% in what would become the Czech Republic (UNICEF, 1999:133).

The provision of preschool, combined with generous maternity leaves, made possible the high rates of labour force participation, especially among women. While the quality of care in the state-run institutions is sometimes criticized (Riazantsev, Sipors, and Labetsky, 1992), other studies find that overall the quality of care was quite good by international comparison (Cornia and Sipors, 1991). The preschools provided a relatively stable and educational environment for children whose homes were often small and crowded or lacking in books and other materials which would prepare children for school. Participation in the preschools served to significantly level the playing field for children entering primary school.

Many predicted that the post-socialist transformation would reduce the prevalence of preschool enrollment, but early writings on the subject differed in the expected causes of this change. Some authors writing in the early 1990s expected the collapse of state budgets to result in the closure of childcare centers, which would force women to withdraw from the labour force in order to care for their children (Sziraczki and Windell, 1992: 483; Fong and Paull, 1993:

238).

Other authors expected that the rising costs and reductions in household earnings which resulted from economic restructuring would reduce the demand for preschool. As preschool fees rose and real wages fell, women would either seek informal alternatives, like care by members of their extended families, or they would find it economically preferable to withdraw from the labour force altogether. In the Polish case, this dynamic began already under the last round of socialist reforms in the 1980s (Ciechocinski, 1993: 317).

In fact, outcomes have varied. From 1989-1997, preschool enrollment rates fell radically in some places (from 64% to 42% in Lithuania, for example, 63% to 53% in Romania, 64% to 59% in Bulgaria) but rose slightly in others (former Yugoslav republics and Baltic states) (UNICEF, 1999). Within countries, outcomes vary significantly by region, with some regions registering steep declines while others (especially around capital cities) register growth in enrollments (see below and also Giddings, Meurs and Temesgen, 2005).

In the cases of decline, the early literature on these issues raises the question of whether the decline in childcare enrollment is supply- or demand-driven--whether it contributes to or is the result of a decline in women's paid economic activity. A question not addressed by the early literature is the likely impact on the children themselves, their productive futures, and in turn on economic growth and distribution. There is significant consensus that investments in early childhood education are cost effective (Danzinger and Waldfogel, 2000; Garces, Thomas and Currie, 2000; Esping-Anderson, et. al., 2002), and in countries at the earlier stages of industrial development, preschool has been shown to provide significant cost advantages in state delivery

of basic health care and school preparatory services (O'Connor, 1988). The declines in preschool enrollment may thus have significant long term implications for the children themselves—their quality of life and human capital development, as well as for broader economic growth and equity.

Where dynamics underlying changes in preschool enrollment result in spatial clustering of unenrolled children, this can also contribute to negative, external effects and increases in regional inequality. For example, low preschool enrollment rates may contribute to poorly performing elementary schools, and low rates of educational achievement thereafter. Areas with poor human capital stocks are less likely to attract investment and, lacking opportunities, more skilled workers may leave the affected area. Low enrollments may thus contribute to a cycle of regional decline.

This paper draws on data from one post-socialist country, Bulgaria, between 1986 and 1996 to explore municipal-level changes in preschool availability and use in the post-socialist period. Like the majority of post-socialist cases, Bulgaria had high levels of preschool enrollment in the late 1980s and has since experienced declines.¹ The availability of rich, municipal-level data for the Bulgarian case in this period allows us to examine both demand and supply side factors underlying decline, and to consider a variety of demand-side explanations.

Using this aggregate, cross-sectional data, we find evidence that changes in enrollment are demand driven. Declines in usage have exceeded cutbacks in the availability of childcare services at the municipal level. On the demand side, both economic and cultural factors appear to contribute significantly to variations in enrollments. Demand for preschool does not appear to

be driven purely by care needs, but also by households' abilities and preferences to invest in preschool education. These findings support those in related studies of other post-socialist cases (Fong and Loshkin, 2000; Giddings, Meurs and Temesgen, 2005) and have strong implications for the appropriate policy to address declining enrollments.

