

IN2.1: Public spending by age of the child

Definitions and methodology

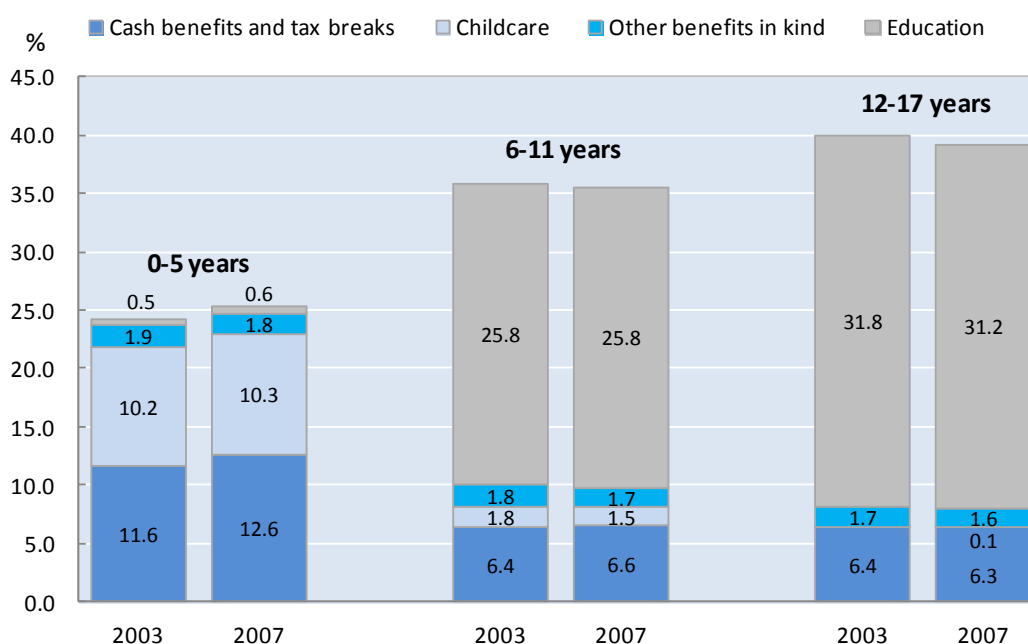
Public spending on children by age group and by type of spending is calculated using social expenditure data, benefit rules and enrolment rates. The three age groups concerned are: early childhood (ages 0-5 years), middle childhood (ages 6-11 years) and late childhood (ages 12-17 years). Types of spending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

Key Findings

Public spending on family benefits and education varies by 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 about 40% during late childhood (see Chart IN2.1.A). Similar results are observed for the two waves of analysis in 2003 and 2007. 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 high education costs.

