



# Inclusive early childcare for well performing economies

WORK-LIFE BALANCE IN A CHANGING SOCIETY  
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## Pay offs from investing early in children include:

*OECD Programme for International Student Assessment (PISA)* data show that 15-years old students who attended pre-primary education for at least a year are likely to have higher maths scores than those who did not, the gap being equivalent to **almost one year of formal schooling** after accounting for students' socio-economic status.

Investment in children's child well-being must **start in early childhood** and be sustained throughout childhood and that the benefits are especially large for children from a **disadvantaged background** (Heckman, OECD, 2011; .

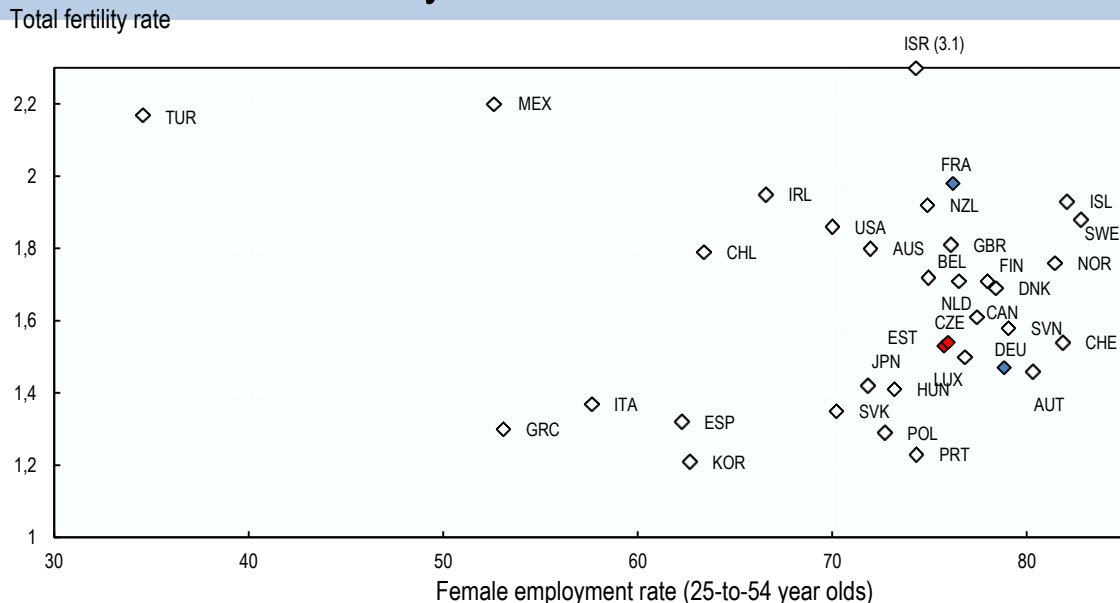
Increasing coverage of childcare services for children under age 3 has a **positive influence** on both **female labour market participation** and **fertility** trends. By fostering female employment, contribute to drastically **reduce child poverty**.

# Positive influence of childcare services for very young children on female employment

- The increase in the coverage of childcare services for children under age 3 doubled on average since the mid-1990s and was found to be responsible for a 2,5 percentage point increase in female employment rates (for women aged 25-54) – i.e. **1/4 of the total increase of female employment** from 1995 to 2008) (Thévenon, 2013; 2016).
- **Interaction between policy instruments** matters to understand the effectiveness and efficiency of policies:
  - Strongest influence of the development of childcare services in countries with overall strong support to female employment, with long leave and greater employment protection.
  - Positive influence of incentive to work part-time, and negative of marginal taxation rates
  - Ambiguous effect of the extension of leave duration
- The effect of policies is highest for highly educated women (Cipollone, 2014)

# Influence of childcare policies on fertility (Luci-Greulich and Thévenon, EJP 2013)

- Positive effect of the increasing coverage of childcare services for children under age 3
  - While the extension of paid leave and spending on leave and birth grants have no (or very weak) effect on fertility trends
  - Positive effects of in-cash « regular » support
- => Work and family life reconciliation (and associated child opportunity cost) has become central in fertility decision.



## Recent evidence in Germany (OECD, forthcoming)

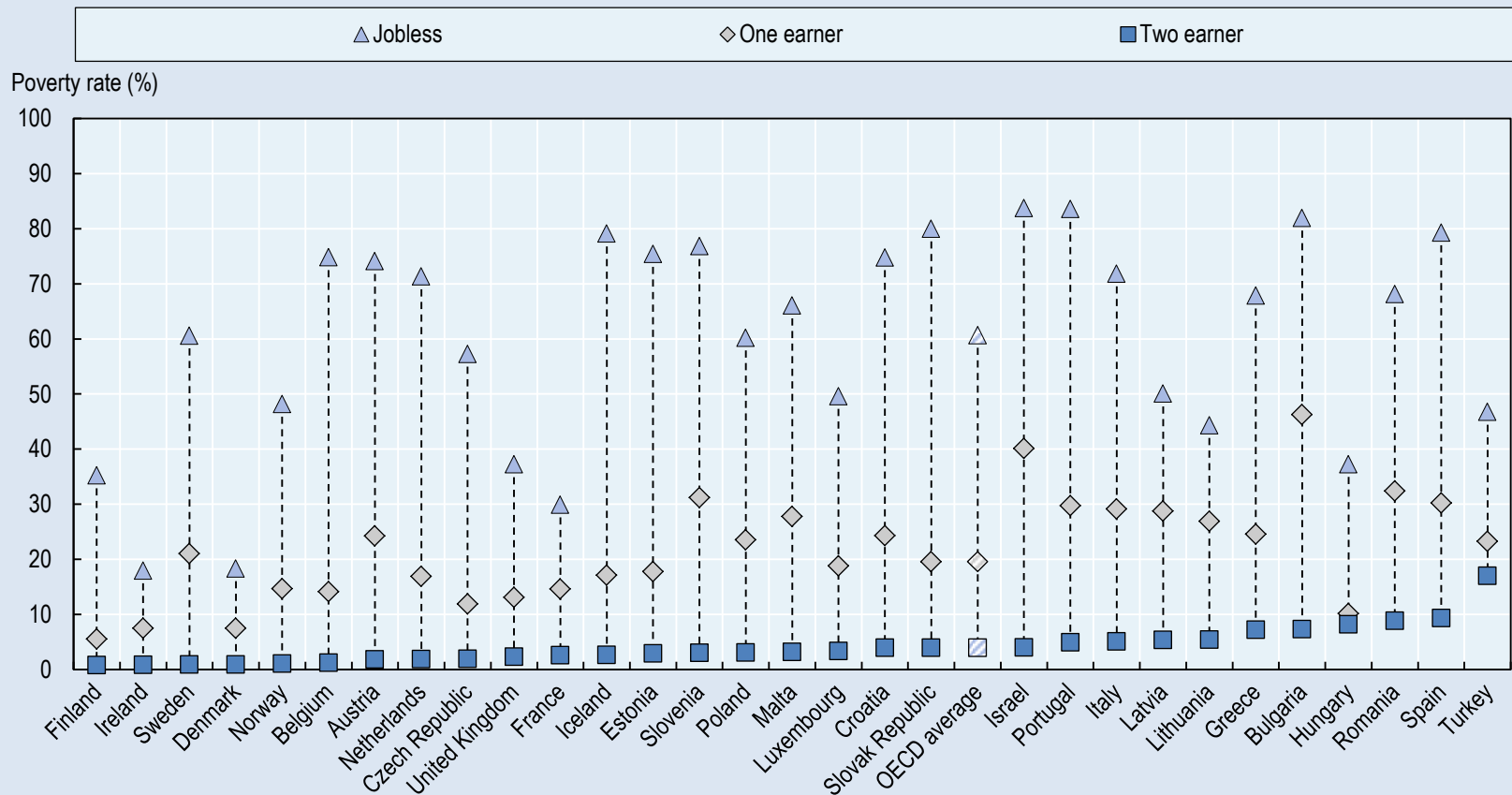
- In Germany, spending on childcare and education services for children under age increased from 0,33% in 2000 to 0,58% of GDP in 2013.
- TFRs in the post re-unification period were lowest in 1994 at 1.24, but edged up thereafter to 1.47 children per women in 2014.
- Recent evaluations suggest that family-friendly policy reform (i.e. the 2007 parental leave reform and increase in public investment in childcare services) have had a slight but positive effect on the TFR.
- The intended increase in public childcare coverage to 39% under the terms of the 2007 development plan could boost TFR from 1.4 to 1.55 children per woman (Bauernschuster et al., 2013).
- Also some indication that the fertility of German women in their mid-30s who have high levels of educational attainment has increased since the 2007 parental leave reform (Bujard and Passet, 2013; Stichnoth, 2014).
- Some evidence for Nordic countries that the provision of father-specific leave entitlements fosters greater paternal involvement in parenting, which, in turn, may positively affect birth rates.