II) The Logic of Providing Childcare

Child care services can be oriented toward achieving different goals, and we begin by distinguishing between custodial and human capital enhancing child care (Connelly, DeGraff, and Levinson, 1996). Child care is probably most often understood in the former role, as a service which facilitates women's labour force participation. Child care advocates highlight both the distributional and efficiency implications of providing such a service. By expanding women's work options, child care "accompanies and facilitates women's citizenship" and is thus a prerequisite for equality between the sexes (Blumberg, 1981; O'Connor, 1988; Connolly, DeGraff, and Levinson, 1996). By expanding women's labour force participation, provision of care may also enhance economic efficiency, through allowing women to move into higher productivity occupations (O'Connor, 1998:24). This later logic appears to be one factor underlying socialist investments in preschools in Bulgaria (Anachova, 1995) as well as in other state socialist countries.

Preschools provide more than physical care, however. Studies of the impact of early childhood education in advanced capitalist countries suggest that it can improve cognitive development and other, social, measures (Danzinger and Waldfogel, 2000), thus increasing

human capital formation, labour productivity and quality of life. Studies of the impact of state-subsidized pre-school education in France, for example, reveal a strong correlation between pre-school attendance and performance in the first grade, especially among children from poorer backgrounds (Bergmann, 1994:33). Since children have been found much more likely to ultimately drop out if they receive poor grades or repeat a grade in early years, the early childhood education may be seen as an effective means of improving human capital acquisition (Currie and Thomas, 1995:359-360). In the US, the Head Start pre-school program has been used to improve learning and social skills, as well as the health status of poor children. Studies of the program confirm that this program has a positive and persistent impact on scores and schooling attainment overall (Currie and Thomas, 1995:341; Ramey and Ramey, 2000:139-140; Garces, Duncan and Currie, 2000).² As panel data necessary to confirm these dynamics has not been available in developing and transition economies, the studies of developed market economies provide the standard literature on the topic of preschool and later educational outcomes.

Broad access to preschool also promotes equity (Esping-Anderson, et. al., 2002). Studies suggest that children from more disadvantaged and minority ethnic backgrounds benefit more from a full-time preschool setting, in terms of educational outcomes, than other children (Garces, Duncan and Currie, 2000). Reduced gaps in both income and overall “functioning” (Sen, 1985) may result, offering children a higher quality of life. The importance of such a dynamic has also been cited in post-socialist cases, particularly Romania and Russia (Loshkin , 2000; Fong and Loshkin, 2000).

Finally, the preschool experience can also be used consciously to create a national identity and sense of common purpose among young citizens, and states often support preschool services for this reason. In France, preschools teach appreciation for French culture through, for example, gradual introduction to French cheeses (Bergmann, 1996:32). Israel used the schools to create strong and healthy “New Jews” (Bar-Yosef-Weiss, 1973), and socialist countries used state-run preschools to get an early start on “the creation of new citizens” (O’Connor, 1988: 17; Wald, 1978). Socialist planners clearly valued preschools for these latter purposes as well (Ipsa, 1994)

The above-cited literature does not imply that family or other informal care for preschool aged children is necessarily an inferior alternative. Parents and children alike may benefit from parents’ ability to focus on providing quality care during children’s early years and from a context in which such provision is valued (Lister, 1997). But outside of a few Scandinavian countries, conditions to allow parents to provide such quality care are not supported by the state. Parents, especially those at the lower end of the income distribution, may lack the time or resources to provide quality care.

Still, if child care is valued mainly for care purposes, then the recent radical declines in enrollments across ECE may not be cause for concern. Where unemployment is rising and wages falling, availability of care does not improve labour force usage, and some parents (particularly mothers) may choose to devote themselves to the home. About 20% of Bulgarian women surveyed in 1991 said they would choose such a change (Kostova, 1993). Reduced availability of care may have implications for gender equity, but with so many unemployed males available,

even these implications are not certain. In areas of Bulgaria where textile assembly is booming, for example, women have greater access to new jobs, and unemployed men are frequently left with the children (Interviews, 2000).