Chart IN2.1.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

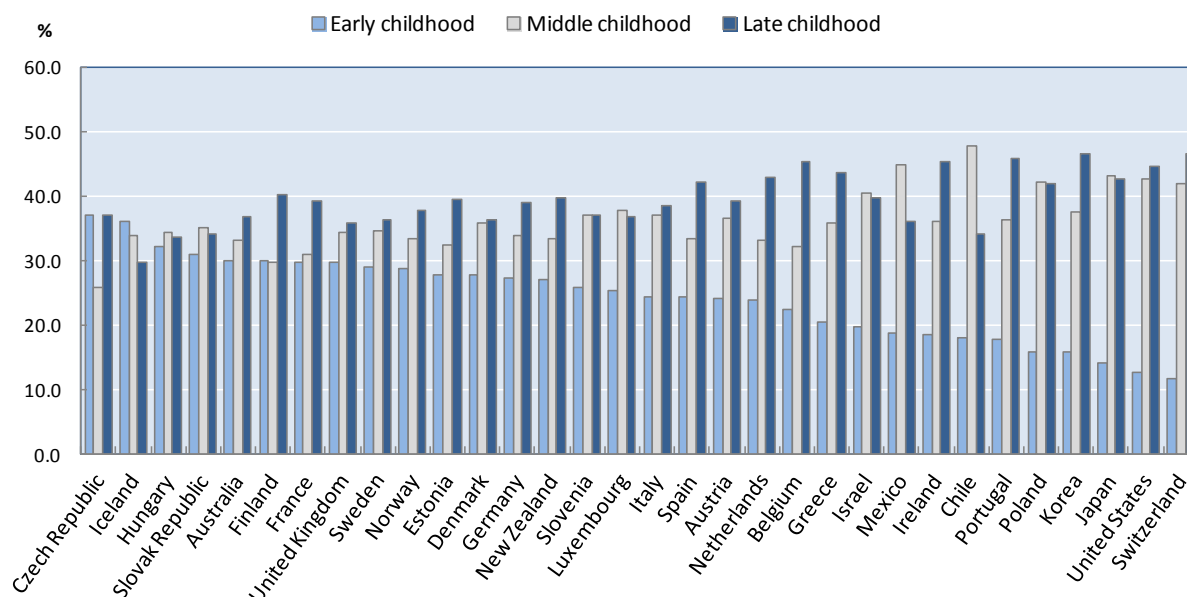


Note: The indicator is calculated using the Age-Spending Profiles methodology used in *Doing Better for Families* (OECD, 2011). Data is missing for Chile, Estonia, Israel, and Slovenia in 2003 and for Canada and Turkey in 2003 and 2007.
 Source: OECD Social Expenditure Database and OECD Education database.

Other relevant indicators: OECD Family database (www.oecd.org/social/family/database) PF1.1 Public spending on family benefits; PF1.2 Public spending on education; PF3.1 Public spending on childcare and early education

Chart IN2.1.B compares public expenditure per child in each of the three major stages for 30 OECD countries in 2007. Most of the OECD 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 by children's age, while in the Czech Republic spending on children is lowest during middle childhood.

Chart IN2.1.B: Public social expenditure by age group, 2007
 Proportion of total spending



Note: Data missing for Canada and Turkey.

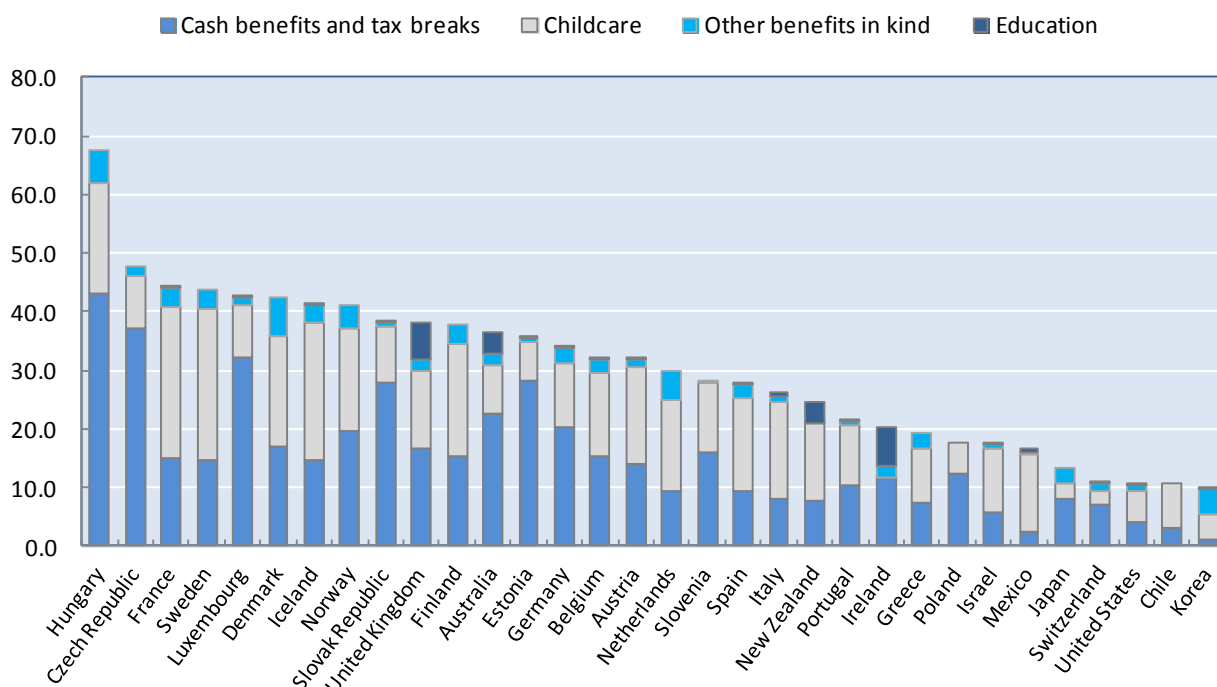
Source: OECD Social Expenditure Database and OECD Education database.

The following three charts show public social expenditure by type of spending and by the stage of childhood, relative to median household income as this provides a measure relative to the working-age wealth in each country.

