

## PF1.6: Public spending by age of children

### Definitions and methodology

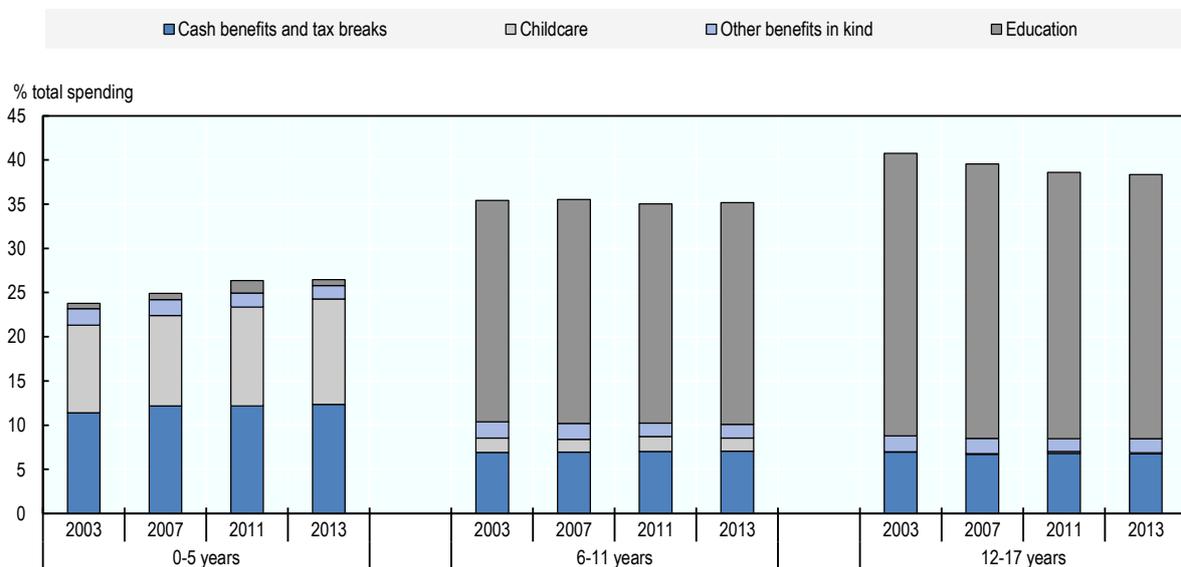
Public spending on children by age group and by type of spending is calculated using data on public spending on education, social expenditure data, benefit rules and enrolment rates. The three age groups covered are: early childhood (ages 0-5 years), middle childhood (ages 6-11 years) and late childhood (ages 12-17 years). The types of public spending are: cash benefits and tax breaks towards families, childcare, other benefits in kind for families, and education (primary and secondary).

### Key Findings

Public spending on family benefits and education varies according to the age of the child. On average across OECD countries, around one 26% of the budget is transferred during early childhood, rising to over 35% during middle childhood and just less than 38% during late childhood (chart PF1.6.A). Social expenditure during early childhood is focused mainly on cash benefits / tax breaks and childcare, while spending on older children is dominated by public investment in education. The distributions of spending has remained largely similar over the last decade or so, though there has been a slight increase in the proportion of public spending given to children during early childhood and a small decrease in the share spent on children during late childhood (in the case of Korea for example, spending on early childhood education and care (ECEC) increased significantly over the last decade).

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

OECD average 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 to 2013



Note: The indicator is calculated using the Age-Spending Profiles methodology used in OECD (2011) Doing Better for Families, <http://www.oecd.org/els/soc/doingbetterforfamilies.htm>. Data is missing for Canada and Turkey.

