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# **THE COSTS AND FUNDING OF SERVICES FOR YOUNG CHILDREN**

**September 1995**

**European Commission Network on Childcare  
and other Measures to Reconcile Employment  
and Family Responsibilities**

**This document has been prepared for use within  
the Commission. It does not necessarily represent  
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# INTRODUCTION

## The Council Recommendation on Child Care

This report, prepared by the European Commission Network on Childcare and other Measures to Reconcile Employment and Family Responsibilities (referred to below as the 'Childcare Network'<sup>1</sup>), is about the costs of services for young children and how those costs are funded. In the main, it is descriptive. It tries to answer two questions frequently raised about services for young children: what do they cost? who pays?

The report is also concerned to evaluate financial aspects of services against the principles contained in the Council Recommendation on Child Care<sup>2</sup>, which at present gives the clearest statement of the policy of the European Union (EU) on services for children. Three principles, contained in Article 3 of the Recommendation, have a direct bearing on costs and funding. First, services should be "*offered at prices affordable to parents*". Second, there should be "*coherence between different services*". Third, "*government (at different levels), social partners, other relevant organisations and private individuals, in accordance with their respective responsibilities, (should) make a financial contribution to the creation and/or operation of coherent child-care services which can be afforded by parents and which offer them a choice*".

All of these principles require interpretation. What is an *affordable* price? What does *coherence between different services* mean? What are the *respective responsibilities* of different agencies and individuals for funding services? What *financial contribution* should be made by *responsible* agencies and individuals?

The Recommendation also has other implications for the subject of this report. A number of the stated principles have clear cost implications, for example that services should: combine "*reliable care... (and) a pedagogical approach*"; be "*available in all areas... both in urban areas and in rural areas*"; be "*accessible to children with special needs*"; "*work closely with local communities... so as to be responsive to parental needs and particular local circumstances*"; and that initial and continuous training is available to workers in services which is "*appropriate to the importance and the social and educative value of their work*". All things being equal, services which strive to meet each of these principles will cost more to run than those which ignore some or all of the principles.

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<sup>1</sup> The names and addresses of members of the Childcare Network are given at the end of this report. Information about the Network and its activities can be found in the Network's Annual Reports. Information about Network publications, including Annual Reports, can be obtained from Network members or from the European Commission (DGV/A/3), 200 rue de la loi, B-1049 Brussels.

2 92/241/EEC OJ L 123, 8.5.1992

## **The scope of the report**

The report considers the costs and funding of publicly subsidised services providing **care and education** for children **below 6 years** (referred to below as 'services for young children'); 6 years is the compulsory school age in most Member States. It also covers public subsidies made directly to parents to cover part of the costs that parents incur in using private services that are not publicly subsidised.

The report includes a wide range of services for young children. Some of these services come within the **welfare system**. The most common services in the welfare system are **nurseries** (centres for children under 3 years), **kindergartens** (centres for children over 3 years), **age-integrated centres** (centres taking children under and over 3) and **organised family day care** (where family day carers are recruited, employed and supported by local authorities or publicly funded private organisations). A few countries also have **playgroups**, which provide opportunities for play and socialisation for children aged 2-5 years, usually for less than 10 hours a week and in term-times only.

Other services are part of the **education system**. The most common service in the education system is **nursery schooling** (education provision specifically and exclusively for children below compulsory school age, usually for children aged 3-6 years<sup>3</sup>). But in a few countries, there is **early admission to primary school** (where children start at primary school before compulsory school age).

The Childcare Network has always included this wide range of services for young children in its work. The Network questions the validity of the distinction between 'child care' and 'education'; the Council Recommendation supports the principle that services should combine both functions; and an integrated approach to services for young children, in contrast to their division between education and welfare systems, has already been adopted in several parts of the EU (eg the Nordic countries, Spain, parts of Italy and the UK). Moreover, schools in practice provide a large amount of 'care' for children with employed parents, as well as opportunities for learning. It should be remembered that most children in the EU live in Member States which either provide *nursery schooling* or *kindergarten* provision for all children from 3 years (e.g. Belgium, France, Italy) or else have committed themselves to make such provision universally available (e.g. Denmark, Germany, Spain, Sweden).

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<sup>3</sup> It should be noted how the report describes age ranges covered by services. For example, a service for children from 3-6 years means from 36 months up to 72 months, but not including 6 year olds.

## **What the report does not include**

The report **excludes** some important services. It does not include services which provide care and recreation outside school hours for children attending nursery or primary school<sup>4</sup>. It is also primarily concerned with services which receive a significant proportion of funding from public sources. This is partly because there is very little data on the costs of services that are not publicly funded or how they are funded. For example, what proportion of relatives, who are major service providers in many countries, charge for their service? what proportion of costs are subsidised by employers? what do parents pay, in cash or kind?

But there are also more general reasons for focusing on public funding of services, either directly or via subsidising parents' costs. In particular, without public subsidy - either to services or to parents - it is not possible to ensure that services for young children are affordable to all families and that, therefore, there is equal access to good quality services for all children.

Given the importance of public funding, and the many issues about the level and methods of funding, a focus on how public funding currently operates is important. It should however be remembered that most children under 3 years in all Member States, with the exception of Denmark, Finland and Sweden, rely on services that are **not** publicly funded. These services are primarily provided by individual carers, including relatives and family day carers.

The report does not include two of the new Member States. This is because work on this report began three years ago, before Austria, Finland and Sweden became members of the EU. Sweden, however, has been included because information on services in Sweden is readily available in publications<sup>5</sup>, which have been supplemented by additional information provided by the Swedish Ministry of Health and Social Affairs.

Three other 'missing' items should be acknowledged. First, the report does not cover capital costs for services, nor infrastructure costs for example basic and continuous training, support, planning, research and development. The focus of the report, therefore, is on running costs.

Second, the report does not cover the costs of benefits paid to parents taking Parental Leave. This is relevant to a study of the costs and funding of services for young children because Parental Leave, in certain circumstances (e.g. when accompanied by a high level of compensation for lost earnings) can reduce the demand for services for very young children (i.e. under 12-15 months).

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<sup>4</sup> For information on these services, see the Childcare Network's report (1995) on *School-age Childcare in Europe*.

<sup>5</sup> In particular, Swedish Institute (1994) *Child Care in Sweden (Fact Sheets on Sweden, June 1994)*, Stockholm: Swedish Institute.

In both Denmark and Sweden, for example, public commitments have been made to provide services for all children over 12 months - on the assumption that younger children will be at home with parents taking leave. The experience in Sweden has been that the age at which children have started public services has increased as the length of paid Parental leave has also increased. In Germany, the low level of nursery provision for children under 3 years, at least in the former West Germany, is based on the assumption that this group of young children should be at home with a parent taking leave.

