

Highlights Germany

Babies and Bosses – Policies towards reconciling work and family life

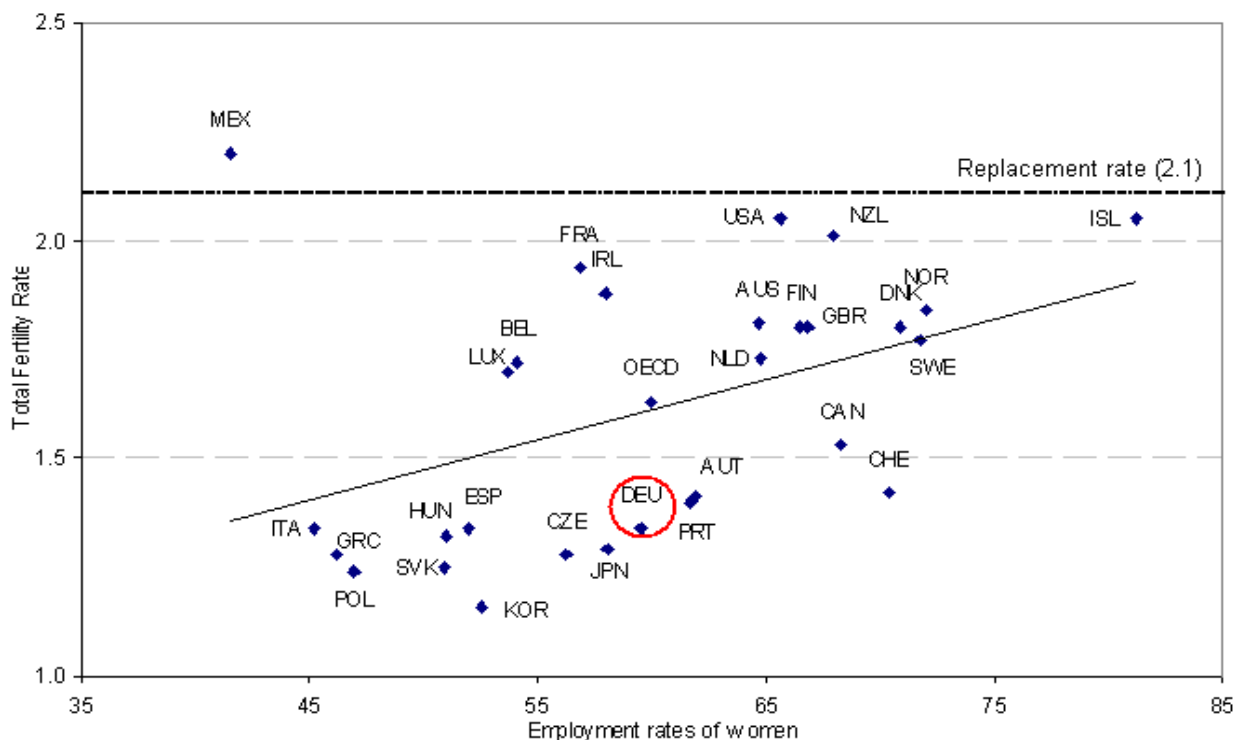
www.oecd.org/els/social/family

- *Although spending on family benefits is higher than OECD average, spending on childcare is low. Public spending should be redirected towards childcare to help (sole) parents overcome barriers to work and reduce child poverty.*
- *Parental leave policy now encourages an earlier return to work than before (after one rather than two or three years of income support). However, childcare places are not generally available for one year olds, and Kindergarten only take children for a short period each day. Many parents will not be able to work unless there is adequate childcare available once their parental leave finishes.*

The relationship between fertility rates and female employment rates:

Nowadays, the OECD countries with the highest female employment rates are also among the countries with the highest fertility rates. Reconciling working with rearing children is harder in Germany than in most other developed countries. At 60%, the female employment rates is just above OECD average, but the total fertility rate has fallen to 1.3 children per woman.