A more troubling interpretation of falls in preschool enrollments during transition results if we consider the implications for children's development. Declining preschool enrollments may represent declining investments in functioning and labour productivity. Reduced access to preschool is occurring at a time when inequality is already rising rapidly (UNICEF, 1999:144) and when rural households, in particular, are increasingly poor and isolated (Meurs, Dobрева and Kouzhouharova, 2000). Since spending on childcare can create significant positive externalities and economic inequality can create significant negative externalities, there may be a strong rationale for government intervention, even in a time of extremely tight budgets (Aslaksen, Koren, and Stokstad, 2000:98). But a better understanding of the dynamics underlying falling enrollments is needed, if government intervention is to be effective

III) Childcare in Socialist Countries

A) Comparative Context

Most socialist countries had a two-tier system of state-run childcare. This included a system of nurseries for children 0-2 years of age, which was generally run by the Ministry of Health, and a system of preschools, for children 3-6, run by the Ministry of Education. Fertility policies common to state-socialist economies offered mothers extensive maternity benefits, so that many families provided their own care to infants. The share of children 0-2 years with a

parent on parental leave in 1989 ranged from 34% in Bulgaria to 66% in Hungary. Few children of this age attended nurseries (ranging from 3% in Bulgaria to 14% in the Czech Republic) (Cornia, 1995:69).

Preschool enrollments, on the other hand, were strong across the state socialist economies. As noted, enrollment rates among preschool aged children ranged from 49% in Poland to 64% in Bulgaria to 90% in the Czech Republic in 1989 (UNICEF, 1999:133).

Enrollment rates under socialism approximated the range currently found in public institutions of the advanced market economies of western Europe and North American. In those cases, rates of enrollment for children under 2 years range from a low of 2-3% in the United Kingdom and the Netherlands, to a high of 74% in Denmark. For preschool aged children, enrollment rates range from a high of 99% in France and Belgium to a low of 53% in the United States and Canada (Gornik and Meyers, 2003: 204-205). Enrollment rates in middle income and poor countries (perhaps a more reasonable comparison for many of the post-socialist cases) are much lower—estimated at about 20% in Brazil and Kenya in the mid-1990s (Connelly, DeGraff, and Levinson, 1996; Loshkin and Tan, 2000).

The relatively high enrollments under socialism resulted from a combination of low costs, perceived high quality of care, and high labour force participation rates of women. Low costs were achieved through heavy subsidies from the central-planning states, which could hope to capture the positive externalities generated by investments in early childhood education.

Although the states also used the preschools to instill the characteristics of obedience and ideological adherence, Jean Ipsa, in her book *Child Care in Russia in Transition* (1994) notes

that by the 1980s, state-run preschools had begun to encourage more independence and experimentation among both teachers and students. Further, Ipsa documents the provision of a safe, stable and loving environment, in which teachers actively promoted the development of gross and fine motor skills, cooperative behaviors, ecological awareness, and basic math and reading skills. In addition, all students attending the pre-schools were regularly examined by a nurse and received a regular schedule of inoculations. Another study found that “altogether, the kindergarten system in Central and Eastern Europe does not fare badly in international comparison. The attendance rate is high and the provisions are good and relatively cheap” (Cornia and Sipors, 1991). The relatively strong health, literacy and higher education indicators seen today in former socialist countries can be attributed, in part, to the preschool policies (UNICEF, 1999).

B) The Bulgarian Experience

In Bulgaria as in other socialist countries, use of state-run infant nurseries was limited. In the 1980s, most women either took advantage of paid maternity leave or left children with their mother or another family member if they worked during the first three years of children’s lives. Survey data suggest strong differences in nursery use by ethnicity, however. While 3% of ethnic Bulgarian, Christian households relied on state-run nurseries to care for children under 1 year of age, the minority populations (Turkish, Bulgarian Muslim and Roma) did not use nurseries for children under 1 year (<1% of households). For children 1-3 years of age, 17% of Bulgarian Christian households used state-run nurseries. Minority populations also used the nurseries for children 1-3 years of age, but less frequently: 8% of ethnic Bulgarian, Muslim

households, 6% of ethnic Turkish households, and 6% of Roma households reported enrolling their children in the nurseries (authors' calculations, based on Institute of Sociology, 1985).

