

PF1.6: Public spending by age of children

Definitions and methodology

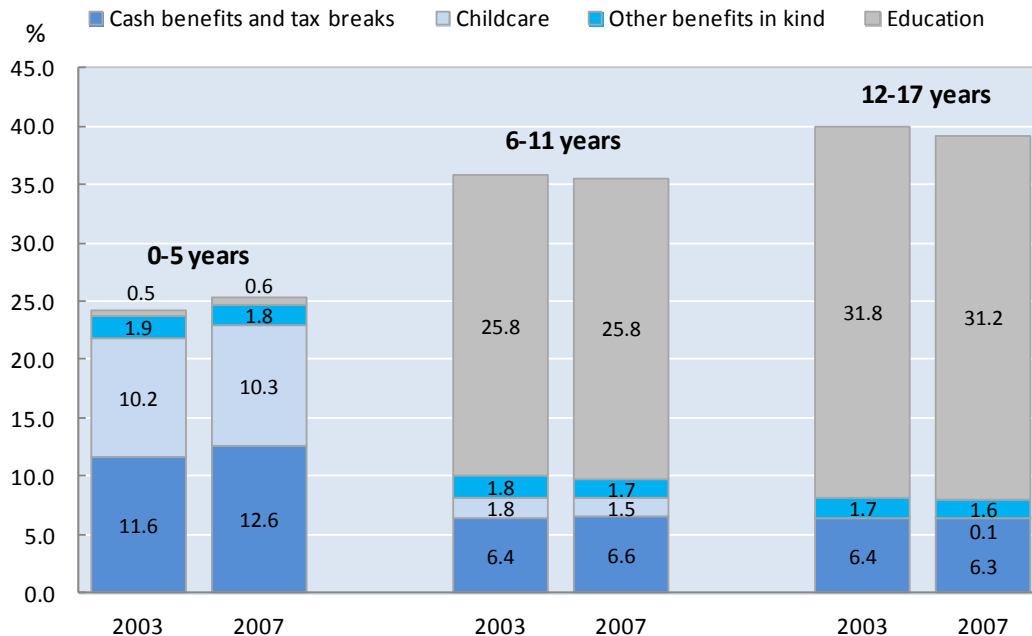
Public spending on children by age group and by type of spending is calculated using data on public spending on education, social expenditure data, benefit rules and enrolment rates. The three age groups covered are: early childhood (ages 0-5 years), middle childhood (ages 6-11 years) and late childhood (ages 12-17 years). The types of spending include: cash benefits and tax breaks, childcare, other benefits in kind, and education (primary and secondary). Spending comparisons are made in relation to median household working-age incomes where relevant (and are, thus, relative to working-age wealth in each country).

Key Findings

Public spending on family benefits and education varies according to the age of the child. On average, one quarter of the budget is transferred during early childhood, rising to over a third during middle childhood, and up to around 40% during late childhood (chart PF1.6.A). Social expenditure for early childhood is mainly focused on cash benefits / tax breaks and childcare. Spending tends to be higher for older children due to public investment in education. Results for 2003 and 2007 are similar, through there was a slight increase in the relative spending on early childhood from 2003 to 2007, and small decreases in middle and late childhood over this period.

Chart PF1.6.A: Social expenditure per child increases with children age

Public spending on family benefits and education (primary and secondary) by age, as a percentage of total public spending on family benefits and education for children aged 0-17 years, 2003 and 2007