In practice, those EU countries with the highest public expenditure on Parental Leave (i.e. Denmark and Sweden) also have the highest expenditure on services for young children. In these cases, expenditure on leave has not been a substitute for expenditure on services, except in the case of the very youngest children. Rather, leave and services are seen as complementary and part of a total package of support for parents<sup>6</sup>.

Finally, this report gives no consideration to the benefits arising from good services and the relationship of costs to benefits. It is widely agreed that services for young children can provide many benefits to many groups, including children, parents, families, employers, local communities and society. Attempts to quantify benefits have been limited in scope, for example focusing on public expenditure gains from increased employment of women or educational or other developmental gains for children<sup>7</sup>. The Childcare Network knows of no comprehensive attempt to assess the full range of benefits that can flow from good quality services for young children and their parents. This does not mean that the benefits do not exist, but that no one has undertaken the task of fully quantifying them.

In considering the costs of services for young children, it should be remembered that there are costs involved in **not providing** them. The financial costs to mothers of providing full-time care for children at home has been well documented; these costs are both immediate, due to lost earnings, and longer-term, because of the impact on future earnings and pensions. There may also be non-financial costs, in terms of isolation and stress arising from the heavy demands of full-time care.

**Caring for young children always costs. The question is how these costs are allocated, both between women and men, and between families and society.**

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<sup>6</sup> For information on Parental Leave, see the Childcare Network's report (1994) on *Leave Arrangements for Workers with Children*.

<sup>7</sup> For example: Cohen, B. and Fraser, N. (1991) *Childcare in a Modern Welfare System*, London: Institute of Public Policy Research; Holterman, S. (1992) *Investing in Young Children: Costing an Education and day care Service*, London: National Children's Bureau; Schweinhart, L., Weikart, C. and Larner, M. (1986) 'Consequences of three preschool curriculum models through age 15', *Early Education Research Quarterly*, 15-45.

## **How the report was prepared**

The Childcare Network consists of an expert from each Member State and a Coordinator. For this report, the Coordinator sent a questionnaire to each Network expert asking for information on particular aspects of costs and funding for her or his Member State, then followed up queries in the returned questionnaires. As already noted, for Sweden the Coordinator has relied on information in published documents and the assistance of the Swedish Ministry of Health and Social Affairs<sup>8</sup>.

A complete and up-to-date picture of the running costs of all publicly funded services for children under 6 years - based on comprehensive, comparable and recent data - was only available for one country, Denmark. Elsewhere, the quantity and quality of data proved to be very variable. A particular problem arises from the organisation of services for young children. In most countries there are two systems of services for young children - the welfare system and the education system. The two systems cover different types of services; they are the responsibility of different departments (at national, regional or local government levels); and they fund services differently. Last but not least, different sets of financial information are collected for each system, which are rarely comparable.

## **The contents of the report**

The report consists of two parts, in addition to this introduction. The first part - *Costs and Funding: the situation in the European Union* - is organised into five sections:

- \* Setting the context, which explains the systems for providing publicly funded services and gives details of staffing in some of the main types of services;
- \* The costs of services;
- \* How services are funded, including what parents have to pay;
- \* Public subsidies of parents' costs, made directly to parents;
- \* Total public expenditure on services for young children.

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<sup>8</sup> In addition to Network members, information was provided by Véronique Hecquet (Belgium); Ferran Casas (Spain); and Barbara Martin Korpi (Sweden). The Network would like to thank them for their help.



Each section starts with a brief overview of the main points. Detailed information for each Member State is then presented in Tables. The following abbreviations are used for Member States in the Tables: B - Belgium; DE - Germany; DK - Denmark; E - Spain; F - France; GR - Greece; IR - Ireland; IT - Italy; L - Luxembourg; N - Netherlands; P - Portugal; SV - Sweden; UK - United Kingdom.

Tables B and C give information on the cost of services and the pay of workers in national currencies and in an international unit, the Purchasing Power Standard (PPS). The PPS takes account of differences in price levels between Member States and therefore enables cross-national comparisons to be made of costs and pay in real terms<sup>9</sup>. The latest year for which PPS conversion rates are available is 1993.

The second part of the report - *Conclusions* - includes discussion of issues arising from the review contained in the first part.

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<sup>9</sup> For further information on the Purchasing Power Standard and conversion rates for each Member State, see Eurostat (1994) *Basic Statistics of the Community 1994*, Luxembourg: Office for Official Publications of the European Community.

# Costs and Funding: the situation in the European Union

## Setting the context

Before looking in more detail at what services cost and who pays, it is necessary to understand something about the services themselves. This contextual information is essential to make sense of the costs and funding data that follows. **Table A** summarises the systems for providing publicly funded services for young children. **Table B** summarises details of staffing in these services including staff:child ratios, basic training and pay.

Three points in particular should be noted:

- \* Many countries operate **two systems of services** for young children under 6 - welfare and education. The relationship between these services varies. In most cases, there is some overlap in that both systems provide services for the same age group (eg. Belgium, France, Greece, Ireland, Portugal, UK). In a few cases, there is no overlap (eg. Italy, Luxembourg, Netherlands), except to the extent that welfare system services may provide care and recreation outside school hours for children attending nursery or primary school.

Services in the two systems vary in many ways, which have implications for costs. Services in the **education system** take older children (i.e. over 3 years, except in Belgium and France where 2 year olds attend nursery school), and operate during school hours and school terms. Services in the **welfare system** take children under 3 years (and sometimes also children over 3) and are usually open for longer hours and throughout the year. There are also major staffing difference considered below.

The main exceptions are Denmark and Sweden They have an integrated and coherent service for children under 6 years, located in the welfare system. All services in Germany are also located in the welfare system, although in practice services for children under and over 3 years are not fully integrated and coherent. Recent reforms in Spain have also established the principle that all services for young children should be integrated within one system - education - although putting this principle fully into practice is not yet complete; for costs and funding, there are still essentially two systems operating.

- \* While 6 years or over is the most common **age to start compulsory schooling**, four countries start earlier (Greece, Luxembourg, Netherlands, UK). The last two of these countries, plus Ireland, have also developed the practice of admitting children to primary school before compulsory school age.

The contribution of the education system to services for children under 6 years therefore has two possible components: nursery schooling and primary schooling.

- \* There are wide **variations in staffing** between countries, for example in recommended staffing levels, levels of basic training and initial pay for qualified workers. Variations in pay reflect both the level of training and of pay rates in general in each country.

There are also large staffing variations between services in the welfare and education systems. Services in the education system have lower staffing levels, partly because they are open for shorter periods. But the training and pay for teachers<sup>10</sup> working in services in the education system are generally higher than for staff in the welfare system. Teachers also generally have longer holidays and shorter hours.

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<sup>10</sup> In most countries, teachers working in services for young children are trained and qualified to work specifically with children below compulsory school age.