Pre-school enrollments were much more widespread, although some ethnic differences in use can also be seen. By 1965, 56% of pre-school age children attended kindergarten. The share of children attending kindergarten continued to rise steadily over time, to 60% in 1980 (Connor, 1988:26), and 72% of children by 1989 (NIS, 1988; 1989). Facilities for children 3-7 were widely acknowledged as successful (Kostova, 1993). They offered three meals, onsite medical care and screening, and cost from 10-30% of the minimum wage, depending on parents' income. Second children in a family attended free. As a result, demand usually outstripped supply, especially in big cities (Anachkova, 1995:62-63). Preschool use varied little between Bulgarian Christian and ethnic Turkish households. Survey data from the mid-1980s suggest 58% of ethnic Bulgarian, Christian households and 53% of ethnic Turkish households relied on preschools for the care of children aged 3-7. Forty-two percent of Roma households reported enrolling children of this age in preschool, while 28% of Bulgarian Muslim households reported such enrollments (authors' calculations, based on Institute of Sociology, 1985).

Significant regional and municipal-level variation in child care use can also be seen in the 1980s. At the municipal level, the estimated³ share of children 3-6 years of age enrolled in childcare in 1987 varied from 21% to 102% (the surpassing of 100% reflects high municipal enrollments combined with some overflow use of preschools by neighboring municipalities) (NIS, various years). Surprisingly, there is no important difference in enrollments between more urban and more rural municipalities (60% versus 58%).⁴ The differences in enrollments

across municipalities may reflect uneven development of educational infrastructure across municipalities in the 1980s. Preschool availability per km² ranged from .003 to .58 in 1987. They may also reflect local clustering of minority ethnic populations with distinct social norms regarding child care, or differences in employment opportunities for parents. These explanations will be considered in more detail below.

IV) Recent Developments

The period since 1989 has been characterized by a rapid drop in the availability and use of state-run preschools across many of the former socialist countries, although some countries, particularly the more affluent ones, have registered increased enrollments (Table 1).

(Table 1 here.)

In Bulgaria, between 1986/7 and 1999, 1389 preschools closed, reducing the number of state-run preschools by 29%. While privately run centers did begin to emerge, their (official) number rose only from 0 to 18, providing spaces for 329 students by 1999. The number of teachers employed in the state-run schools fell by 26% and the number of enrolled students fell by 38% (Table 2).

Transition has also been accompanied by a significant drop in birthrates, however. Births per 1000 population fell from over 13 in 1987 to 7.7 in 1997 (NIS, various years). Controlling for the number of children of preschool age, we find erratic movements in enrollment levels over the last decade. From 1986/7-1991/2 (the first, very difficult, year of real transition, when prices were freed and rose over 400%), enrollment plunged from 72% of children aged 3-6 to 58% of

these children. Enrollment share then climbed steadily to reach 66% again in 1996, before falling back to 62% in 1997/8 (Table 2)⁵. At the same time, child poverty rates have risen dramatically, from 2% of children in 1990 to 43% of children in 1994 (Cornia, 1995). The importance of preschool as early intervention thus increased dramatically.

(Table 2 here)

Changes in preschool enrollments are, of course, related to other, simultaneous, changes in society. Unemployment rose over this period, and labour force participation rates fell from 90% for both men and women in 1989 to 78% for men and 75% for women in 1995 (European Commission, 1995:38). Real wages fell too, to 50% of the 1989 level by 1996 (TRANSMONEE Database). As fiscal responsibility for the preschools was decentralized to the municipalities, user fees were increased to cover costs. Nationally, fees rose from 13% of the average wage in 1989, to 15% of the minimum wage in 1993, before falling back to 9% of the minimum wage in 1994 (Fajth, 1994:47-49). Given that average real wages fell more rapidly than minimum wages (TRANSMONEE Database), however, the impact of fees on household budgets increased. In addition, there appears to be little regional variation in fees, despite large variations in real wages and employment rates. During the period 1997-2000, de facto fees held steady at 20 lv per month in Sofia and between 15-18 lv per month in provincial capitals and villages (Telephone interviews, Dec., 2000). The changes in employment and wages thus reduced both the need for care and parents' ability to pay for preschool and its related expenses (especially transport).