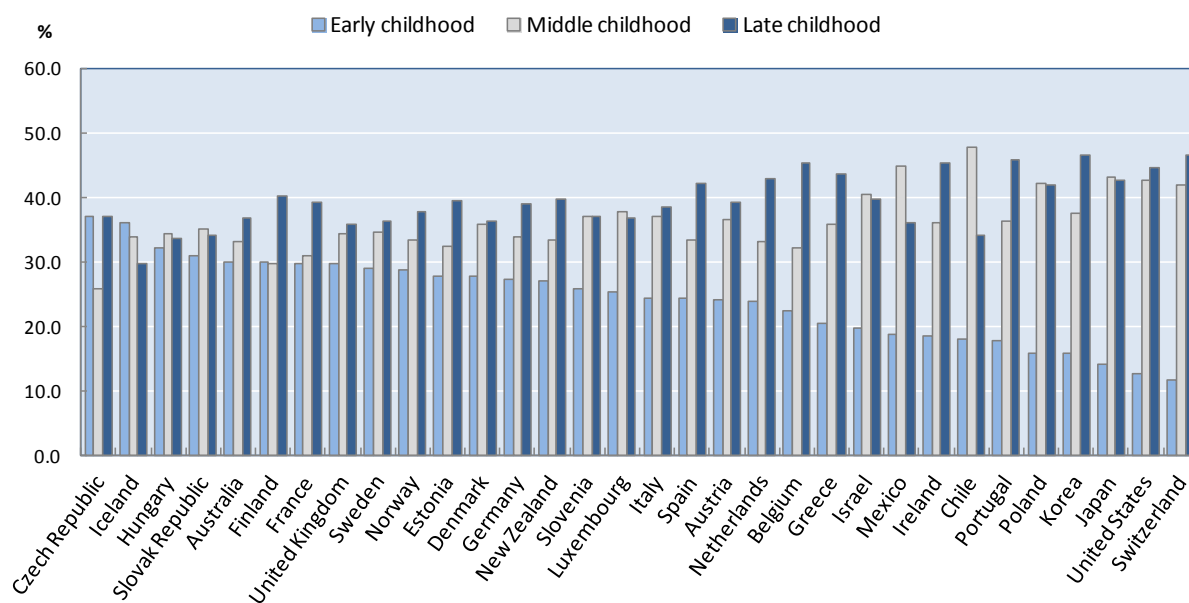


Note: The indicator is calculated using the Age-Spending Profiles methodology used in *Doing Better for Families* (OECD, 2011). Data is missing for Chile, Estonia, Israel, and Slovenia in 2003 and for Canada and Turkey in 2003 and 2007.
 Source: *OECD Social Expenditure Database and OECD Education database*.

Other relevant indicators: PF1.1 *Public spending on family benefits*; PF1.2 *Public spending on education*; PF3.1 *Public spending on childcare and early education*

Chart PF1.6.B compares public expenditure per child in each of the three major stages of childhood in OECD countries in 2007. Most countries show an increase in spending as children get older, with most spending in late childhood. Chile and Mexico have significantly higher spending in middle childhood than in late childhood. Iceland is the only country in which social expenditure decreases from early to late childhood.

Chart PF1.6.B: Public social expenditure by age group, 2007
Proportion of total spending per child



Note: Data missing for Canada and Turkey.

Source: OECD Social Expenditure Database and OECD Education database.

Charts PF1.6.C (early childhood), PF1.6.D (middle childhood) and PF1.6.E (late childhood) show public social expenditure by the type of spending in each of the three stages of childhood, relative to the median household income in each country.

Cash benefits, tax breaks and childcare supports are important spending items in early childhood (Chart PF1.6.C). Cash benefits play an important role in supports for children less than two years old, while formal childcare more often concerns children aged 3 to 5 years (see indicator PF3.1 *Public spending on childcare and early education*). A large component of cash benefits in early childhood is in the form of maternity benefits and parental leave: except for the United States, all OECD countries have public maternity and parental leave payments which replace a mother's earnings at varying rates (see indicator PF2.4 *Parental leave replacement rates* more detail).

There is wide variation in early childhood spending across OECD countries. Hungary, a low-income country compared to the OECD average, has relatively high spending. By contrast, some high income countries, such as Japan and the United States, spend relatively little on public services in early childhood. Switzerland ranks among the bottom countries for early childhood spending as most public spending on children is undertaken at the canton level and is not fully captured in the OECD Social Expenditure database. Thus, caution should be exercised when interpreting results for certain federal states where non-central government spending is not properly captured and reported in the database (see *Comparability and data Issues* below).

Chart PF1.6.C: Cash benefits and tax breaks and childcare are important in per capita social expenditure on children in early childhood (0-5 years), 2007
Spending as a proportion of working-age median income