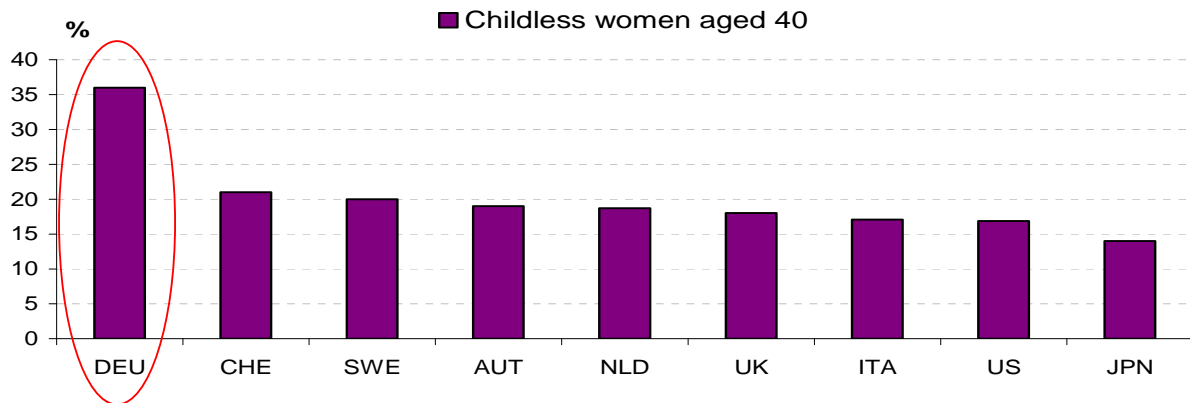
Chart 1: Countries with high female employment rates now also have relatively high fertility rates
2005



Childlessness:

Many women remain childless in Germany. In 2005, 36% of women aged 41- 44 had no children. Childlessness (for all levels of educational attainment) is usually much lower at around 20% or less in most OECD countries.

Chart 2: Childlessness amongst women aged 41-44 in 2005



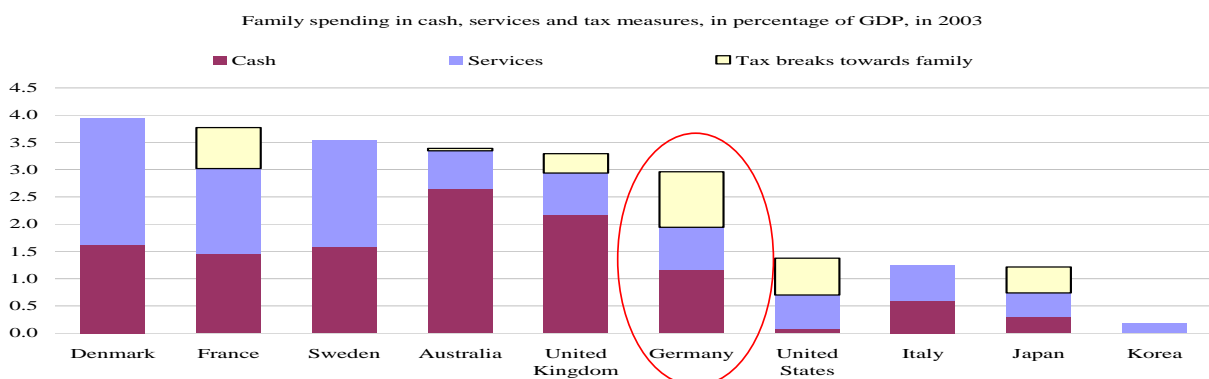
Public spending on families:

Spending on cash benefits for families with children is relatively high in Germany. In 2003, Germany spent 3% of GDP on family benefits compared to an OECD average of 2.4%. There are large tax breaks available for families with children as well as generous child and parental leave allowances. Until the reform introduced 1 January 2007, paid parental leave was frequently available until the third birthday of the youngest child.

In contrast, spending on services is comparatively low and is mostly allocated to spending on pre-school (kindergartens) for children aged 3 – 6. Few children aged under three are in formal childcare in Germany (9%), well below the OECD average of 23%. By contrast, 80% of children aged 3 to 5 (compared to the 73% OECD average) are enrolled in Kindergarten but usually on a part-time basis, as out-of-school-hours care services are not often available.

In addition to these childcare issues financial incentives to work are weak for sole parents and potential second earners in couple families. Sole parents considering a job earning two-thirds of the average wage face an effective tax rate almost 80% -- in other words, the taxes they would pay and the benefits they would lose add up to four-fifths of what they would earn.

Chart 3: Public spending on family benefits in cash, services and tax measures, % of GDP, 2003



Notes:

- Public support accounted here only concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending recorded in other social policy areas as health and housing support) also assists families, but not exclusively, and is not included here.

Source: Social Expenditure Database (www.oecd.org/els/social/expenditure).