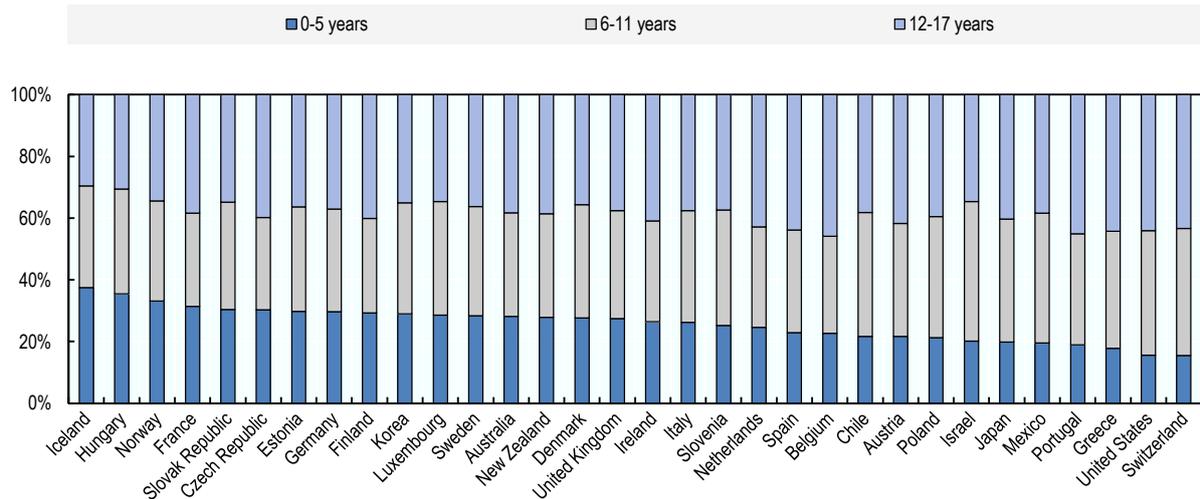
Source: OECD Social Expenditure Database and OECD Education database

**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 by country in 2013. Most countries increase spending as children get older, with around or above 38% of spending allocated to children aged 12-17. Luxembourg, Israel and Iceland spend more on children during middle childhood than in late childhood, while only Hungary and Iceland spend more on 0-5 year olds than they do on 12-17 year olds.

**Chart PF1.6.B: Public social expenditure by age group**

Distribution (%) of public spending on family benefits and education (primary and secondary) for children aged 0-17 years by broad age group, 2013



Note: Data missing for Canada and Turkey

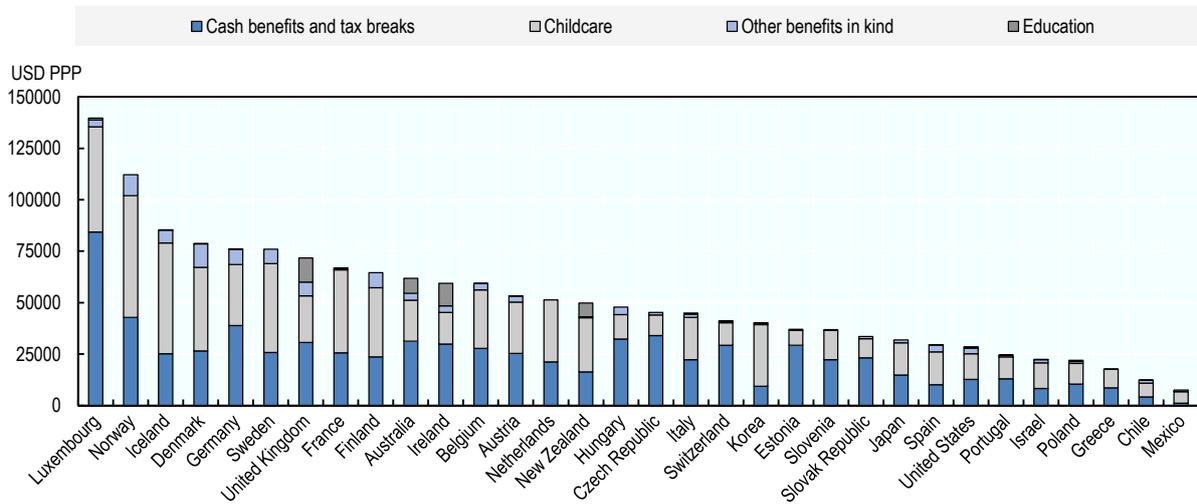
Source: OECD Social Expenditure Database and OECD Education Database

Charts PF1.6.C (early childhood), PF1.6.D (middle childhood) and PF1.6.E (late childhood) show how public social expenditure on children is allocated across the various *type* of spending in each of the three stages of childhood, in US\$ PPP (Purchasing Power Parity).