**TABLE A**  
**Summary of the systems for providing publicly funded services for young children**

<b>B</b>	<p>There are two systems of publicly funded services - welfare and education - which overlap for children aged 30-36 months. <b>For children under 3 years</b>, services (including nurseries and organised family day care) are provided within the <b>welfare system</b>, either by local authorities or private organisations; they are the responsibility of Social Welfare Ministries of the Community governments. These services in the welfare systems are normally open throughout the year and for a full day<sup>11</sup>.</p> <p><b>For children over 2.5 years</b>, nursery schooling is provided as part of the <b>education system</b>. Nursery schooling is available during term-time and from 08.30-15.30 (except Wednesday afternoon, when schools are normally closed); most schools provide care and lunch facilities during the midday break. Schools are provided by public authorities (communities, provinces, local authorities) and private organisations, and are the responsibility of the Education Ministries of the community governments.</p>
<b>DK</b>	<p>There is a <b>single, integrated system of publicly funded services for children under 6 years</b>, operating within the <b>welfare system</b>. Services (including nurseries, kindergartens, age-integrated centres and organised family day care) are provided mainly by local authorities but also by some private organisations, with the Ministry of Social Affairs responsible at national level. Services are normally open throughout the year and for a full day.</p>
<b>F</b>	<p>There are two systems of publicly funded services - welfare and education - which overlap for children aged 24-36 months. <b>For children under 3 years</b>, services (including nurseries and organised family day care) are provided within the <b>welfare system</b>, mainly by local authorities but also by some private organisations, with the Ministry of Social Affairs, Health and Towns responsible at national level. These services are normally open throughout the year and for a full day.</p> <p><b>For children over 2 years</b>, nursery schooling is provided as part of the <b>education system</b> by the Ministry of Education. Nursery schooling is available during term-time and from 08.30 to 16.30 (except Wednesday, when schools are normally closed). Most schools provide care and lunch facilities during the midday break.</p>
<b>DE</b>	<p><b>Services for children under 3 years and over 3 are in the welfare system.</b> Services for children under 3 (mainly nurseries) are mostly provided by local authorities and services for children over 3 (mainly kindergartens) are provided mainly by private but publicly funded organisations; these services are the responsibility of Social Ministries in the <i>länder</i>. Nurseries are normally open throughout the year and for a full day. In the new <i>länder</i>, most kindergartens are open throughout the year and for a full day, in the same way as nurseries; but in former West Germany, most kindergartens are open during term-time only and for up to 6-7 hours a day and most children in practice attend for half a day.</p>
<b>GR</b>	<p>Compulsory schooling starts at the age of 5.5 years. Before this age, there are two systems of publicly funded services - welfare and education - which overlap for children aged 4-5.5 years. <b>For children under 5.5 years</b>, services (mainly kindergartens which take children from 2.5 years, but also some nurseries and some age-integrated centres) are provided within the <b>welfare system</b>, mostly by the Ministry of Social Welfare, though some larger local authorities and private organisations provide a limited amount of provision; from 1995, the Ministry will be transferring services to the management of local authorities. These services are usually open all year and for a full day.</p> <p><b>For children over 4 years</b>, nursery schooling is provided as part of the <b>education system</b> by the Ministry of Education. Nursery schooling is available during term-time and for 4 hours a day.</p>

<sup>11</sup> In this Table, a 'full day' means at least 8 hours a day; in most cases services are open for 10 hours a day or longer.

<p><b>IR</b></p>	<p>There are two systems of publicly funded services - welfare and education - which overlap for children aged over 3 years. <b>For children under 6 years</b>, services (including nurseries and community playgroups<sup>12</sup>) are provided within the <b>welfare system</b>, always by private organisations who are funded by 8 regional health boards. These services are the responsibility of the Ministry of Health at national level. Nurseries take children from 3 months to school age, although there are few places for children under 12 months; they are generally open throughout the year and for a full day. Community playgroups take 3 and 4 year olds for 3 hours per day for 4-5 days per week.</p> <p><b>Children over 3 years</b> can be admitted early to primary school in the <b>education system</b>, that is before compulsory schooling begins. The Ministry of Education has overall responsibility for these schools, and children attend for 22 hours a week. In addition, the Ministry of Education provides some facilities for children below compulsory school age who have special needs or come from 'Travelling' families. Since the 1970s, there has been a pilot scheme providing nursery schooling for 3 and 4 year olds in one disadvantaged inner city area; since 1994, this has been extended to 33 other disadvantaged areas.</p>
<p><b>IT</b></p>	<p>There are two systems of publicly funded services for young children. <b>For children under 3 years</b>, services (nurseries) are provided in the <b>welfare system</b>, almost entirely by local authorities, with the Ministry of Health responsible nationally (although in some local authorities, these services for children under 3 are integrated into the education service alongside nursery schools). Nurseries are usually open throughout the year and for 10 hours a day.</p> <p><b>For children over 3 years</b>, nursery schooling is provided as part of the <b>education system</b>. The central government Ministry of Education has overall responsibility, but schools may be provided by the Ministry itself, local authorities or lay or religious private organisations. By law, State-run nursery schools must be open at least 8 hours a day and may be open as long as 10 hours a day; other schools, run by local authorities or private organisations, have similar opening hours. In 1991/92, 72% of children at nursery schools attended for 5-8 hours a day and 17% for more than 8 hours. Schools are generally closed during school holidays.</p>
<p><b>L</b></p>	<p>Compulsory schooling starts at the age of 4 years. Before this age, services (mainly in centres which take children from 0-4 years and also, sometimes, provide out-of-school care for older children) are provided in the <b>welfare system</b>, by local authorities or by private organisations who make agreements with the Government. At national level, these services are the responsibility of the Ministry for Family and Solidarity.</p> <p><b>For children aged 4 and 5 years</b>, there is nursery schooling provided as part of the <b>education system</b>, with the Ministry of Education responsible at national level. Nursery schooling is available during term-time and from 08.00-11.30 or 12.00 and 14.00-16.30 on three days a week and 08.00 to 11.30 on two days a week.</p>
<p><b>N</b></p>	<p>Compulsory schooling starts at the age of 5 years. Before this age, there are two systems of publicly funded services. <b>For children under 4 years</b>, services (centres which take children from 0-4 years and also, sometimes, provide out-of-school care for older children, as well as playgroups) are provided in the <b>welfare system</b> by private organisations, with the Department of Health, Welfare and Sport responsible at a national level.</p> <p><b>Children aged 4 years</b> can be admitted early to primary school in the <b>education system</b>, that is in the year before compulsory schooling begins. The school day is generally 09.00 to 16.00 (except Wednesday afternoon, when schools are closed) with a 1½-2 hour lunch break, although increasing numbers of school offer a continuous timetable, with a shorter day and a shorter midday break; 4 and 5 year olds may have shorter hours. Most schools provide facilities for children to stay during the midday break. Schools are provided by local authorities and private organisations and are the responsibility at national level of the Department of Education.</p>
<p><b>P</b></p>	<p>There are two systems of publicly funded services - welfare and education - which overlap for children aged over 3 years. <b>For children under 6 years</b>, services (nurseries, kindergartens, age-integrated centres and organised family day care) are provided in the <b>welfare system</b>, mostly by private organisations with the Ministry of Employment and Social Security responsible nationally. These services are normally open throughout the year and for a full day.</p> <p><b>For children aged 3-6 years</b>, nursery schooling is provided as part of the <b>education system</b> by the Ministry of Education. Nursery schooling is available during term-time from 09.00-15.00, with a lunch break.</p>

<sup>12</sup> 'Community playgroups' are non-profit services run by parent or other community groups; only this type of playgroup is publicly funded. Most playgroups (85-90% of the total) are privately run.