Chart IN2.1.C shows that cash benefits, tax breaks and childcare supports are important spending items in early childhood. 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. The vast majority of countries pay maternity benefits and parental leave which replace a mother's earnings at varying rates.

The variation across countries is wide. Hungary, as a low-income country compared to the OECD average, has a relatively high spending. In contrast, some high income countries, such as Japan and the United States, spend relatively little on public services in early childhood. Switzerland's ranking is poor as child spending is undertaken at the canton level and is not included in the OECD Social Expenditure database. Thus, caution should be taken 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 IN2.1.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



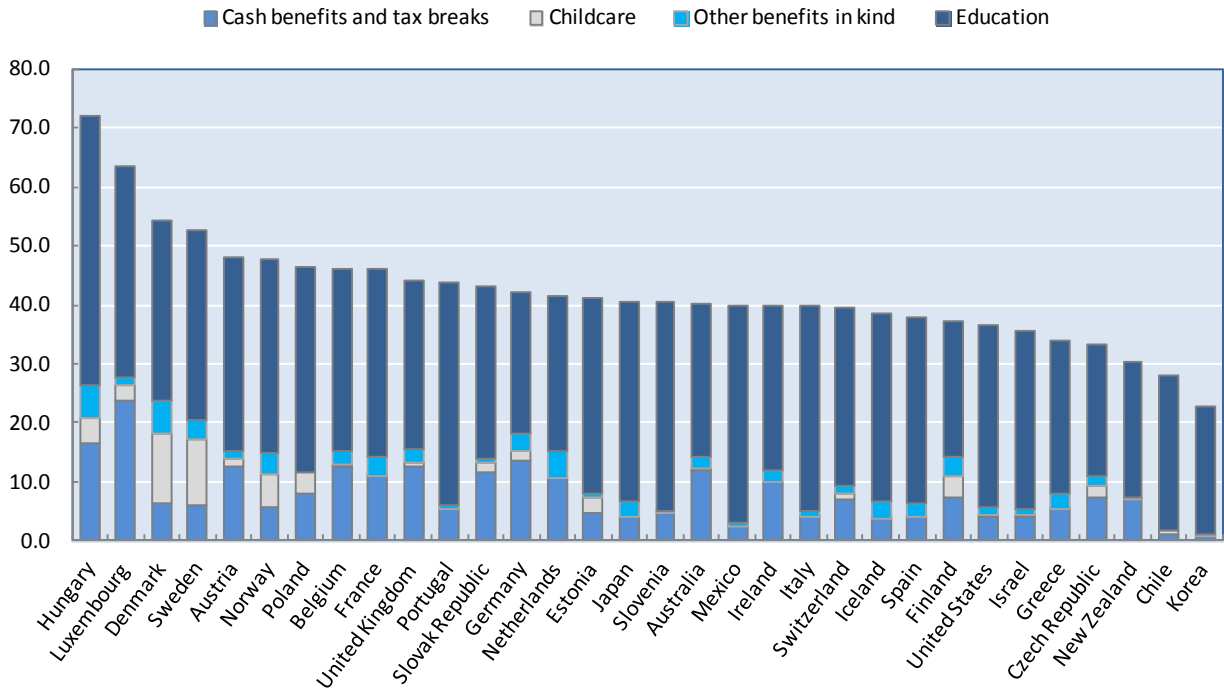
Note: Data missing for Canada and Turkey.

Source: OECD Social Expenditure Database and OECD Education database.

As shown in Chart IN2.1.D, education spending strongly dominates during middle childhood. In Chile and Korea, almost all public spending on children in middle childhood (95% and 96% respectively) is through public education. Cash transfers are much lower than for early childhood. Relative spending levels increase if we compare Charts IN2.1.C and IN2.1.D.

As with middle childhood, education dominates spending in the final stage of childhood, for children aged 12 to 17 years. Children are generally in secondary education, and consequently, it is a large part of total spending. Relative spending levels also increase when compared to the levels observed for middle childhood.