Finally, some aspects of the quality of preschool also declined sharply over the period 1989-1999, as funding for the schools fell. Changes in quality included reductions or

elimination of programs to provide nutritious meals and universal medical care through the schools, as well as lack of maintenance of school infrastructure and lack of supplies, such as paper.

These dynamics have varied widely across municipalities, however. Among the municipalities for which we have consistent data, changes in the availability of preschools varied from an increase of 100% (an increase of 7 centers) to a 95% decline (49 centers closed). Municipal unemployment rates varied from 3% to 44% in 1996, while nominal wage increases over the period 1987-1996 varied from 20% to 115%. Although our data do not permit us to directly compare enrollments in 1996 with those in 1989 (see endnote 2), in 1996, the share of 3-7 year olds enrolled ranged from .41 in to 1.48, the latter again suggesting strong local enrollments combined with high use by children from neighboring municipalities.

V) What Contributes to Enrollments?

The formation of adequate policy to address low enrollments requires an understanding of their cause. We examine these causes, first asking: Is the decline, as suggested by Cornia (1995) and Sziraczki and Windell (1992), a supply-driven outcome, resulting from the closing of centers in financially-strapped municipalities? Or is it, as others have suggested (Fong and Paull, 1991; Ciechocinska, 1991; Klugman, 1997), a demand-driven outcome, resulting from decreased need for care or reduced household ability to invest in preschool?

Table 2 clearly suggests a demand-driven explanation. The number of children enrolled has fallen much faster than the number of preschools or the number of employed teachers.

Whereas prior to 1989, enrollments were limited by the lack of sufficient places in the preschools, the schools in 1996 appeared to have significant excess capacity: the number of children per teacher had fallen from 12.7 in 1989 to 10.6 in 1996 (NIS, various years). A recent study of changing childcare use in Romania finds a similar problem of underutilization (Fong and Lokshin, 2000). As the data suggest a demand-driven decline in enrollments, below we further examine municipal-level factors which might underlie low demand for preschool.

Economic dynamics in the capital city of Sofia are distinct from those in the rest of the country, with Sofia having minimal unemployment levels, good and improving transportation infrastructure, and very high historical and persisting levels of preschool enrollments. As a result, we have excluded Sofia city from our analysis. Some other municipalities are excluded due to missing or inconsistent data, leaving us with 230 of Bulgaria's 262 municipalities available for analysis. Most of the data we use come from National Statistical Institute publications, including national statistical yearbooks (various years) and publications of oblast- (province) and obshtina- (municipal) level data (1988; 1989; 1997). Child population data for 1996 were acquired directly from the National Statistical Institute, as these were not published, and data on ethnic makeup of municipalities were taken from the UNDP (2000). Unemployment data come from National Employment Office sources.

We develop a simple, OLS model⁶ to explain current, municipal-level enrollments. Since we are interested in what might have caused the change in enrollment rates since transition, we model the share of preschool aged children enrolled in 1996 while controlling for the estimated share enrolled in 1987. We expect the estimated share enrolled in 1987 to be strongly, positively

correlated with the share enrolled in 1996.

We examine the impact of a number of other factors on municipal-level enrollments, drawing on recent literature on household choice of the mode of care for young children. A number of authors had noted the distinction between two important dynamics. First, parents may view preschool simply in its care function, and if unemployment rises, they may willingly substitute home care. Alternatively, parents may view preschool as superior to home care as an investment in their children's futures (Connelly, DeGraff and Levinson, 1996; Fong and Loshkin, 2000). In this case, in an economic downturn, it is the inability to pay fees and transport costs, and not the availability of substitute care which underlies low enrollment levels.