# Childcare services and child outcomes

- Meta-analysis of experiments shows that the enrolment of children in childcare services has unambiguous positive effect on child outcomes on disadvantaged children (Van Huizen & Plantenga, 2016).
- Same evidence with comparative analysis on the influence of maternal employment on child development (Huerta et al., 2011) => generally positive, except in few countries (UK) for children with highly educated mothers.
  - **Efficiency** and **fairness** play in the same direction (Heckman and Masterov, 2007; OECD, 2009)
  - Children from wealthy families don't necessarily gain from substituting parental care with low quality childcare services => **quality** is key!
- By helping parents to stay in employment, childcare services reduce the risk of child poverty – which persistently affect child development

# Poverty rates for households with children by employment status

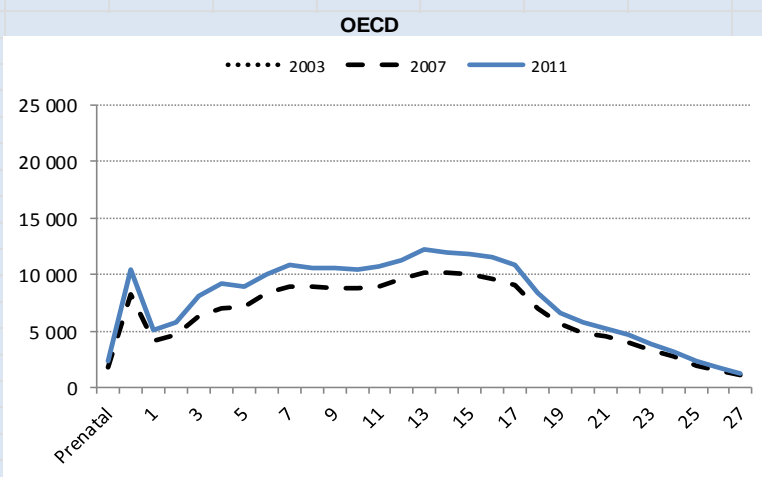
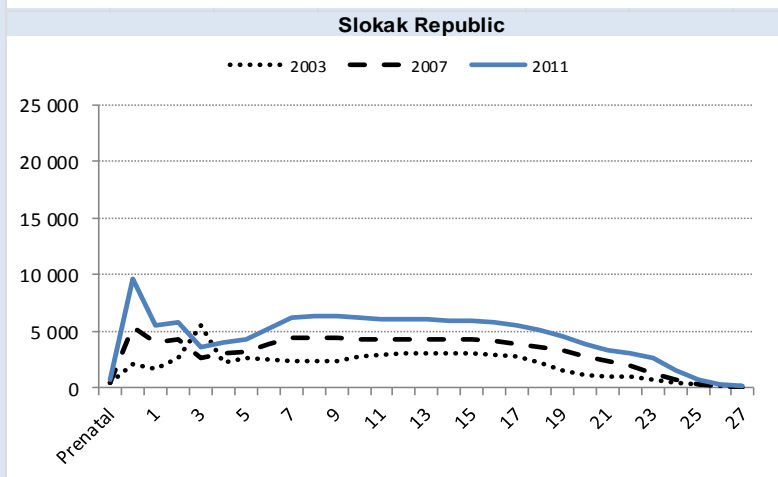
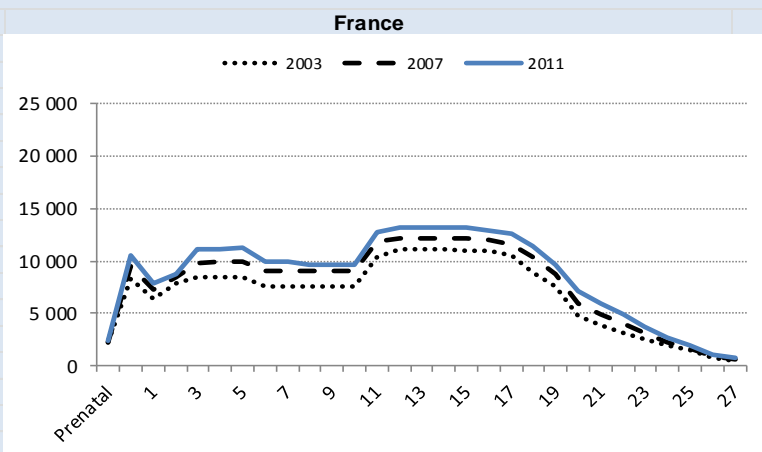
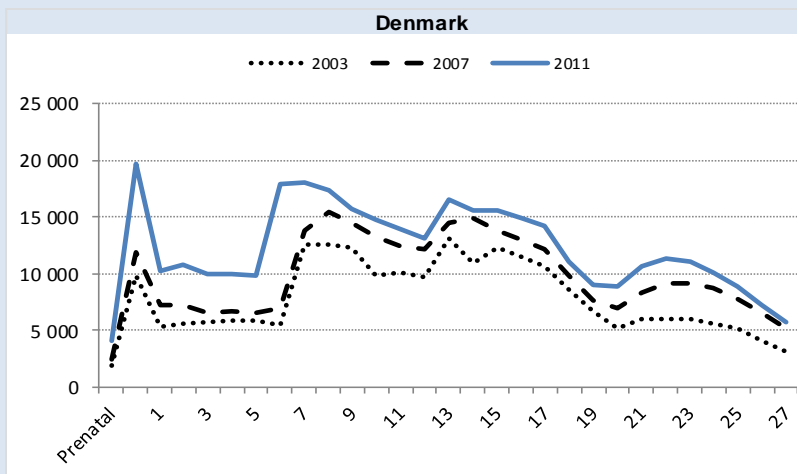
Proportion (%) of households with an equivalised post-tax and transfer income of less than 50% of the national annual median equivalised post-tax and transfer household income, households with two adults and at least one child, by the number of employed adults, European countries, 2012