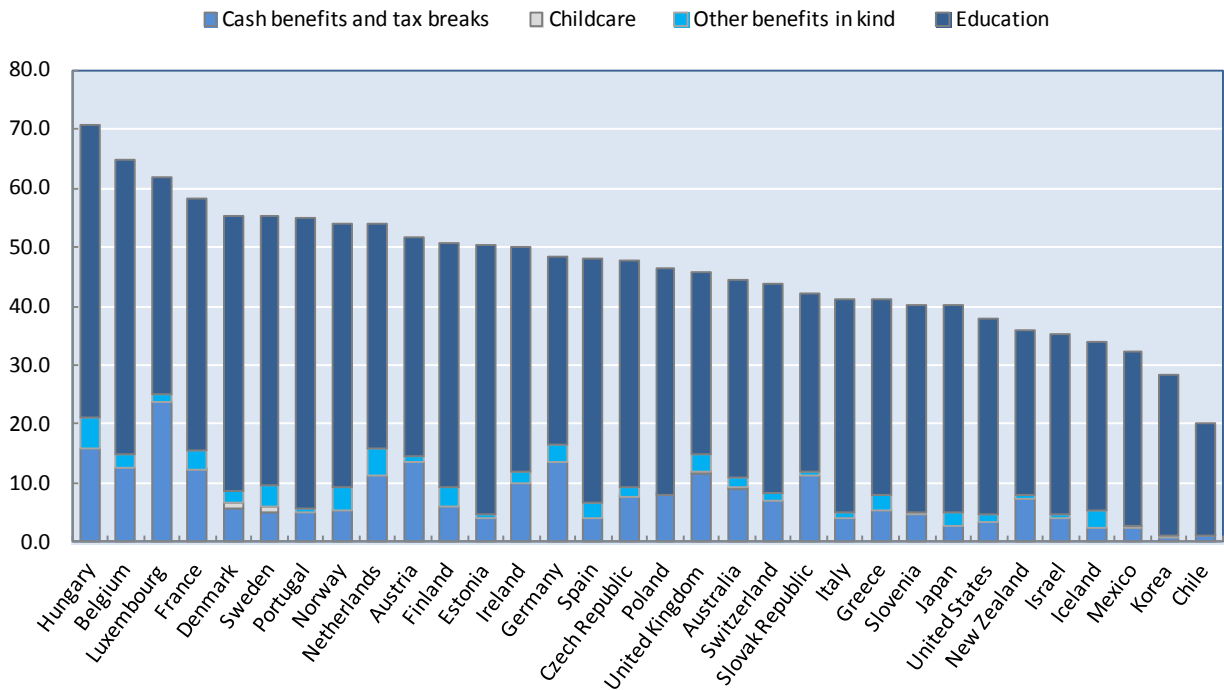
Chart IN2.1.D: Education dominates in middle childhood (6-11 years), 2007
 Spending as a proportion of working-age median income



Note: Data missing for Canada and Turkey.

Source: OECD Social Expenditure Database and OECD Education database.

Chart IN2.1.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.

Childhood age-spending profiles by individual year of age for thirty-two countries are [available online](#). The profiles extend well beyond the age of 18 in most countries. The reason for this is that many countries continue to pay so-called “child benefits” when people are still in full-time post compulsory education and may still be dependent on their parents for resources. Additionally, a significant amount of education investment takes place over age 18 (see Chapter B of *Education at a Glance 2011*, OECD 2011). The profiles show the different types of spending accruing to each age cohort, for 2007. Dotted lines are used to depict the 2003 profiles (see *Doing Better for Children*, OECD 2009).

Results show the same shape of spending by age in 2007 as it was in 2003 in most countries. Around half of the countries have increased the relative share of social expenditure to early childhood since 2003, but most countries still spend more on middle and late childhood, mainly due to education spending.

Comparability and data issues

Social expenditure figures are taken from the OECD Social Expenditure Database (SOCX), and education spending and enrolment figures are taken from OECD Education Database. Non-central government spending amounts are not readily available for certain countries and are not included in SOCX. This limitation needs to be borne in mind for more decentralised federal member countries, for example, Canada and Switzerland.

The profiles 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 accruing to the child and that which accrues to the family is not distinguished. Cash transfers are provided to the family. Typically adults in these 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 accrue directly to the child. Cash transfers with different conditions are used. Some child-related transfers simply provide money (for example, child benefits) but impose no additional requirements. Certain benefits may require social insurance contributions, for the parent to be on leave, or have work conditions. The approach taken here makes no distinction in value between the two forms of cash transfer.

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

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. and M. Ladaique (2009), “How expensive is the welfare state? Gross and Net Indicators in the OECD Social Expenditure Database (SOCX)”, OECD Social, Employment and Migration Working Papers No. 92, OECD, Paris (www.oecd.org/els/workingpapers); OECD (2009), *Doing Better for Children*, OECD, Paris (www.oecd.org/els/social/childwellbeing); and OECD (2011), *Doing Better for Families*, OECD, Paris (www.oecd.org/social/family/doingbetter)