

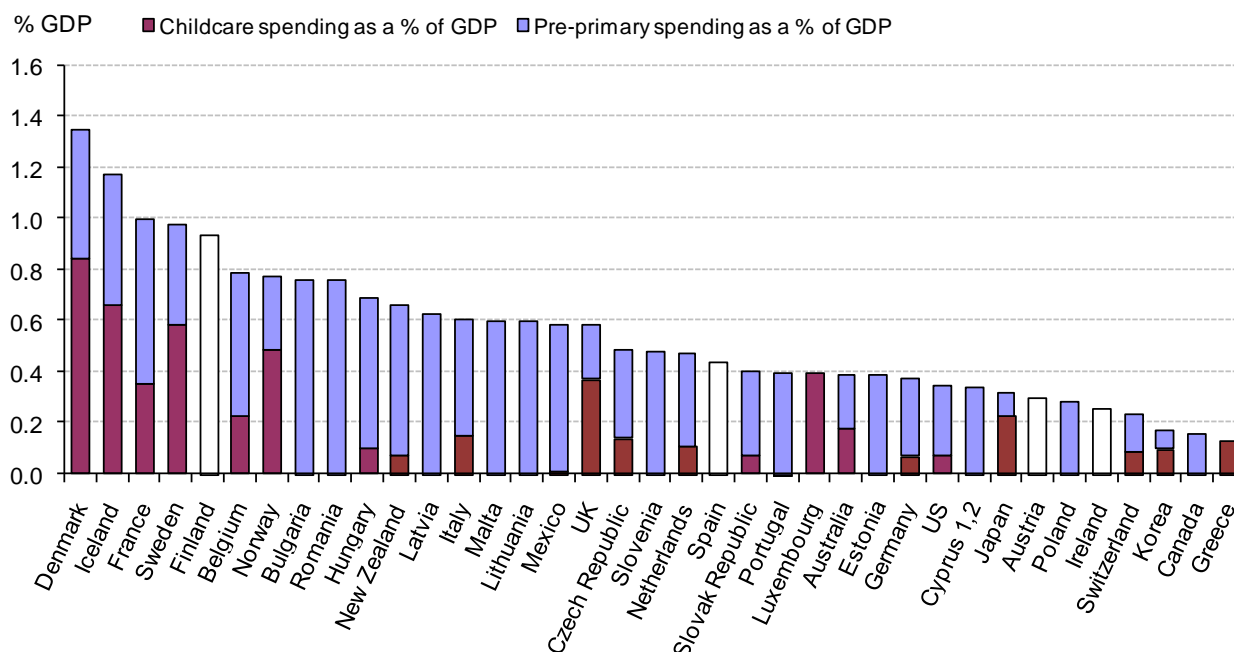
## PF10: Public spending on childcare and early education

### Definitions and methodology

Public expenditure on childcare and early educational services is all public financial support (in cash, in-kind or through the tax system, see PF12) for families with children participating in formal day-care services (e.g. crèches, day care centres and family day care for children under 3) and pre-school institutions (including kindergartens and day-care centres which usually provide an educational content as well as traditional care for children aged from 3 to 5, inclusive).

Public spending on childcare support per child relates to the expenditure on childcare divided by the number of children in that country aged under three, while public spending on pre-school care and education per child is calculated by dividing public spending on educational institutions by the number of children enrolled in those programmes.

**Chart PF10.1 Public expenditure on childcare and early education services, per cent of GDP, 2005**  
*Public spending on childcare and pre-primary education, 2005*



For Austria, Finland, Ireland and Spain only aggregate spending data are presented.