Countries are ranked according to the poverty rate in two-earner households.  
Source: OECD Income Distribution Database

# A general increase in spending on families

Public expenditure on family benefits and education, by type of spending and age of child, USD PPP per capita, selected countries



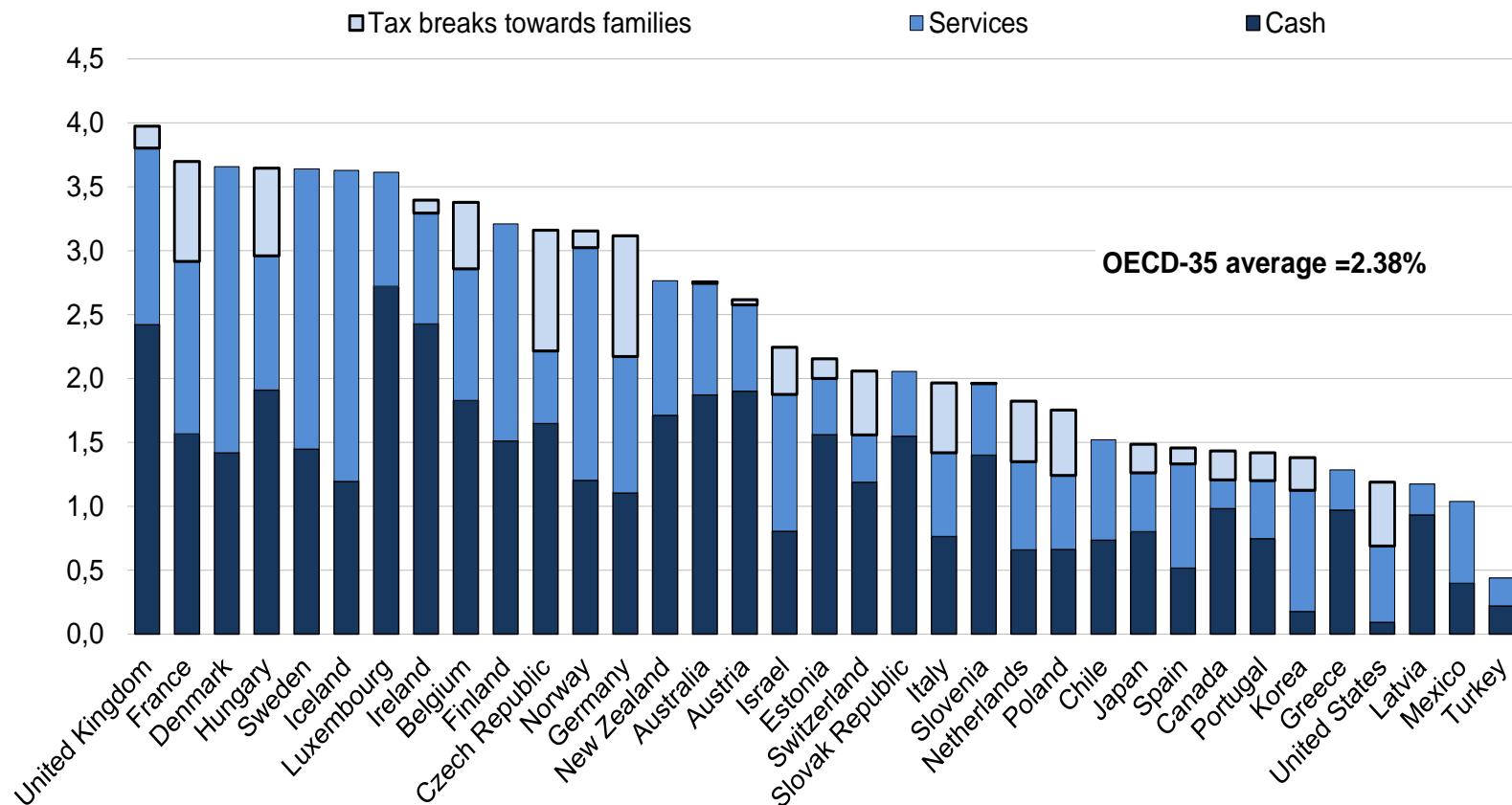
Note: data for the Netherlands includes mandatory private expenditure on maternity and paternity leave (under cash benefits and tax breaks)

Source: OECD Social Expenditure Database and OECD Family Database



# Wide variations in total spending and in spending on services

Public expenditure on family benefits in cash, services and tax measures, in per cent of GDP, 2013 or latest year