Our ability to distinguish between these two dynamics is limited, as we are not working with data which specifically addresses household preferences. To our knowledge, parents have not been surveyed on this question. In a preliminary attempt to explore the relationship further, below we include two variables. We include the average, monthly, municipal unemployment rate in 1996, as a proxy for the relative need for care (or, more precisely, the availability of family care). We also include a proxy for ability to pay, measured as average wage in 1996, weighted by the share of the working age population which is (formally) employed. Higher levels of unemployment are expected to be negatively correlated with the share of children enrolled in preschool, while total resources are expected to be positively correlated.

We also examine the impact of preschool availability (schools per k^2) and school quality, proxied only roughly by teacher/student ratio. In a survey of Romanian mothers, these factors were reported to be of particular importance (Fong and Loshkin, 2000). Both of these factors are

expected to be positively correlated with the share of children enrolled.

Finally, we have seen that use of preschools has historically varied by ethnicity, with ethnic Bulgarian households being more likely to send children to preschool. Post-1989, schooling has been one important nexus of ethnic tension in Bulgaria, with Turkish and Roma groups voicing opposition to national curricula, which they believe disadvantage their languages and cultures (Lubenova, 2000). Perhaps these debates and increased freedom of choice underlie declining preschool enrollments in municipalities with high percentages of ethnic minority populations. To examine this effect, we include the share of ethnic Bulgarian households⁷ in the municipality as an explanatory variable, expecting this to be positively correlated with the share of preschool aged children enrolled in 1996. The means and standard deviations of the variables are presented in Table 3.

(Table 3 here)

The results of the regression are presented in Table 4. The equation has an adjusted R^2 of .16, which is reasonable for cross-sectional data such as we are using. As we see, all of the variables have the expected signs. The share of children enrolled in preschool in 1987 has the largest significant relationship with current enrollment rates. This may capture the impact of previous socialization campaigns, or the impact of overall development levels, or some other factor related to historical enrollment levels. Once we control for historical levels of enrollments, however, we see that a number of other factors are related to municipal-level variations in enrollments in 1996.

Both measures of economic conditions have significant impacts on enrollment rates.

Municipalities with more earnings have higher enrollments, as expected. But even controlling for earnings, municipalities with higher unemployment rates have lower enrollments, suggesting that recent changes in the availability of non-institutional caregivers also, independently, affect enrollments. The two variables have impacts of similar magnitudes, although the negative impact of unemployment on enrollment is slightly larger than the positive impact of economic resources.

(Table 4 here)

Neither the density of schools nor our measure of quality is significantly related to enrollment rates. The impact of density probably depends on the availability and quality of public transport, which we cannot measure. In the case of our quality variable, other factors like the availability and quality of meals and medical care may influence enrollments more than teacher/child ratios, especially since overcrowded classrooms are not a problem in Bulgaria. Better data is needed to better evaluate the impact of school density and quality on enrollments.

Finally, controlling for historical levels of enrollments and economic conditions, municipalities with high shares of minority ethnic groups in their population have significantly lower enrollment rates than municipalities with more ethnically Bulgarian populations. This impact seems as important as that of the economic variables and suggests some change over previous patterns. In 1986, a similar share of Bulgarian Christian and Turkish households sent their 3-6 year olds to preschool (58% and 53%), while somewhat fewer Roma households sent such children (42%). Bulgarian Muslim households were less likely to use state-run preschools (28%). The data on ethnicity used in the regression combine both Christian and Muslim

Bulgarian households, yet find that ethnic Bulgarians were significantly more likely to send children to preschool than their Turkish or Roma counterparts.

VI) Discussion and Conclusions:

This preliminary examination of the data on preschool enrollments in post-socialist Bulgaria finds that declines in use far outstrip declines in the availability of preschools, suggesting that declines in enrollment are driven by demand-side factors. This supports the finding of Fong and Loshkin (2000) in their study of Romania, although our study of the Kyrgyz case in Central Asia (Giddings, Meurs, and Temesgen, 2003) suggests that supply side changes may drive changing enrollments in some post-socialist cases.