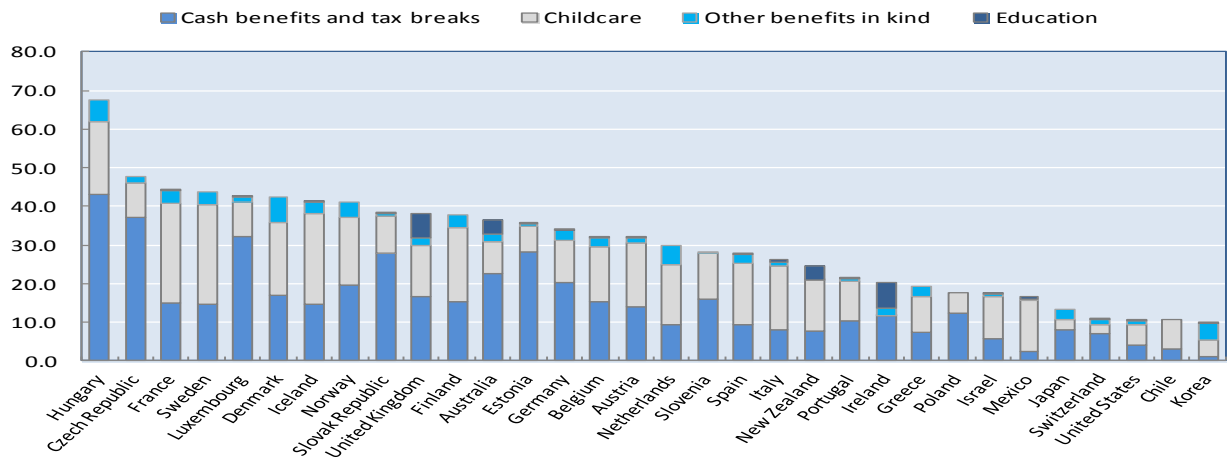


Chart PF1.6.D: Education dominates in middle childhood (6-11 years), 2007
Spending as a proportion of working-age median income

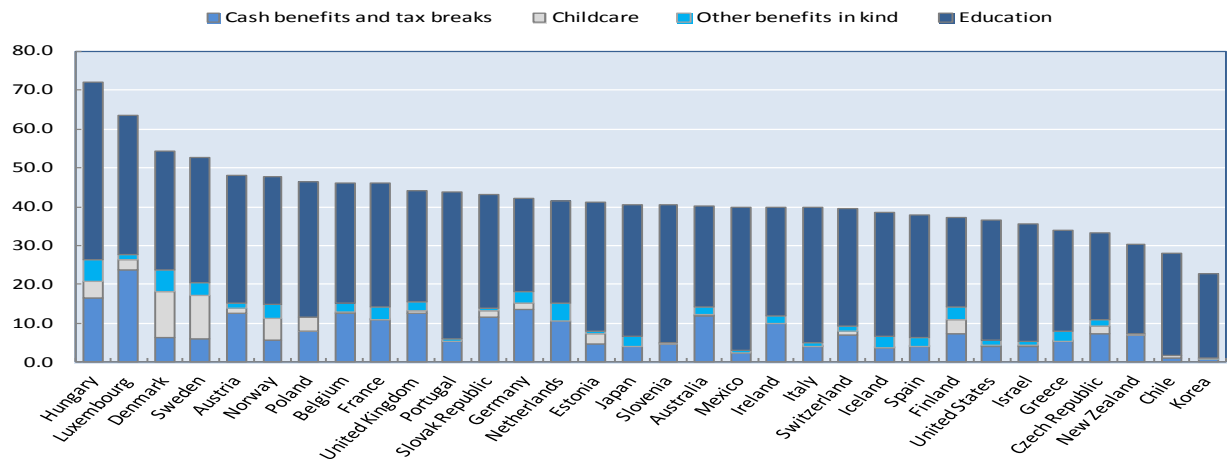
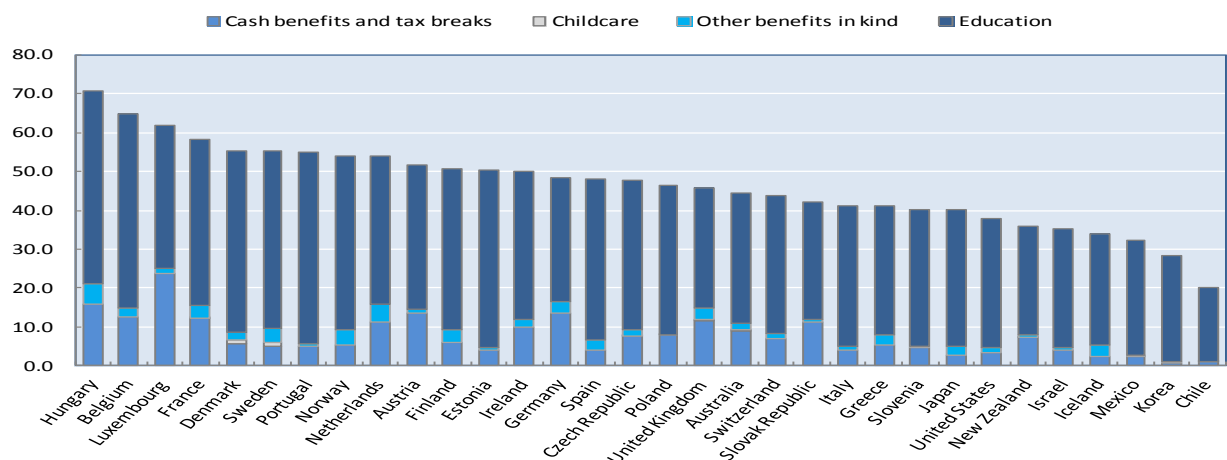