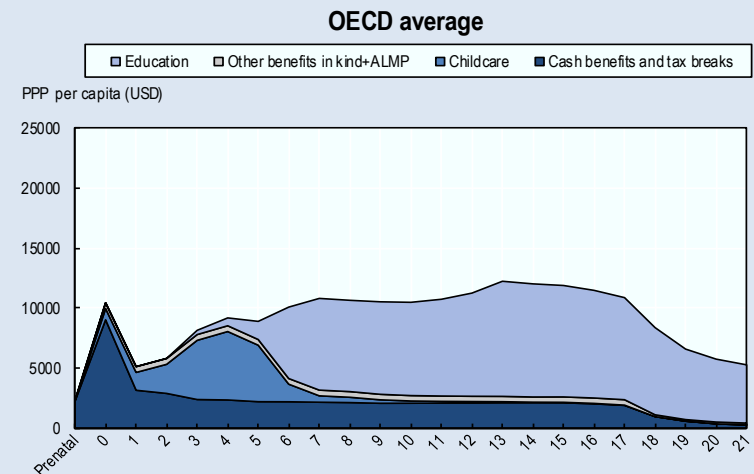
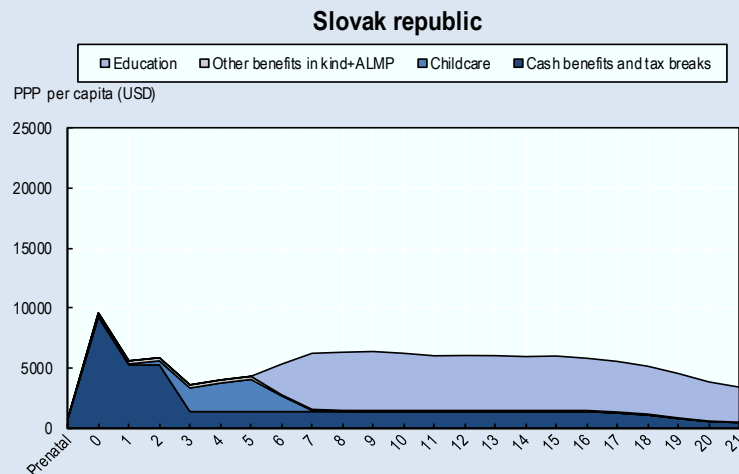
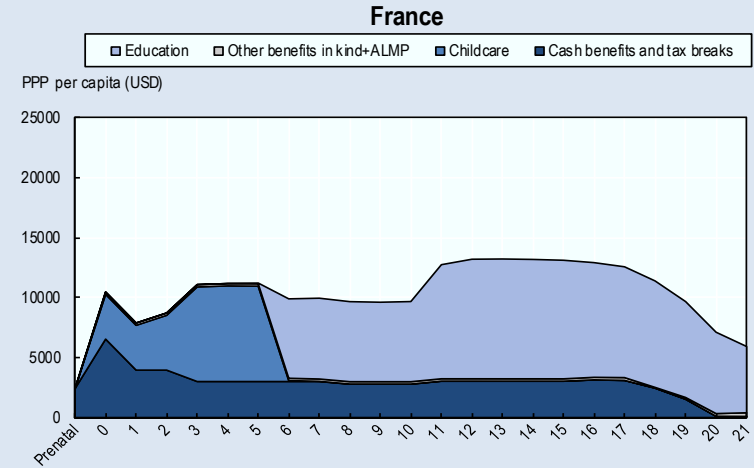
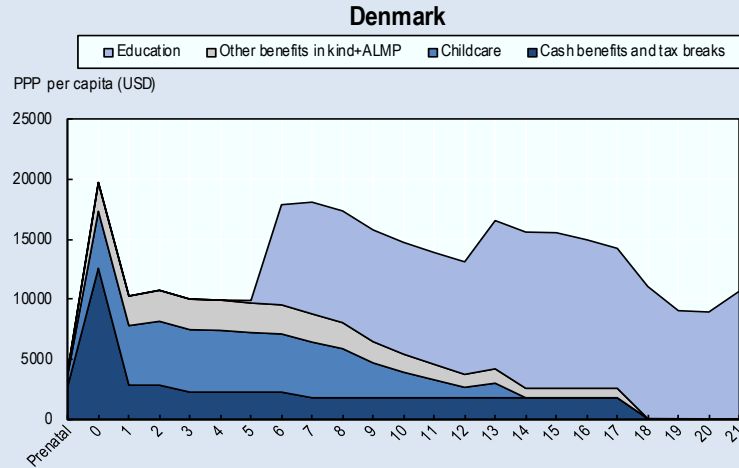


Note: data for the Netherlands includes mandatory private expenditure on maternity and paternity leave (under cash benefits and tax breaks)

Source: OECD Social Expenditure Database and OECD Family Database

# There are gaps in public investment in children, particularly when children are very young

Public expenditure on family benefits and education, by type of spending and age of child, USD PPP per capita, selected countries