1) Footnote by Turkey: The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

2) Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

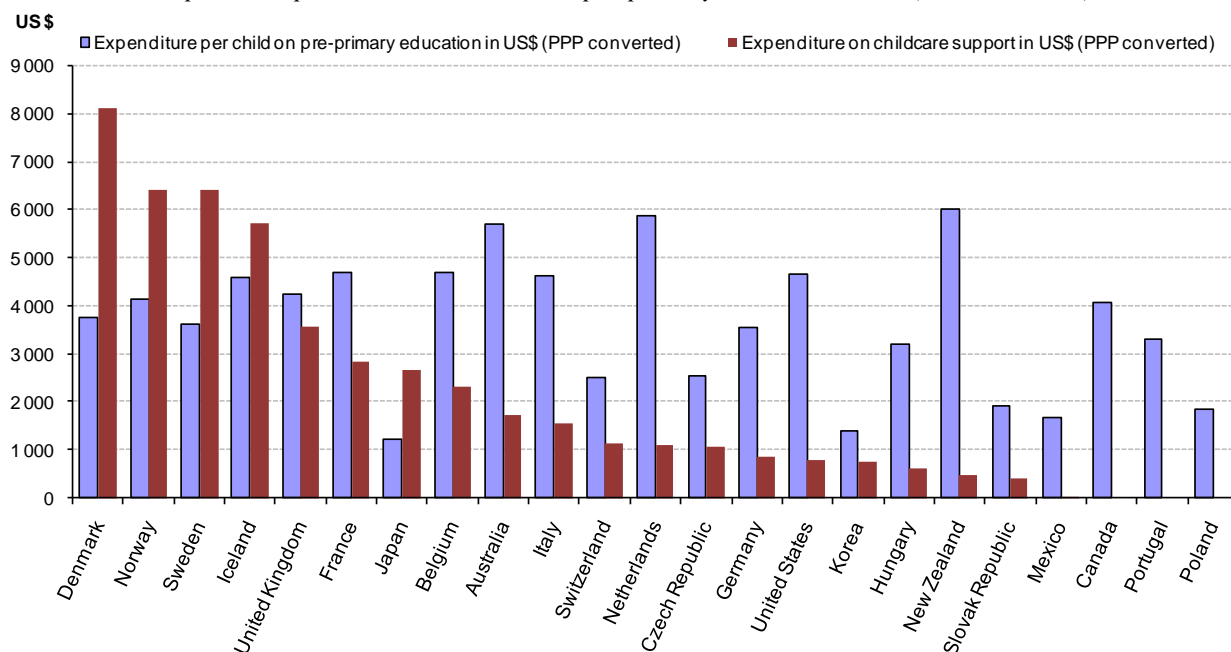
Source: Social Expenditure database 1980-2005; OECD Education database; Eurostat for EU-countries outside the OECD; and, US Department of Health and Human Services.

**Other relevant indicators:** CO8; Child poverty; LMF2: Maternal employment; LMF10: Family-friendly workplace practices; PF1: Public spending on family benefits and PF2: Public spending on education; PF12: Childcare support; PF13: Typology and of childcare and early education services; and, PF15: Out-of-school-hours care.

### Key findings

There is relatively limited variation public spending on early education of 3 to 5 year-olds; the average was about USDPPP 3750 per child in 2005, and only the Czech republic, Japan, Korea, Mexico, the Slovak republic and Switzerland spent about USDPPP 2500 or less (Chart PF10.2). There is much more variety in spending on formal childcare per child not yet three years of age. It is highest in Nordic countries at around USDPPP 6000 or more. Lower public spending on childcare in southern European countries is typical as informal care is predominantly used for the younger children and mainstream participation in pre-school begins at age three and onwards. Public spending on childcare per child is typically also lower in countries where private provision of day care is predominant, as for example, in the US. In countries like Korea and Japan household expenditure plays a significant role in care and education services throughout the early years.

**Chart PF10.2: Public expenditure on childcare and pre-school, per child, 2005**  
 Expenditure per child on childcare and pre-primary education in US\$ (PPP converted)



Source: Social Expenditure database 1980-2005; OECD Education database; and, US Department of Health and Human Services.

Time-series data on public expenditure on childcare and early educational services running from 1998 to 2005 are presented in the excel file of this indicator.