Chart PF1.6.E: Education dominates in late childhood (12-17 years), 2007
Spending as a proportion of working-age median income



Note: Data missing for Canada and Turkey.

Source: OECD Social Expenditure Database and OECD Education database.

Education spending dominates overall spending during middle childhood (chart PF1.6.D). In Chile and Korea, almost all public spending on children in middle childhood is through public education (95% and 96% respectively). Cash transfers (benefits and tax breaks) in middle childhood are much lower than in early childhood. However, there is an overall increase in the relative spending levels from early to middle childhood (charts PF1.6.C and PF1.6.D) due to the large increase in education spending.

As with middle childhood, education dominates spending in the final stage of childhood, for children aged 12 to 17 years (chart PF1.6.E). Most children are in secondary education at this stage of childhood, and consequently, education spending forms a large part of total spending. Again, this increased spending on education results in an overall increase in the relative spending levels in late childhood compared to middle childhood (charts PF1.6.D and PF1.6.E).

Detailed childhood age-spending profiles for each individual age are available online (see .XLS file). The profiles extend beyond childhood (age 17 years) and provide data up to young adulthood (age 27 years) as many OECD countries continue to pay so-called “child benefits” when persons are still in full-time post compulsory education and are dependent on their parents for resources. Consequently, a significant investment in education takes place beyond childhood (see Chapter B of OECD (2011) *Education at a Glance 2011*). The age-spending profiles provide a more detailed view of how the different types of spending accrued at each age of childhood and young adulthood in 2003 and 2007.

Comparability and data issues

Social expenditure figures are taken from the OECD Social Expenditure Database (SOCX), while education spending and enrolment figures are from the OECD Education Database. Non-central government spending amounts are not readily available for certain countries and are not captured in SOCX. This limitation needs to be borne in mind for more decentralised federal member countries, for example, Canada and Switzerland, as figures in this indicator may be underreporting the total amount of public spending on children for these OECD countries.

The spending profiles reported in this indicator include cash benefit amounts adjusted for direct tax, however, spending on in-kind benefits and education is not adjusted for taxation. All spending figures are disaggregated using the rules for each benefit (for example, eligibility by age or enrolment in education, and payment amounts) into child age-cohorts. The sizes of child age-cohorts are defined by population figures by age of children and are taken from OECD official data sources.

The difference between spending directly attributed to the child and that which is attributed to the family is not distinguished. All cash transfers are provided to families of children with no enforcement by law on how this cash is spent. Typically adults in families make decisions on how the money is spent, and spending may or may not be on the child. On the other hand, in-kind benefits such as education can be attributed directly to the child.

Some child-related cash transfers simply provide money with no additional requirements imposed (for example, child benefits), while other cash transfers have conditions attached (for example, social insurance contributions, for the parent to be on leave, or work conditions). Analysis undertaken for this indicator makes no distinction in value between the conditional and non-conditional forms of cash transfer.

More detailed information on methodological and data issues can be found in [Annex 2.A.3](#) of OECD (2011) *Doing Better for Families* available online at www.oecd.org/social/family/doingbetter.

Sources and further reading: OECD (2011), *Social Expenditure database*, OECD, Paris (www.oecd.org/els/social/expenditure); OECD (2011), *OECD Education database*, OECD, Paris, www.oecd.org/education/database; Adema, W., P. Fron and M. Ladaique (2011), "Is the European Welfare State Really More Expensive? Indicators on Social Spending, 1980-2012; and a Manual to the OECD Social Expenditure Database (SOCX)", OECD Social, Employment and Migration Working Papers No. 124, OECD, Paris (www.oecd.org/els/workingpapers); OECD (2009), *Doing Better for Children*, OECD, Paris (www.oecd.org/els/social/childwellbeing); OECD (2011), *Doing Better for Families*, OECD, Paris (www.oecd.org/social/family/doingbetter); and OECD (2011), *Education at a Glance 2011*, OECD, Paris (