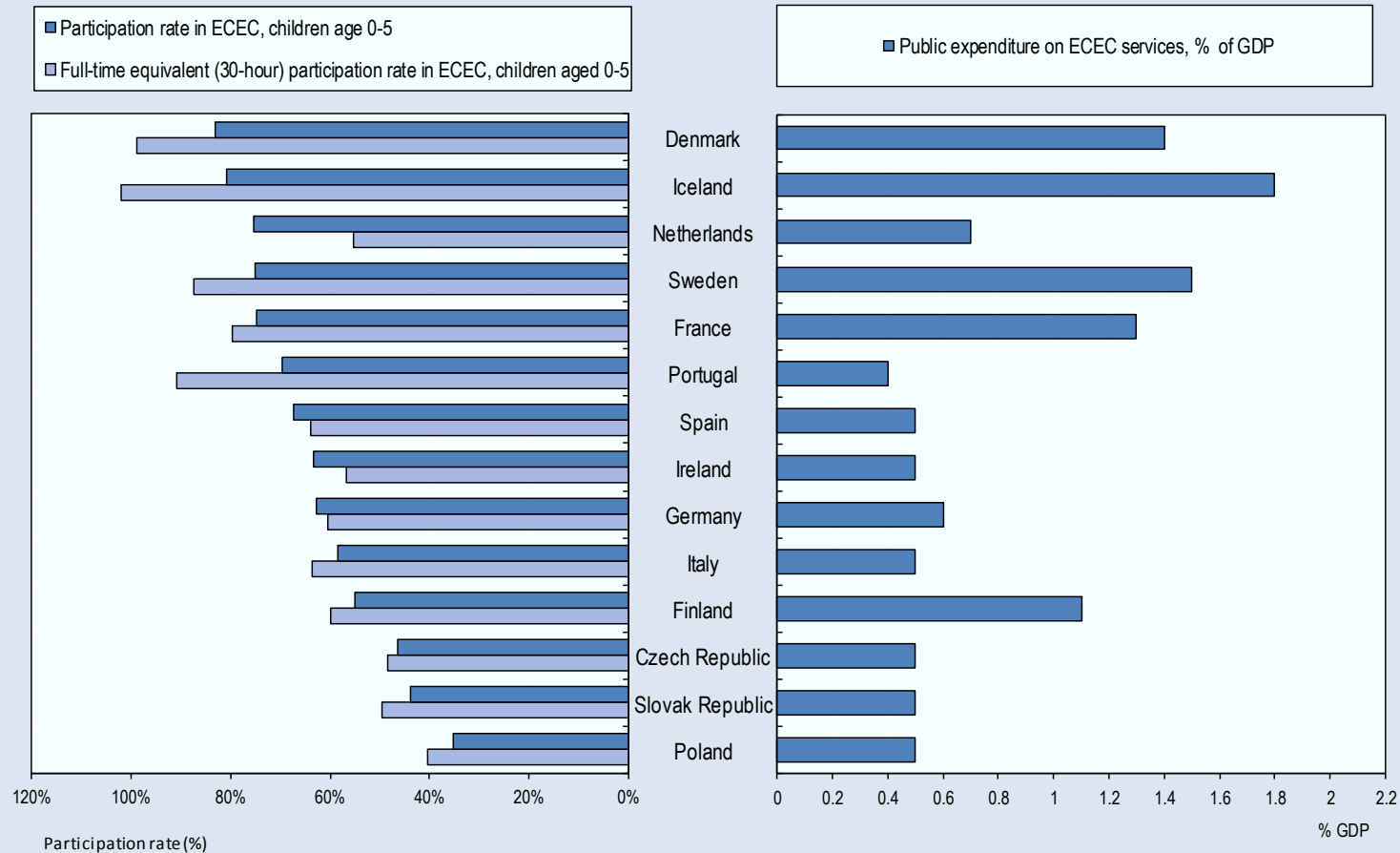


Note: data for the Netherlands includes mandatory private expenditure on maternity and paternity leave (under cash benefits and tax breaks)

Source: OECD Social Expenditure Database and OECD Family Database

# Public investment in ECEC is an important driver of participation rates

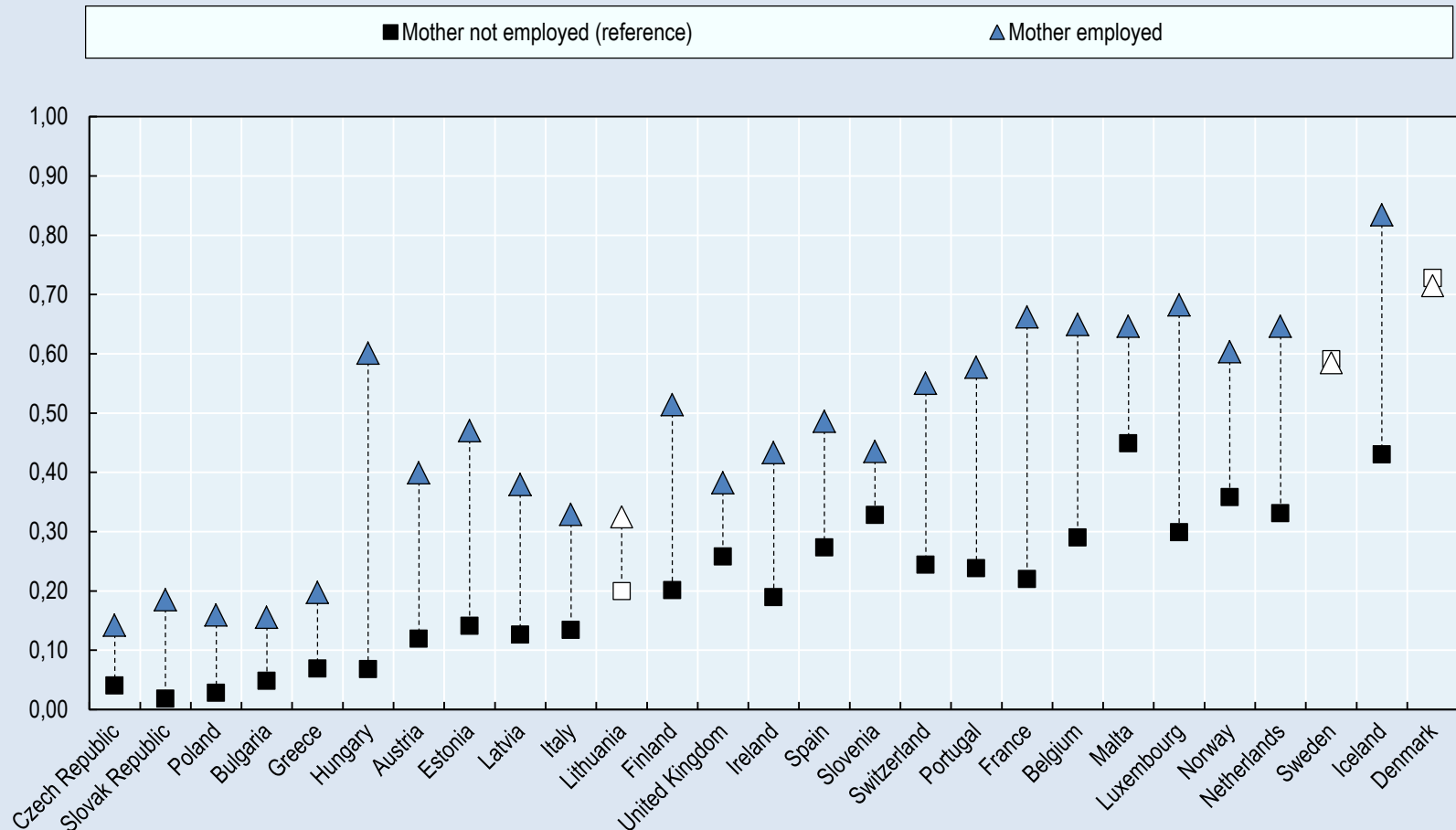
Participation rates and full-time equivalent participation rates for children aged 0-5 in formal ECEC services (2014) and public expenditure on ECEC services (2013), selected European countries



Note: Note: data on participation rates are for 2012 for Germany, and data on public expenditure on ECEC are for 2011 for Poland, Spain and Sweden  
 Sources: OECD calculations based on EU SILC 2014 (EU SILC 2012 for Germany), OECD Social Expenditure Database

# Maternal employment is a key driver of early ECEC use

Estimated probability of participation in formal ECEC by mother's employment status, children aged 0-2, European countries, 2014

