



# The distributive effects of childcare services

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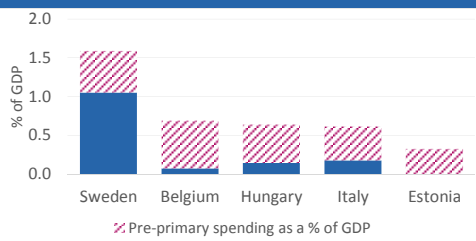
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## Introduction

In many EU countries childcare coverage rates have been increasing in the last decade. But the underrepresentation of vulnerable families in childcare remains an issue of concern, as it also affects the distribution of the benefits of certain childcare policies.

## Childcare policies



## Objective

- Investigate distributional effects
- Refine estimates for in-kind benefit
- For 5 European welfare states
- Impact baseline & after increasing childcare coverage with 10pp and increasing female employment.

## Method

- EU-SILC 2012 data, simulating policies of 2015 (except HU: 2014)
- No information on parental fees in EU-SILC, so we simulate them in EUROMOD, using the five variables with information on ECEC
- Building further upon the analysis presented in OECD (2011b), Förster & Verbist (2012) and Van Lancker and Ghysels (2014),
- Fine-grained the analysis: use of tax-benefit model allows us to provide a measure of net subsidies, i.e. after deducting parental fees.

### Calculation of in-kind benefits of ECEC

= Net subsidy for childcare or pre-primary education

= Gross subsidy – parental childcare fee (net of tax advantage)

## References

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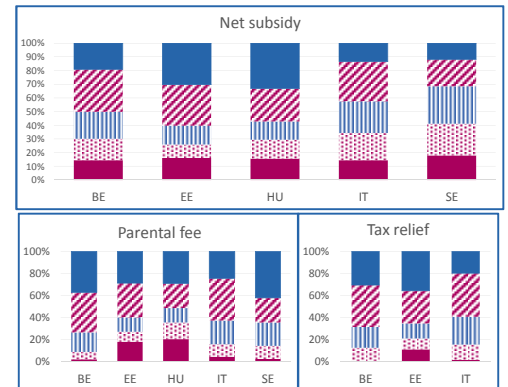
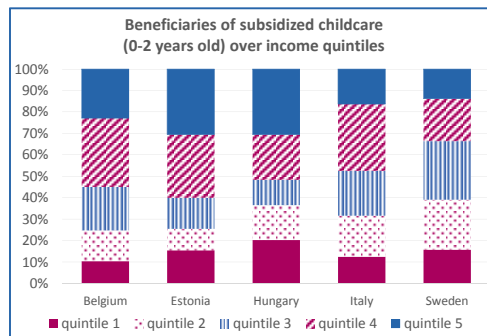
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## Contact details:

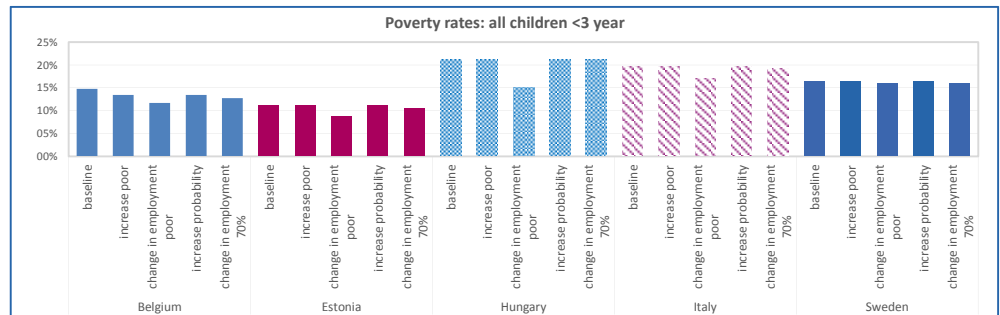
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## Results

### Baseline:



### Reform scenarios: Impact on poverty for baseline, 10pp increase of childcare & increase of female employment



## Conclusion

- Poverty impact of expanding childcare depends on the characteristics of those using the additional slots
- Significant impact if slots are targeted at poor households and if this generates additional employment for the mother.
- Also affordability is an issue for low income parents: positive poverty outcomes are limited when parental fees are charged.
- For policy makers:
  - target additional childcare places to low income households,
  - stimulate employment of these mothers