<p><b>E</b></p>	<p>A major education reform law passed in 1990 (LOGSE) placed all services for children aged 0-6 years within a common education-based legal, administrative, training and conceptual framework. This age range is recognised in LOGSE as the first stage in the education system. This stage is in turn divided into two cycles, from 0-3 years and from 3-6 years.</p> <p>Seven autonomous communities (ACs) now have full responsibility for education (which covers the full 0-6 year age range); in the other ten ACs, responsibility for education for children from 3-6 years remains with the Central Government through the Ministry of Education and Science (MEC), although the ACs are responsible for nurseries previously in the welfare system.</p> <p>All publicly-funded services for children under 3 years are in centres, some of which are for children aged 0-3 years and others for children from 0-6 years. Most provision is made by local authorities, but some centres are run by private organisations. Centres are generally open throughout the year and for a full day.</p> <p>Most provision for children aged 3-6 years is in schools, mostly provided by ACs or MEC; some children attend centres which take children from 0-6 years. Nursery schools are open during term-time, and the basic opening hours are from 09.00-17.00; many schools provide care and lunch facilities during the 3 hour midday break.</p>
<p><b>SV</b></p>	<p>There is a single, integrated system of publicly funded services for children under 6 years, operating within the welfare system. Services (including age-integrated centres and organised family day care) are provided mainly by local authorities but also by some private organisations. The Ministry of Health and Social Affairs is responsible at national level. Most services are open throughout the year and for a full day.</p>
<p><b>UK</b></p>	<p>Compulsory schooling starts at the age of 5 years. Before that age, there are two systems of publicly funded services - welfare and education - which overlap for children aged over 3 years. For children under 5 years, services (including age-integrated centres, playgroups and family day care) are provided within the welfare system. Some services are provided by local authorities, others by private providers. At national level, these services are the responsibility of the Department of Health (England) and the Welsh, Scottish and Northern Ireland Offices.</p> <p>For children aged 3 and 4 years, nursery schooling is provided by local authorities as part of the education system. Nursery schooling is available during term-time and most children attend 2½ hours a day (either a morning or afternoon shift). In addition, children aged 4 years can be admitted early to primary school; most of these children attend for a full school day from 09.00-15.00 and schools provide care and lunch facilities during the midday break.</p>

**TABLE B**  
**Staff levels, basic training and gross annual pay (initial salary)**

	Publicly funded services in the welfare system Nurseries	Kindergartens	Services in education system Nursery schooling <sup>13</sup>
<b>B</b>	*1 adult:7 children *2 years, post-16 *BF514,884 [PPS12,270]	Not applicable	*1 teacher:19 children or 1.5:20-25 or 2:26-38 *3 year, post-18 *BF693,348 [PPS16,520] (1993)
<b>DK</b>	*1 adult: 3 children <sup>14</sup> *3½ years, post-18 ( <i>pædagog</i> ) *DK177,847 [PPS18,410]+pension ( <i>pædagog</i> ); DK156,634 [PPS16,215](untrained) (1995)	*1 adult: 6 children *Training and pay as 'nurseries'	Not applicable
<b>F</b>	*1 adult: 5 non walking children; then 1: 8. *1 year, post-17 ( <i>auxiliare</i> ); 2 years, post-18 ( <i>educatrice</i> ). *FF66,000[PPS9,540]]( <i>auxiliare</i> ); FF75,120 [PPS10,855]( <i>educatrice</i> ) (1991)	Not applicable	*1 teacher: 30 children (+assistant for some groups) *5 years, post-18 *NO INFORMATION
<b>DE</b>	*1 adult:5-7.5 children <sup>15</sup> *2 year, post-16 ( <i>kinderpflegerin</i> ); 3-5 year, post-17 ( <i>erzieherin</i> ). *DM31,056[PPS13,620] <i>kinderpflegerin</i> ); DM34,896[PPS15,305]( <i>erzieherin</i> ) (1993)	*1 adult: 10-14 children *Training and pay as 'nurseries'	Not applicable
<b>GR</b>	*1 adult: 8 children under 2½ years *3.5 years post-18 *NO INFORMATION	*2 adults: 30 children *3.5 years, post-18 *NO INFORMATION	*1 teacher: 30 children *4 years, post-18 *NO INFORMATION
<b>IR</b>	*1 adult: 3 children under 12 months; 1:5 12-29 months; 1:8 30-59 months *2 year post-16 *IRL8097 [PPS11,245] (1994)	Not applicable	*1 teacher: 27 children (average) <sup>16</sup> *3 years, post-18 *IRL13,315 [PPS18,495] (1994)
<b>IT</b>	*1 adult:6 children *1-3 years, post-14 (three different types of training) *LIT28,365,000[PPS17,530] (1994)	Not applicable	*3 adults: 25-28 children (two adults are teachers) *3/4 years, post-18 (teacher) *LIT27,486,900 [PPS16,990] <sup>17</sup> (1994)
<b>L</b>	*Ratio as FRANCE *3 year, post-16 ( <i>éducateur</i> );3 year, post-18 ( <i>éducateur gradué</i> ). *LF746,400 [PPS17,865]( <i>éducateur</i> ); LF1,041,048 [PPS24,930] ( <i>éducateur gradué</i> ) (1994)	Not applicable	*1 teacher:14-18 children *3 years, post-18 *LF1,217,832 [PPS29,160] (1994)

13 Training and pay for 'nursery schooling' refers to teachers.

14 There are no national guidelines on staffing; ratios are decided by local authorities. The figure given in the Table is the actual average staff ratio.

15 Recommended staffing levels vary between länder.

16 The figure given is for teachers in primary school working with 4-5 year olds admitted before compulsory school age. In the 'Early Start' nursery school schemes introduced in disadvantaged areas (see Table A), the ratio is 2 adults, including 1 teacher: 15 children.

17 Salary is for a teacher in a nursery school managed by central government. Teachers in nursery schools managed by local authorities receive LIT29,515,000; but have longer working hours.