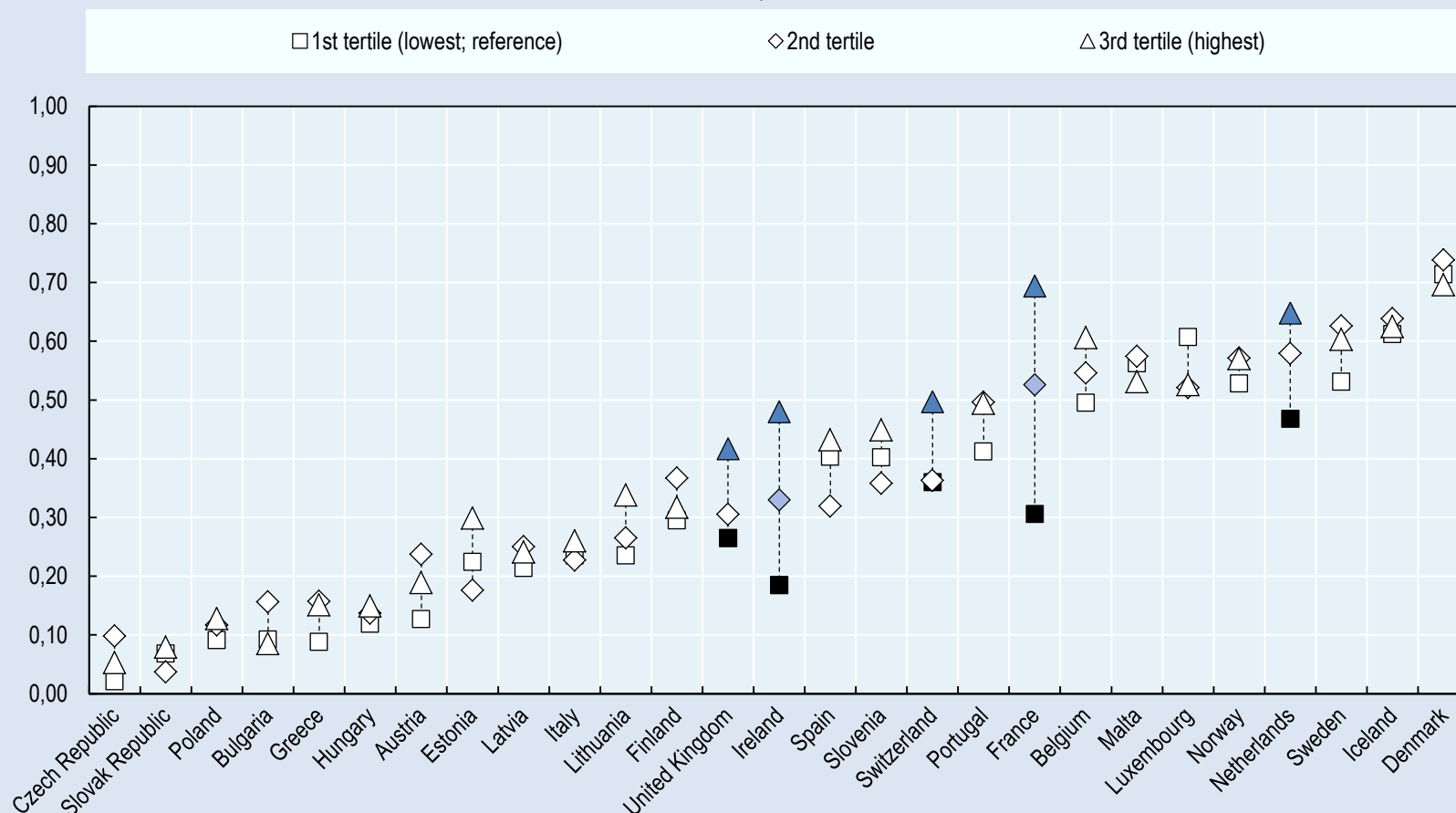


Note: Countries ranked according to the overall participation rate in formal ECEC for children aged 0-2. Adjusted average probabilities from individual country-specific logit models taking account of child age and sex, equivalised household disposable income tertile, mother's employment status and mother's education level. Shaded markers represent statistically significant differences from the reference group (mother not employed) at  $p < 0.05$ . Non-shaded markers represent no statistically significant difference at  $p < 0.05$ . Data for Switzerland are for 2013.

Source: OECD calculations based on EU SILC 2014 (EU SILC 2013 for Switzerland)

# Family income as such is not a key driver of ECEC participation...

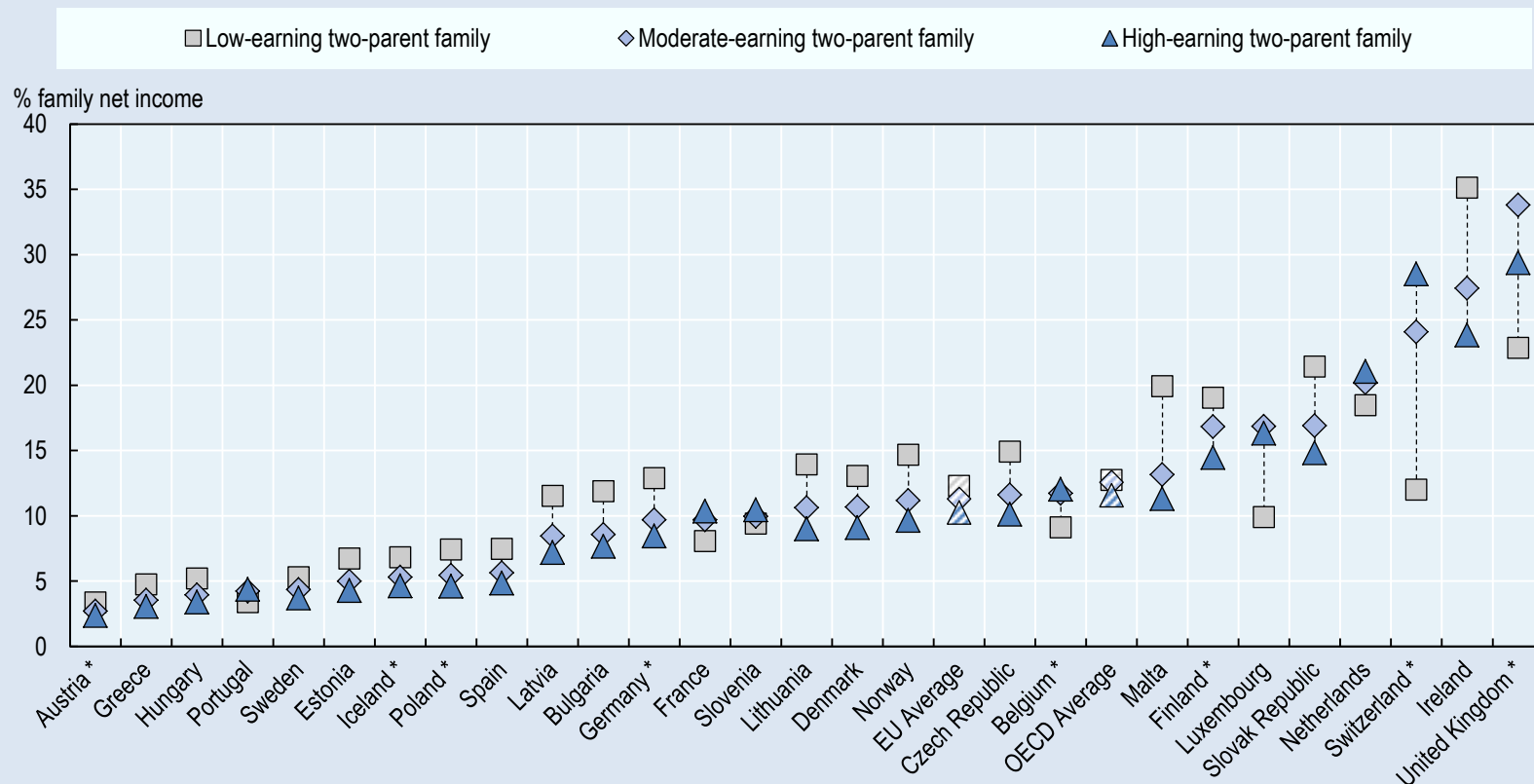
Estimated probability of participation in formal ECEC by equivalised household disposable income tertile, children aged 0-2, European countries, 2014