### Comparability and data issues

Public expenditure on childcare and early educational services is taken from the bi-annual OECD Social Expenditure data collection and the annual UOE (Unesco/OECD/Eurostat) data collection on education respectively. Data for non-OECD countries is taken from Eurostat statistics. However, it only covers expenditure on pre-primary education (ISCED-0) not on childcare for the under 3s. All data collections used here refer to 2005. GDP data is taken from the OECD national accounts database. Public expenditure on pre-primary and childcare per child were converted into USD using OECD purchasing power parity rates.

In order to get a better comparison of childcare support, indicators can be adjusted for cross-national differences in the compulsory age of entry into primary school. For example, in some (Nordic) countries children enter primary school at age 7, while attending pre-primary schooling the year beforehand. In order to improve the comparison, expenditure on these 6 year olds was excluded (sometimes using estimates derived on basis of available data on spending on education and the number of 6 year olds). Similarly, for countries where children enter school at age 5 (and which are not included in the childcare and pre-school data) pre-school expenditure data for Australia, New Zealand and the UK was adjusted by adding up the expenditure corresponding to children 5 year olds enrolled in primary school.

Local governments often play a key role in financing, and sometimes providing childcare services. This does not lead to recording issues in Nordic countries, but in other (often federal) countries, it is much more difficult to get a good view of public support for childcare across a country. This is because local governments may use different funding streams to finance childcare services, e.g. non-earmarked general block-grants, as in Canada, or because information on spending by local governments on childcare is not reported to national authorities, e.g. Switzerland. These issues are not restricted to federal countries. In the Netherlands, municipalities can provide childcare support for (groups) of their inhabitants, and they may finance this out of the general block-grant to municipalities. Also, they can use the central government funding stream to municipalities to support labour market integration for income support recipients, to finance, for example, childcare support for social assistance clients.

Employers may also provide childcare support to their employees, but as they often have no reason to report such support to authorities, information on this issue can only be gleaned from surveys (LMF 10). The Establishment Survey on Working Time held the European Foundation for the Improvement of Living and Working Conditions reported that in 2004/05 that on average for some 21 European countries for which information was available, about 7% of the companies reported to provide childcare and/or service support to some of their workforce (Table PF10.1). The proportion is considerably higher in Latvia, the UK and particularly the Netherlands, where many employers (in line with collective labour agreements) provide significant financial childcare supports to their employees.

**Table PF10.1: Employers' provision of childcare/other domestic support**

*Proportion of companies offering services<sup>1</sup>*

	Company offers childcare and/or other service support		Establishment offers childcare and/or other service support	
	With employees on parental leave	With no employees on parental leave	With employees on parental leave	With no employees on parental leave
Austria	6	7	Ireland	5
Belgium	3	3	Italy	2
Czech Republic	3	3	Luxembourg	9
Cyprus <sup>2,3</sup>	4	3	Netherlands	41
Denmark	5	4	Poland	3
Germany	5	3	Portugal	7
Greece	9	5	Slovenia	1
Hungary	4	5	Spain	8
Latvia	22	15	Sweden	3
Finland	7	4	United Kingdom	17
France	7	8	EU21	8

<sup>1</sup> Companies with 10 or more employees form all economic sectors except agriculture.

<sup>2</sup>) and <sup>3</sup>) see corresponding notes to Chart PF10.1

OECD Family database [www.oecd.org/els/social/family/database](http://www.oecd.org/els/social/family/database)  
OECD - Social Policy Division - Directorate of Employment, Labour and Social Affairs

Source: Establishment Survey on Working Time, 2004-2005 (management interviews), in Anxo et al. (2007), *Parental leave in European companies*, European Foundation for the Improvement of Living and Working Conditions.

*Sources and further reading:* Anxo D., C. Fagan, M. Smith, M-Th, Letablier and C. Perraudin (2007), *Parental leave in European companies*, European Foundation for the Improvement of Living and Working Conditions; *OECD Babies and Bosses* (various issues); *OECD Education database* and *OECD Education at a Glance 2008*.