N	*1 adult: 4 children under 12 months: 1:5 12-23 months; 1:6 24-35 months; 1:8 36-47 months; 1:9 48-71 months <sup>18</sup> *3 years, post-16 or 2 years post-18 *NFL30.528 [PPS13.330] (1994)	Not applicable	*1 teacher: 22+ children *4 years, post-18 *NFL 42.048 [PPS18.360] <sup>19</sup> (1994)
P	*1 adult:5/6 non-walking children; otherwise 1:8/10 (each group has teacher+assistant) *3 year, post-18 ( <i>educador</i> ) *ESC1,820,000 [PPS13,170] ( <i>educador</i> ) for services run by public authorities; ESC1.050,000 [PPS7,600] for services run by private non-profit organisations (1992)	*2 adults:25 children *Training and pay as 'nurseries'	*1.5 adults:25 children (1 adult is a teacher) *Training as 'nurseries' *ESC1,820,000 [PPS13,170] for services run by public authorities, ESC1,600,000 [PPS11,580] for services run by private organisations (1992)
SV	*1 adult: 5.2 children <sup>20</sup> *3 year, post-19 ( <i>förskollärare</i> );3 year post- 16 (nursery nurse) *SK156,000 (1995)		Not applicable
ES	Not applicable	Not applicable	*1 adult: 7 children under 12 months; 1 adult:10 12-23 months; 1adult:18 24-35 months: there must be at least 1 teacher for every 3 groups of children aged 0-3 years. 1 teacher: 25 children aged 3-6 years, with 4 teachers for every 3 groups. *3 year, post-18 *PTS2,917,420 [PPS23,360] (1994) <sup>21</sup>
UK	*1 adult: 3 children under 24 months; 1 adult: 5 children aged 24-35 months; 1 adult: 8 children aged 3-4 years *2 years, post-16 years *£8,226 [PPS11,920] (1995)	Not applicable	*2 adults: 26 children (1 adult is a teacher) *4 years, post-18 *£12,600 [PPS18.260](1995)

18 Ratios recommended by Association of Dutch Municipalities.

19The figures given are for teachers in primary schools working with 4-5 year olds. There are no recommended staffing levels. Class size in primary schools averages 22, but in general classes for 4 and 5 year olds are larger than for older children.

20There are now no national guidelines on staffing; ratios are decided by local authorities and consequently vary a great deal. The figure given in the Table under 'nurseries' is the actual average staff ratio in Swedish age-integrated centres, taking children from 1-6 years.

21This salary is paid to a teacher working with children aged 0-6 years in an AC where the MEC is still responsible for education services. Salaries can vary in other ACs; for example the comparable salary is PTS2.696.148 for a teacher in services for children aged 0-6 in the AC of Madrid and PTS2,190,986 for teachers working with children aged 0-3 years in the services provided by the City of Barcelona.



## The costs of services

Table C provides information on the average annual costs per place in different services for young children, both in the welfare and education systems. The figures are for total running costs; they do not include infrastructure costs. Several countries are not included because no information is available for any of the services covered in the Table.

The average figures given in Table C may disguise considerable variations between services in the same country. For example, the German expert for the Network notes that there are large differences in costs between the old and new *länder*. In 1993, the average cost of a nursery place in Mecklenburg-Vorpommern was DM960, compared to DM2,000 in Bremen. The Netherlands expert gives an average cost of NFL13,300 a year, but adds that this applies only for centres offering full-time care, costs for babies are higher (NFL18-20,000), and the cost per place varies widely across the country.

The Italian expert reports a study in the Emilia-Romagna region of Italy which found that the cost of a nursery place varied from LIT7 million to 10 million per year. On further examination, these differences were found to be due to a number of factors. Some concerned the nurseries themselves, for example the seniority of the staff (more senior staff having higher salaries), the employment of extra staff in some cases (eg. *atelieristi*) and variations in the costs of laundry, meals and so on. Other factors were external to the nurseries, in particular different local authorities treating different costs in different ways (for example, whether administrative costs and interest payments are included or excluded in calculating nursery costs).

Nurseries taking children under 3 years are generally the most expensive service. Nurseries cost more than organised family day care schemes, which also mainly take children under 3. Kindergartens and nursery schools, which take children over 3, are less costly.

The main component of service costs is staffing. Staffing costs are in turn determined by several factors including staff levels, staff pay and conditions and hours of work. The main reason why nursery services for children under 3 years are more expensive is because of the substantially higher levels of staffing. Compared to nursery schools, staff in these services work longer hours, have lower levels of training and inferior pay and conditions. Organised family day care generally costs less than nursery services because the family day carers, in most cases, have relatively low pay and conditions and work relatively long hours.

**TABLE C**  
Average total running costs per year of different services for young children

	Welfare system services			Education system services
	Nurseries	Kindergartens	Organised family day care	Nursery schooling
<b>B</b>	Flemish Community: BF226,363-246,273 [PPS5,540-6,025] (1992)  French Community: BF213,225-230,017 [PPS5,210-5,630] (1992)	Not applicable	Flemish Community: BF86,363-107,153 [PPS2,115-2,620] (1992)  French Community: BF74,538-91,330 [PPS1,825-2,235] (1992)	Flemish Community: BF81,177[PPS1,935]  French Community: BF78,941[PPS1,880] (1993-94)
<b>DK</b>	DK86,043 [PPS8,907] (1994)	DK43,588 [PPS4,510] (1994)	DK58,057 [PPS6,010] (1994)	Not applicable
<b>F</b>	FF71,000 [PPS10,245] (1994)	Not applicable	FF59,000 [PPS8,515] (1994)	FF18,100[PPS2,610] (1994)
<b>DE</b>	DM18,000 [PPS8,070] (1992)	DM9,000 [PPS4,035] (1992)	Not applicable	Not applicable
<b>IR</b>	No information	Not applicable	Not applicable	IRL1,450 [PPS2,015] (1992-3) <sup>22</sup>
<b>IT</b>	LIT14,000,000 [PPS9,170] (1990)	Not applicable	Not applicable	LIT7,000,000-8,200,000 [PPS4,435-5,195] (1992) <sup>23</sup>
<b>L</b>	LF300,000[PPS7,185] (1993)	Not applicable	Not applicable	No information
<b>N</b>	NFL13,300 [PPS5,810] (1993)	Not applicable	Not applicable	NFL4,700 [PPS2,035] (1992) <sup>24</sup>
<b>P</b>	ESC265,944 [PPS2,280] (1991)	ESC189,120 [PPS1,620] (1991)	ESC258,408 [PPS2,210] (1992)	ESC132,000[PPS1,130]
<b>ES</b>	No information	Not applicable	Not applicable	No information
<b>SV</b>	SK69,400 [PPS6,610] (1992) <sup>25</sup>	See footnote 25	SK46,400 [PPS4,420] (1992)	Not applicable
<b>UK</b>	UKL5,200 [PPS7,760] (1992/3)	Not applicable	Not applicable	No Information

<sup>22</sup>Ireland has very little nursery education, although this service has begun to develop since 1994. Instead, many children - over half of 4 year olds and virtually all 5 year olds - attend primary school, ie before compulsory school age. The figure given, therefore, is for the cost of a primary school place across the age group 4 to 10 years.