We also find significant variation in enrollment across Bulgarian municipalities. To some extent, these differences are related to long-standing (pre-1989) differences in local preschool enrollments, which may reflect differences in development levels or other historical factors.

But enrollments were also significantly related to current economic conditions. Our findings suggest that these impact upon enrollments in two ways. Municipalities with higher unemployment rates, and thus a lower need for care, had significantly lower levels of enrollments. Even controlling for differences in the need for care, lower earnings (average wage weighted by the share of working age population formally employed) also had a significant negative impact on enrollments.

Since ability to pay has an impact on enrollments independent of the need for care, this

suggests that preschool is valued for other reasons and may be used if resources are available, even if care is not needed. In other words, state socialist policy appears to have been successful in convincing parents that preschool can provide long term advantages in terms of educational outcomes (see also Fong and Lokshin, 2000 for a discussion of this dynamic in Romania). This interpretation is reinforced by information from household interviews held in March 2000. Parents whose preschool aged children were not enrolled in childcare frequently referred to the costs of this in terms of school readiness (Interviews, 2000).

Finally, we found a strong impact of local ethnic make up on preschool enrollments. This is a continuation of historical differences in child care use, but the differences appear to have intensified post-1989 since the variable is significant even after controlling for 1989 enrollment rates.

Research on preschool use in other post-socialist countries, although not focused directly on household decisions about use, has noted similar dynamics. In considering the impact of falling preschool enrollments in Russia and Romania on women's labour force participation, Michael Loshkin (2000) and Loshkin and Tai Lui Tan (2000) noted the role of rising costs of preschool and of wage suppression in declining preschool use and the impact of this on mothers' labour supply decisions. While we did not find school density to be important, a study of formal child care use in Romania found distance to center to be significant (Fong and Loshkin, 2000).

Although aggregate enrollments have not declined severely in Bulgaria, the relationship we find between low enrollment and economic hardship is a particular concern. It is precisely in the poorest municipalities that the early interventions provided by preschool will have the

greatest impact on children's development and the country's future efficiency, equity and national integrity. The relationship between low enrollment and ethnic minority populations is similarly a concern, given the large differences which already exist in the educational preparation of Bulgarian Christian and ethnic and religious minority populations, and the impact of these on earnings gaps (Giddings, 2000).

Although there may be some areas where preschool availability is a problem, overall it does not appear that preschool closings underlie the problem. Instead, our findings suggest that policy makers focus on demand-side dynamics. And because outcomes vary significantly by municipality, locally-targeted policies could make a significant difference in outcomes.

Since overall the population does not appear to view preschool enrollment purely as an issue of care, locally targeted preschool subsidies may be effective in raising enrollments even where unemployment rates are high. (Of course, reducing unemployment would also be an effective policy measure, with many additional benefits!)

But locally targeted preschool subsidies will not sufficiently address the problem of low enrollments among ethnic minority populations. To address this problem, more research is needed into the specific reasons for non-enrollment. If the problem is a general social preference for home care, this may be difficult to address, at least in the short term. But if the problem lies in concerns about the disadvantaging of local culture in the national preschool curriculum or by "outsider" preschool directors, state policy could be directed toward increasing local input into school governance.

Current budgetary problems and the resulting short time horizons have limited the

attention to changing patterns of post-socialist preschool enrollments. But if Bulgaria and other post-socialist countries hope to compete internationally on the basis of their skilled and trainable workforce and to build democratic polities, attention to this issue appears essential. The issue is, of course, also of broader, European concern, given the upcoming enlargements. Appropriate policies appear feasible and relatively low cost.