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 aged less than two years old, while formal childcare more often concerns children aged 3 to 5 years (see Family Database Indicator PF3.1). A large share of cash benefits in early childhood are given in the form of maternity and parental leave benefits: except for the United States, all OECD countries have public paid leave schemes that replaced earnings at varying rates (see Family Database Indicators PF2.1 and PF2.4 for more detail).

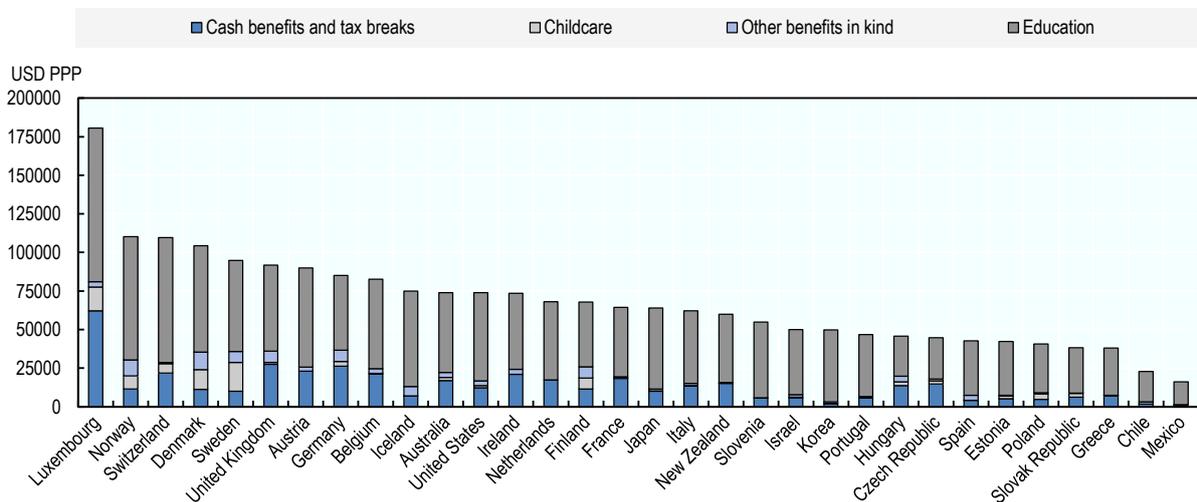
There is wide variation in early childhood spending across OECD countries. The Nordic countries, Australia, Germany, France, Luxembourg and the United Kingdom spend high amounts in the early years. By contrast, Poland, Greece, Chile and Mexico spend relatively little. Switzerland ranks relatively fairly low for early childhood spending as most public spending on very young children is undertaken at the canton level and is not fully captured in the OECD Social Expenditure database. Indeed, 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)**  
 Spending in USD PPP on children aged 0-5, 2013