<sup>23</sup>Schools run by central government cost an average of LIT 7 million; schools managed by local authorities cost LIT 8.2 million.

<sup>24</sup>Netherlands has no nursery schooling; instead, nearly all 4 year olds attend primary school (ie before compulsory school age). The figure given is for the cost of a primary school place across the age group 4 to 12 years.

<sup>25</sup>The figure for 'nurseries' for Sweden refers to age-integrated centres taking children from 0-6 years, equivalent to the age range found in nurseries and kindergartens.

## **Funding for services**

Tables D and E summarise how publicly funded services are funded overall and what parents have to pay. Denmark, Germany and Sweden are the only countries where all services are within the welfare system. Elsewhere, the starting point is again the dual system of services, which brings with it two systems of funding; (even though Spain has adopted an integrated, education-based system, funding of services and the contribution of parents still reflects the former situation where there was a split between education and welfare systems).

In general, **education system services** are wholly funded from public expenditure. Parents are not expected to pay for the basic service, although they may have to contribute to certain additional costs, for example school meals. The funding of these services is similar to the funding of compulsory schooling

**Welfare system services** involve an element of parental payment, as a general contribution to the cost of the basic service. The exception is Greece, where welfare system services have been provided directly by central government and free of charge. However, it is now proposed to transfer responsibility for these services to local authorities (who are responsible for welfare system services everywhere else in Europe, with the exception of Ireland), and this transfer of responsibility may also lead to changes in funding.

In many countries, public funding for welfare system services comes from more than one source (see Table D). In Belgium and France, one source of public funding is 'family allowance funds'. In both cases, the money comes from general and compulsory employer contributions which are, in effect, recycled into the general system of services through the operation of local family allowance funds.

Family allowance funds (*Caisse d'Allocations Familiale - CAFs*) play a particularly significant role in France<sup>26</sup>. They use their financial resources to provide general subsidies and to stimulate the development of a wide range of local services through the mechanism of the '*contrat enfance*'. An important and unique feature of the French system is the regional nature of the family allowance funds, which are funded by the employers in their area and in turn fund local services.

In Belgium, there is a second employer-financed source of funding following an agreement reached between employers and trades unions for 1993-1994 and 1995-96 to allocate a sum equivalent to 0.05% of the private sector wages bill to develop services for young children; the money comes from a national fund to promote employment (*Fond pour l'emploi/Tewerkstellingsfond*), financed by employer contributions. Originally limited to services providing care and recreation for school-age children (ie. between 2.5 and 12 years), since 1995 the money can be allocated to services for children from 0-3 years. Priority is given to children with parents who are employees (rather than self-employed). The fund is not permanent and will need to be re-negotiated every 2 years.

Until 1989, Italy also operated a system involving a general employer contribution redistributed by central government to regional governments and earmarked to fund services for young children. However, the money is no longer earmarked, so that regional governments can now spend it on whatever they choose.

A change in the role of employers in funding services has also occurred in Sweden. Funding for Swedish services comes both from local authorities' own funds and national government subsidies. At one stage a certain proportion of the national insurance contributions paid by employers (2%) was considered to be 'earmarked' specifically to fund national government subsidies of services, but this 'earmarking' no longer applies. Instead State subsidies are now

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26 CAFs are financed by employer contributions and provide cash benefits to families with children; their national organisation is the *Caisse Nationale d'Allocations Familiales (CNAF)*. Since 1970, CAFs have also provided subsidies for the costs of services for young children, and since 1983 have developed this role by funding two major initiatives intended to stimulate provision - *contrats crèches* (1983-1989) and *contrats enfance* (started in 1988 and still in operation). In the *contrats enfance* programme, agreements are signed between CAFs and local authorities and/or private organisations, under which the CAF agrees to make supplementary contributions to the cost of new services to be provided by the authority or association, in addition to the standard subsidies paid by CAFs to all services. The earlier *contrat crèche* programme was limited to nurseries and organised family day care services. The more recent *contrat enfance* programme is broader and more flexible and can be used for a wide range of services for children up to the age of 6 years; CAFs provide between 40 and 60% of the costs of new services.

Under the *contrat crèche* programme, 260 agreements were signed and 22,000 new places created in nurseries and other services for children under 3. The *contrat enfance* programme has (up to December 1993) produced 1,500 agreements covering 2,000 communes. It has led to the creation of 35,000 new places in nurseries and organised family day care schemes, as well as 36,000 new places in other services including *halte-garderies*, out-of-school services, and drop-in centres for parents; support has also been provided for other activities including staff training, toy libraries, information services for families, coordination of services and support for family day carers (*relais assistantes maternelles*).

viewed as coming from general revenues.

Employer funding has grown in importance in recent years in the Netherlands. Central government provides some funding for new services through what is called the Stimulative Measure on Childcare (begun in 1990). This central funding provides less than half of the running costs for new services; the remainder must be raised from employers, parents or local authorities. Employers subsidise places in individual services for some of their employees. This may involve decisions initiated by individual employers; but it has increasingly been the result of collective agreements. In 1993, nearly half of the 600 collective labour agreements included reference to childcare services, either specific arrangements for subsidising employees' use of services or statements of intent.

As well as the Netherlands, a combination of funding from two or more different levels of government is found in a number of countries, including Belgium, Germany, France, Italy, Spain and Sweden. In most of these cases, the major part of the funding comes from local authorities.

The funding system is particularly complex in Belgium. It involves funding from Community and regional Governments, family allowance funds, employment promotion agencies and local authorities. But it is also unusual because funds from the Community governments are disbursed via specialised public agencies, concerned with the health and welfare of young children, which are accountable to but situated outside the Community governments.

Turning to what parents pay for services in the welfare system (Table E), it is general practice to take account of family income and other factors affecting ability to pay, for example the number of children in a family. In several countries (e.g. Belgium, Denmark, France) fees are reduced for parents with two or more children attending services.

Generally, publicly funded services in the welfare system are the responsibility of local and, sometimes, regional authorities. Central governments do not impose national formulas to determine what parents should pay for these services. In most countries therefore there are some local variations in what parents actually pay for services in the welfare system reflecting the strong involvement of local authorities (and sometimes regional authorities) in the provision of welfare system services, and the absence of guidelines that are both national and compulsory.