Note: Countries ranked according to the overall participation rate in formal ECEC for children aged 0-2. Adjusted average probabilities from individual country-specific logit models taking account of child age and sex, equivalised household disposable income tertile, mother's employment status and mother's education level. Shaded markers represent statistically significant differences from the reference group (1st tertile) at  $p < 0.05$ . Non-shaded markers represent no statistically significant difference at  $p < 0.05$ . Tertiles based on households with children aged 6 and under. Data for Switzerland refer to 2013  
Source: OECD calculations based on EU SILC 2014 (EU SILC 2013 for Switzerland)

# ...except for countries where out-of-pocket ECEC costs are highest compared to net family income

Out-of-pocket childcare costs for a two-child dual-earner family, as a proportion (%) of family disposable income, by family income level, European countries, 2012

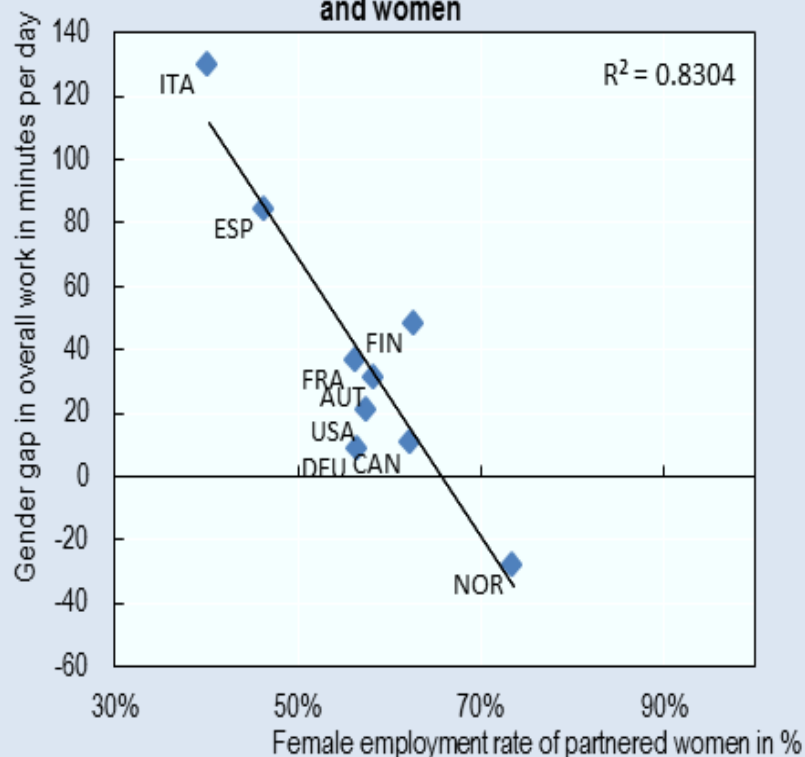


Note: Data reflect the net cost (gross fees less childcare benefits/rebates and tax deductions, plus any resulting changes in other benefits received following the use of childcare and/or change in family income) of full-time care in a typical childcare center for a two-parent two-child family, where both parents are in full-time employment and the children are aged 2 and 3. Gross earnings for the two earners in the 'low earning' two-parent family are set equal to 67% of average earnings for the first earner and 50% of average earnings for the second earner, those for the two earners in the 'moderate earning' family at 100% of average earnings for the first earner and 67% of average earnings for the second earner, and those for the two earners in the 'high earning' family at 100% of average earnings. 'Full-time' care is defined as care for at least 40 hours per week. Data for countries marked with an \* are based on estimates for a specific region or city, rather than for the country as a whole.

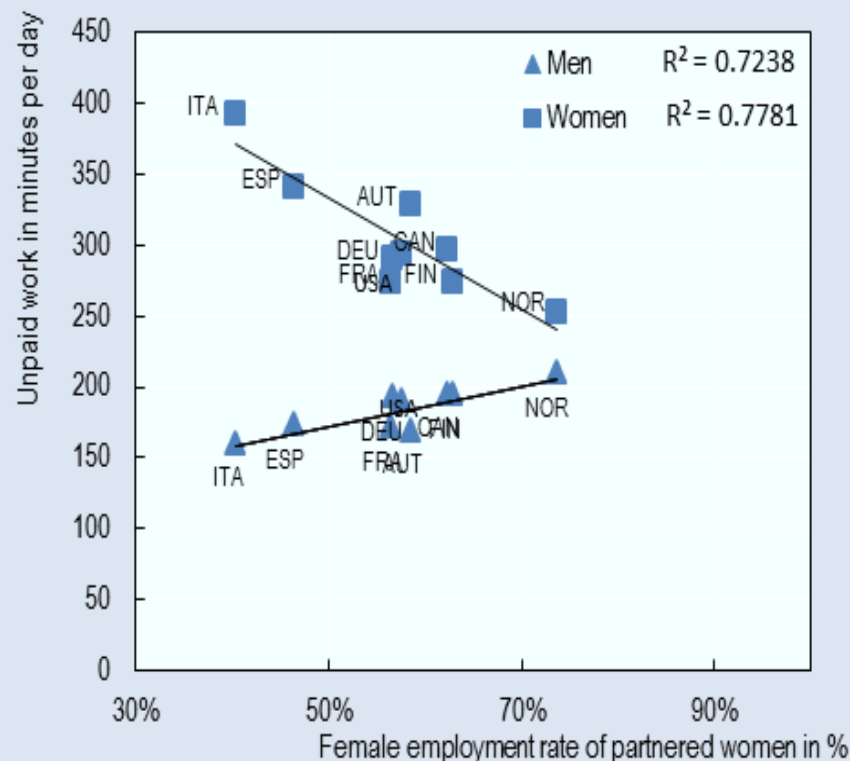
Source: OECD calculations based on OECD Tax and Benefit Models 2012 (<http://www.oecd.org/els/soc/benefits-and-wages.htm>)