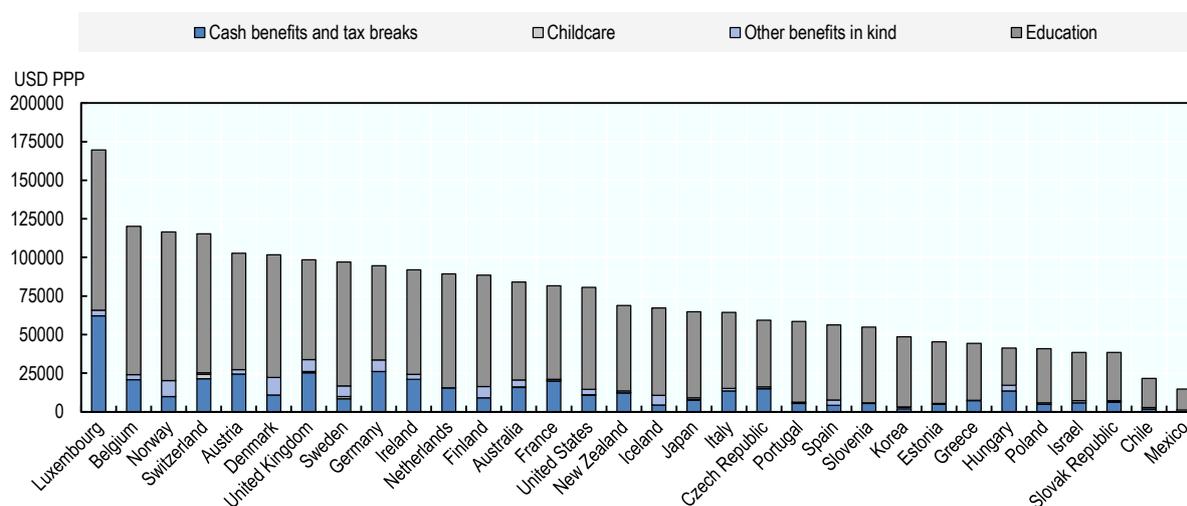
Note: Data missing for Canada and Turkey.  
 Source: OECD Social Expenditure Database and OECD Education database

**Chart PF1.6.D: Education dominates in middle childhood (6-11 years)**  
 Spending in USD PPP on children aged 6-11, 2013



Note: Data missing for Canada and Turkey.  
 Source: OECD Social Expenditure Database and OECD Education database

**Chart PF1.6.E: As it also does in late childhood (12-17 years)**  
 Spending in USD PPP on children aged 12-17, 2013



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 Korea and Mexico, almost all public spending on children in middle childhood is through public education (94% and 92% respectively). Cash transfers (benefits and tax breaks) are much lower in middle childhood 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.

Public spending on education is similarly dominant when children are aged 12-17 (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, the high level of spending on education during late childhood generally results in an overall increase spending levels relative to middle childhood (Charts PF1.6.D and PF1.6.E).

Detailed childhood age-spending profiles for each individual year of age are available online (see the associated [.xls](#) file). The profiles extend beyond childhood (0-17 years old) up to young adulthood (27 years old) as many OECD countries continue to pay so-called “child benefits” when people are still in full-time education and are financially dependent on their parents. Consequently, a significant investment in education takes place beyond childhood (see also Chapter B of OECD (2012), *Education at a Glance 2012*). 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 from 2003 to 2013. Estimations for total aggregate spending by age in 2015 are also available for selected countries in the respective country sheets of the [.xls](#) file (Australia, Austria, Czech Republic, Germany, Spain, Finland, France, Italy, Sweden United Kingdom, and United States).

### *Comparability and data issues*

Social expenditure data are taken from the OECD Social Expenditure Database (SOCX), while education spending and enrolment figures come 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 kept in mind for more decentralised federal member countries (Canada and Switzerland, for example) as for these countries the figures in this indicator underreport the total amount of public spending on children.

The spending profiles reported in this indicator include cash benefit amounts adjusted for direct tax. Spending on in-kind benefits and education, however, 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 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](http://www.oecd.org/social/family/doingbetter).

<p><b>Sources and further reading:</b> OECD (2017), <i>Social Expenditure database</i>, OECD, Paris (<a href="http://www.oecd.org/els/social/expenditure">www.oecd.org/els/social/expenditure</a>); OECD (2017), <i>OECD Education database</i>, OECD, Paris, (<a href="http://www.oecd.org/education/database">www.oecd.org/education/database</a>); 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 (<a href="http://www.oecd.org/els/workingpapers">www.oecd.org/els/workingpapers</a>); OECD (2009), <i>Doing Better for Children</i>, OECD, Paris (<a href="http://www.oecd.org/els/social/childwellbeing">www.oecd.org/els/social/childwellbeing</a>); OECD (2011), <i>Doing Better for Families</i>, OECD, Paris (<a href="http://www.oecd.org/social/family/doingbetter">www.oecd.org/social/family/doingbetter</a>); and OECD (2017), <i>Education at a Glance 2017</i>, OECD, Paris</p>
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