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Table 1: Changing Preschool Enrollments in Post-Socialism (children aged 3-6)

Country	1989	1993	1997
Czech Republic	89.8	84.9	83
Hungary	85.7	87.1	86.1
Slovenia	56.3	60.3	66.2
Bulgaria	63.9	56.2	58.8
Romania	63.3	50.2	52.8
Moldova	62.8	36.6	31.5
Kyrgyzstan	31.3	13.4	7.0

Source: UNICEF, 1999

Table 2: Preschool Dynamics in Bulgaria, 1986 - 2000

	1986/87	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000
Number of (registered) Private Preschools	-	-	-	2	4	6	8	11	14	15	18
Number Enrolled in Private Preschool	-	-	-	21	159	87	194	249	235	258	329
Percent of Preschool Aged Enrolled in Preschool	72	66.9	57.9	61.0	59.6	59.7	64.5	66.2	62.1	65.2	n.a
Number of Public Preschools, 1986/87 = 100	100	95.2	92.6	91.8	80.0	75.9	78.0	77.0	73.8	72.9	71.2
Number Enrolled in Public Preschool, 1986/87=100	100	88.3	75.3	76.5	71.9	71.7	73.9	71.8	64.0	63.5	61.6
Number of Preschool Teachers, 1986/87 = 100	100	105.9	103.2	100.8	94.3	88.6	87.9	85.9	75.8	75.3	73.7

Source: National Statistical Institute, 1989; 1997.

Table 3: Mean and Standard Deviation of Included Variables, by Municipality⁸

Variable	Mean	Standard Deviation
Enrollment Rate 1996	.68	.15
School Quality	.10	.02
Average Unemployment 1996	16.53	8.34
Share of Population Ethnic Bulgarian	81.13	21.32
Preschools per km ²	.04	.05
Total Municipal Earnings	127.59	241.79
Enrollment Rate 1987	.69	.13

Table 4

Regression: Factors Related to Municipal-Level Preschool Enrollments, 1996

Model		Unstandardized		Standardized	T	Significance
		Coefficients		Coefficients	statistic	
		B	Std. Error	Beta		
1	(Constant)	.374	.080		4.701	.000
	School Quality	.345	.428	.052	.808	.420
	Average Unemployment, 1996	- .003	.001	-.200	-3.059	.002
	Share of Population Ethnic Bulgarian	.001	.000	.193	2.981	.003
	Preschools per km ²	.285	.185	.098	1.538	.126
	Total Municipal Earnings	.000	.000	.173	2.661	.008
	Enrollment Rate 1987	.291	.076	.242	3.849	.000

Endnotes

¹ Note that estimates of enrollments vary greatly across sources. While the UNICEF data cited above show only slight enrollment declines in Bulgaria, data from the Bulgarian National Statistical Office show much greater declines. Our analysis does not rely on absolute levels, but rather examines factors driving differences in enrollment across municipalities.

² Although some studies have failed to show a positive relationship between preschool attendance and later performance, many studies are based on non-randomized or small samples. Garces, Duncan and Currie (2000) focused only on well-structured studies of publicly-funded US preschool programs and found large, positive, and significant long term effects on schooling, earnings and negative effects on problems such as crime and welfare use.

³ The National Statistical Institute published data only on enrollment by 5 and 6 year olds for 1987, so the total number of enrolled children aged 3-6 had to be estimated. Historically, 3-6 year olds have made up about half of enrolled kids, so we estimate 1987 enrollments for 3-6 year olds as two times the enrollments of 5 and 6 year olds.

⁴ Here we consider a municipality “rural” if more than 50% of the population of the municipality is defined as rural by the National Statistical Institute.

⁵ Note that reported enrollment rates differ depending on the source of the data. What is clear, however, is that there has been a significant drop in enrollments since 1989.

⁶ Corrected for heteroskedasticity.

⁷ The UNDP data do not distinguish between Bulgarian Christian and Muslim households, so this variable measures their total share and does not permit us to distinguish the impact of changing behavior of Bulgarian Muslim households.

⁸ Many pairs among these variables might be suspected of being correlated. However, no pair has a correlation coefficient above .31 (AVUR96 and BGSB), and most are much lower. Removing either AVUR96 or BGSB does not significantly change the results.