# Unequal division of unpaid work between men and women

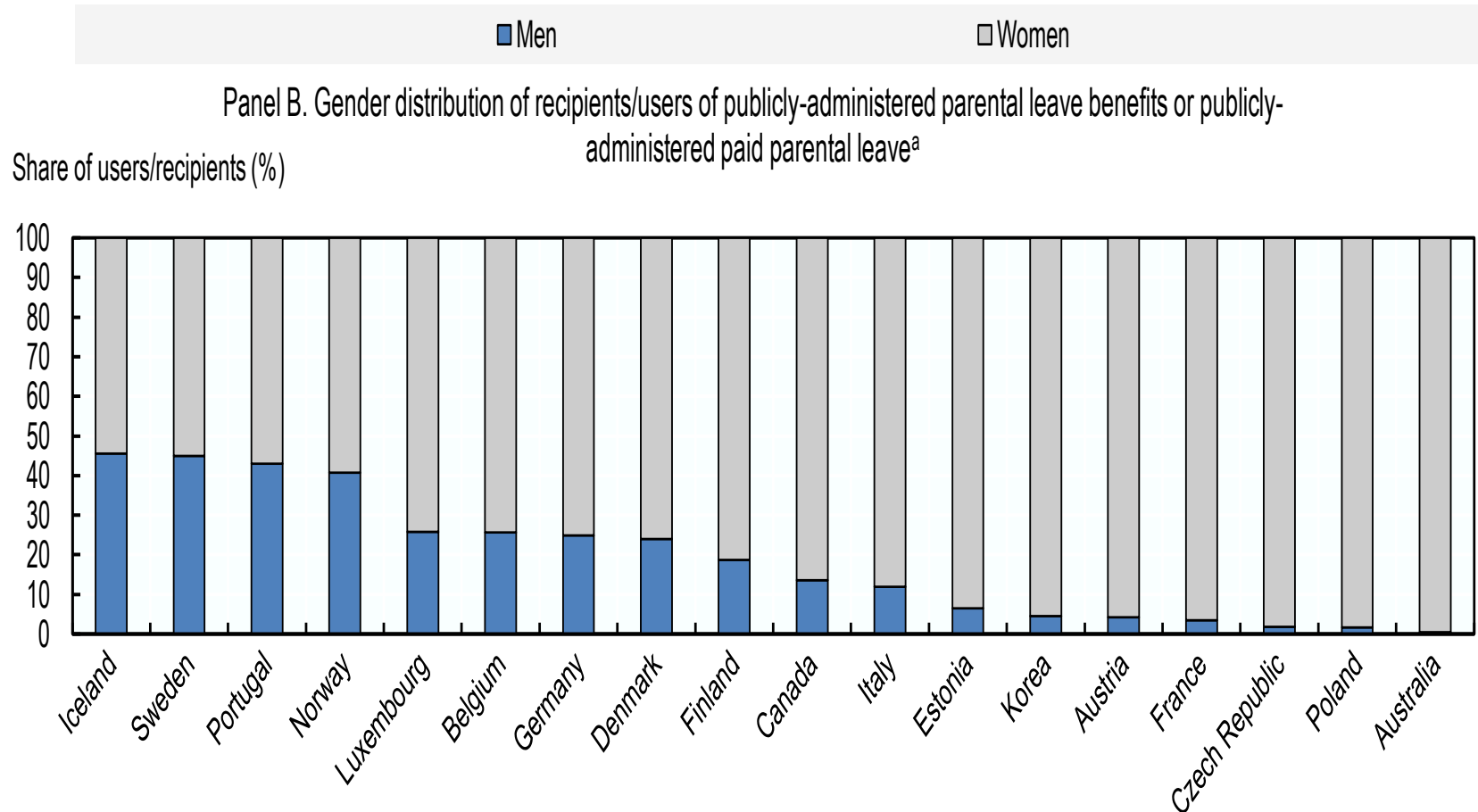
Panel A: Gender gap in overall work of partnered men and women



Panel B: Unpaid work of partnered men and women



# Unequal use of leave entitlements by parents: where are the fathers?



Source: OECD Family database. OECD calculations based on information from national ministries and statistical offices; Moss, P. (2015) International Review of Leave Policies and Research 2015. Available at: [http://www.leavenetwork.org/lp\\_and\\_r\\_reports/](http://www.leavenetwork.org/lp_and_r_reports/)



## Concluding remarks

- Children from disadvantaged backgrounds stand to gain most from participation in ECEC, but in most European countries, children (0-2) from middle- and high income families are most likely to participate in ECEC.
- Maternal employment is a key driver of early formal ECEC participation, as well as reduced child poverty risks.
- A by-product of a better work-life balance is higher fertility
- Gender equality matters! Both children and female employment benefit from more involvement of fathers in childcare
- OECD projections suggest that closing the gender gap in labour force participation by 2030 could potentially increase average annual rates of growth in GDP per capita by about 0.6 percentage points, boosting GDP by about 12%.

# Further information



Doing Better for Families



OECD Family Database

[www.oecd.org/social/family/database.htm](http://www.oecd.org/social/family/database.htm)

OECD Gender Data Portal

[www.oecd.org/gender](http://www.oecd.org/gender)



In It Together  
Why Less Inequality Benefits All



OECD In It Together

<http://www.oecd.org/els/soc/inequality-and-poverty.htm>

OECD Social Expenditure Database

[www.oecd.org/social/expenditure.htm](http://www.oecd.org/social/expenditure.htm)



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OECD Early Childhood Education and Care - “Starting Strong”

[www.oecd.org/edu/school/earlychildhoodeducationandcare.htm](http://www.oecd.org/edu/school/earlychildhoodeducationandcare.htm)

[@OECD\\_Social](https://twitter.com/OECD_Social)



# Further information

OECD forthcoming, *Dare to Share: Germany's experience promoting equal partnership in Families*, OECD Publishing, Paris.

Huerta, M. et al. (2011), "Early Maternal Employment and Child Development in Five OECD Countries", OECD Social, Employment and Migration Working Papers, No. 118, OECD Publishing. <http://dx.doi.org/10.1787/5kg5dlmtxhvh-en>

Thévenon O. (2016), « Do 'Institutional Complementarities' Foster Female Labour Force Participation? » *Journal of Institutional Economics* 12(2):471-497

Luci-Greulich A., Thévenon O. 2013, "The impact of family policy packages on fertility trends in developed countries", *European Journal of Population*, DOI: 10.1007/s10680-013-9295-4.

Thévenon O., Luci A., 2012, Reconciling Work, Family and Child Outcomes: What Implications for Family Support Policies?, *Population Research and Policy Review*, 31(6): 855-882, December; DOI: 10.1007/s11113-012-9254-5

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