However, in many countries there are some national guidelines. In France, *CNAF* (the national body for *CAFs*) provides national guidelines on what parents should pay, which must be applied

in services that are subsidised by local family allowance funds. In the Netherlands, central government offers guidelines which are followed by most local authorities, even though the guidelines are only advisory. In Luxembourg and Portugal, the Government applies common formulas for what parents should pay in the services that it directly funds (in the case of Luxembourg) or for which it is directly responsible (Portugal). The guidelines prepared by the Government in Portugal involve consultation with publicly funded private organisations and are intended to provide some guidance to these organisations.

In Denmark, a national regulation sets a maximum level for what parents should pay (no more than 30% of costs) as well as the reductions which should apply where 2 or more children from the same family attend services. In Spain, the association for local authorities also recommends an upper limit on what parents should pay (no more than a third of costs); although advisory, many authorities follow this guidance.

In Italy, the national government has for some time tried to set a level for parental contributions (applying the same principle to a wide variety of services provided by local authorities that it considers discretionary). But after local authority and other resistance to the rate of contribution (36% of costs), this has now been reduced to 18%. Moreover some local authorities practice cross-subsidisation of services, increasing user payments for other services to reduce payments for nurseries.

In Belgium, parents' payment are standardised, using a common formula, but only at the Community, rather than the national, level. Each of the three Community Governments produces its own formula for determining what parents should contribute to costs, with some differences between these formulas.

Guidance on parent contributions may be based on two approaches. Contributions can be related to the cost of the service, with a recommendation that parents pay a certain proportion of these costs (eg. Denmark, Italy, Spain). In these cases, however, the actual payment may well prove less than the recommended payment because of differing local authority policies on charging and reductions in parents' payments, for example because of low income. Thus in Denmark, national regulations specify 30% of costs as the maximum level of parental contribution, whereas in practice parents pay on average 21% of costs. Where data exists on what proportion of total costs are paid by parents, it varies from 12% (in Italy) to 28% (in France), with 15-24% being most common.

Alternatively, contributions can be related to family income, with a recommendation that parents pay a certain proportion of income (eg. France, Luxembourg, Netherlands). This has been the basis on which CNAF has developed its guidelines in France. The production of CNAF's guidelines followed a national survey in 1981 which showed great local differences in levels of contribution in relation to family income, with poorer families most disadvantaged.

**TABLE D**  
Sources of funding for publicly funded services

	Welfare system services	Education system services
<b>B</b>	<p><b>Parents make a financial contribution; public funding comes from several sources.</b></p> <p>The main sources are the <b>Office de la Naissance et de l'Enfance (ONE)</b> in the French-speaking Community, <b>Kind en Gezin (K&amp;G)</b> in the Flemish-speaking Community and <b>Dienst für Kind und Familie (DKF)</b> in the German-speaking Community. The subsidies from these public agencies are based on standard formulas, applied throughout their respective communities.</p> <p>Other sources include: <b>local authorities; regional governments of Wallonia, Flanders and Brussels</b>, which operate programmes to assist unemployed people into jobs including some assistance to services for young children (eg.nursery nurses in some centres in the French-speaking Community are generally recruited from unemployed workers funded from these regional programmes); the <b>Fond d'équipement et de Services Collectifs (FESC)/Fonds Collectieve Uitrustingen en Diensten (FCUD)</b>, established in the national family allowance office to facilitate access to services for children of employed parents, pays a daily subsidy to services for each child aged 0 to 2 years with employed parents + additional subsidies to centres for the care of sick children or care provided outside regular hours; since 1994, following an agreement between employers and trades unions, the <b>Fond pour l'emploi/Tewerkstellingsfonds</b>, which promotes employment, has allocated part of its funds (equivalent to 0.05% of the private sector wages bill) to finance services for children aged 0-12 years.</p> <p>There is no national information on how costs are distributed between these different sources. However, as an example, in 3 nurseries in the French-speaking Community in 1992, ONE subsidies contributed 34-38% of costs, other subsidies from FESC and employment programmes 3-7% and parents 14-16%.</p>	<p>Nursery schooling is funded by the respective <b>Education Ministries</b> in the French-speaking and Flemish-speaking Community Governments. Parents make no payments.</p>
<b>DK</b>	<p>There is an integrated system of services with a common system of funding for all services for children under 6. <b>Parents make a financial contribution; public funding comes from local authorities.</b></p> <p>In 1994, parents' contributions covered 20% of the total costs of services for children under 3 years and 21% of the total costs of services for children aged 3-6 years. Parent contributions to the overall cost of specific services were: nurseries - 18%; kindergartens - 22%; age-integrated centres - 19%; organised family day care - 23%</p>	



	Welfare system services	Education system services
F	<p><b>Parents make a financial contribution; public funding comes from several sources.</b></p> <p>The main source is <b>local authorities</b>, but substantial amounts also come from <b>CAFs and Départements</b><sup>27</sup>. In 1993, costs were distributed as follows: <i>communes</i> 34%, <i>départements</i> 12%, CAF 24%, parents 28%. However, the distribution varies according to the type of service; in particular in <i>crèche parentale</i>, <i>communes</i> and <i>départements</i> pay a lower proportion of costs (23%), while parents (35%) and CAFs (42%) pay a higher proportion.</p> <p>Most funding from CAFs (87% in the case of nurseries and organised family day care) comes from general subsidies paid to all services (<i>prestations services</i>). These subsidies in 1994 were FF41 per day per child for <i>crèches parentales</i>, FF59 for other nurseries, FF56 for organised family day care schemes and FF2 per hour per child for <i>haltes-garderies</i>. However, places created as part of a <i>contrat crèche</i> or <i>contrat enfance</i> are subsidised at a higher rate (FF98 for nursery places, FF 93 for organised family day care places created under <i>contrat crèche</i>).</p>	<p>Nursery schooling is funded by the central government <b>Ministry of Education</b>, which pays the salaries of teachers; and by <b>local authorities</b> which pay other operating costs, including classroom assistants (<i>agents de service des écoles maternelles</i>) and for activities organised before and after school. Parents make no payments for the basic nursery schooling, although they may contribute to the costs of additional facilities.</p> <p>In 1987 the Ministry of Education paid 56% of the total costs of nursery of nursery schooling, <i>communes</i> 34% and parents 10% (which included payments for school meals and care outside school hours + fees paid by parents using private schools).</p>
DE	<p><b>Parents make a financial contribution to the cost. Public funding comes from several sources. Funding for kindergartens for children over 3 years comes from local authorities, <i>länder</i> governments<sup>28</sup> and the private non-profit organisations which provide many services; these private organisations, however, are themselves publicly funded, so contribute very little from their own funds. For services for children under 3, public funding generally comes from either the local authority or the <i>länder</i> governments: in only 3 <i>länder</i> is the funding shared between these two levels of government. The federal government plays no part in funding any services.</b></p> <p>The distribution of costs varies between <i>länd</i>, as the following examples show:</p> <p>For services for children under 3:</p> <ul style="list-style-type: none"> <li>* in Nordrhein-Westfalen, the <i>länd</i> government pays 27% of running costs, local authorities 27%, private organisations 27% and parents 19%, while for capital costs the <i>länd</i> government pays 50%, local authorities 25% and private welfare organisations 25%;</li> <li>* in Sachsen-Anhalt, the <i>länder</i> government pays 60% of running costs, and private welfare organisations and parents 20% each, while capital costs are divided, roughly equally, between the <i>länd</i> government (30%), local authorities (35%) and private welfare organisations (35%);</li> <li>* in Hamburg, local authorities contribute a given amount for every place provided, arrived at by negotiation with private organisations, and parents pay the remaining costs.</li> </ul> <p>For services for children over 3:</p> <ul style="list-style-type: none"> <li>* in Rheinland-Pfalz, the <i>länd</i> government pays 30% of running costs, local authorities 35%, private welfare organisations 15% and parents a maximum of 20%, while capital costs are split between the <i>länd</i> and local authorities;</li> <li>* in Mecklenburg-Vorpommern, the <i>länd</i> pays a specific sum for each kindergarten place (in 1992, DM 165 per month), with the remaining costs divided between local authorities and parents;</li> <li>* in Hamburg, the costs are divided between the city, private welfare organisations and parents, with the city paying all capital costs.</li> </ul> <p>Of total public expenditure on kindergarten services for children over 3 years in 1990, 41% came from <i>länder</i> governments and 59% from local authorities.</p>	

27 Elected authorities (*Conseil Général*) at the level of *Départements* are responsible for maternal and infant welfare services; in this capacity, they approve nurseries and family day carers, and give some subsidies to services for young children.

28. Germany has a federal constitution, and consists of 16 states or *länder*. Responsibility for legislation and policy rests with *länder* governments, with local authorities playing a role in providing and funding services; many services, particularly kindergarten provision for children over 3, are provided by private non-profit organisations.

All *länder* have legal regulations concerning the funding of services for children over 3, but two (Bayern and Bremen) have no regulations for services for children under 3, two (Baden-Württemberg and Hessen) have regulations that concentrate on services for children over 3 and only five *länder* have the same regulations for services for children under and over 3.

	Welfare system services	Education system services
GR	Parents make no financial contribution to services provided by the <b>Ministry of Social Affairs</b> ; they are funded entirely by central government. <b>Parents</b> only contribute to the cost of the relatively few services provided by <b>local authorities</b> . This situation is likely to change in 1995 with the transfer of services from the Ministry of Social Welfare to local authorities (see Table A).	Nursery schooling is funded by the central government <b>Ministry of Education</b> . <b>Parents</b> make no payment for the basic nursery school service.
IR	Parents are asked to make a small contribution. However the main source of funding is payment to the service by <b>regional health boards</b> , which covers 90% of total costs; in addition, social welfare payments, also distributed by regional health boards, are made for parents who are unable to make any contribution. Any deficit is met by the organisation providing the service.	Primary schooling for children below compulsory school age is funded by the central government <b>Ministry of Education</b> . <b>Parents</b> make no payments for the basic school service.
IT	<p><b>Parents</b> make a financial contribution; public funding comes from several sources, but mainly <b>local authorities</b> and <b>regional authorities</b>. In 1990, costs were distributed on average as follows: local authorities 71%, regional authorities 15%, parents 12%; national government, provincial authorities, payments by public and private agencies and companies, other contributions for investment costs, each less than 1%.</p> <p>Employers contribute 0.1% of total wages to the Institute for Social Security, which passes the money to the Ministry of Health. Until 1989, these funds were allocated to nurseries on the basis of Law 1044/1971, but since then they have been included in the general grant allocated to regional governments who may spend the money however they choose (i.e. this money is no longer ' earmarked' for nurseries or other services for young children).</p>	<p>Nursery schooling is funded by the central government <b>Ministry of Education</b> which pays the costs of teachers in State-run schools, and provides subsidies to schools run by local authorities and private organisations; and by <b>local authorities</b> which pay most of the other costs of State-run schools, (e.g. non-teaching personnel, purchase of goods, services such as meals and transport and the costs of building and maintaining premises), as well as providing some schools themselves. <b>Regional authorities</b> provide funds to local authorities, to ensure the right to education for all children and to support quality.</p> <p>In 1992 in State-run nursery schools, the Ministry of Education paid 48% of costs, local authorities 37-40% and parents 12-15%. In schools run by local authority schools, the Ministry of Education contributed 1% of costs, local authorities 84-87% and parents 12-15%. These parent payments are for additional services such as meals and transport; they make no payments for the basic nursery school service.</p>
L	Parents make a financial contribution; public funding comes from the <b>Ministry of the Family</b> (for centres with which it makes an agreement) and <b>local authorities</b> (for other centres).	Nursery schooling is funded by the national government <b>Ministry of Education</b> . <b>Parents</b> make no payment for the basic nursery school service.

	Welfare system services	Education system services
N	<p><b>Parents make a financial contribution; public funding comes from two sources.</b></p> <p>Public funding for playgroups comes from <b>local authorities</b>. It is estimated that in 1993, parents' payments covered 56% of costs, local authority grants 39% and other sources (fundraising) 6%.</p> <p>Public funding for centres comes from <b>local authorities and central government</b>. Central government funding comes from a special programme begun in 1990 - the Stimulative Measure on Childcare. Places created under this programme receive a central government grant; the remaining costs are split between parents and either local authorities or employers who sponsor places for their own use. It is Government policy to encourage a large proportion of the new places created under the Stimulative Measure to be 'bought' by employers; by the end of 1992, employers subsidised 30% of all publicly funded services and more than half of the new places which have been created under the Stimulative measure. As a result employers make a substantial contribution to overall funding.</p> <p>It is very difficult to get a clear picture of the respective contributions of central government, local authorities, employers and parents. For example, figures produced for the Association of Dutch Municipalities in 1993, including out-of-school care, show that public funding covered 53% of costs, parents 27% and employers 20%. However the figures do not give an accurate picture of the actual contribution of parents, as many pay their contribution direct to their employers; these contributions appear as funding from employers. The distribution of costs also varies between places subsidised by employers (11% public funding, 32% parents and 57% employers) and other publicly funded places (75% public funding and 25% parents, with nothing from employers). These figures however may overestimate the contribution by local authorities.</p>	<p>Primary schooling for 4 year olds is funded by <b>national and local government</b>. Parents make no payments for the basic school service. However, if facilities are provided during the lunch-break, to enable children to stay at school, parents generally pay the whole cost.</p>
P	<p><b>Parents make a financial contribution; public funding comes from the Social Security budget, which is managed by the <i>Instituto de Gestão Financeira da Segurança Social</i> at national level and by Regional Social Security Centres (RSSCs) at regional level.</b></p> <p>The distribution of costs varies according to how services are managed. Services managed directly by RSSCs (which are a decreasing proportion) are almost entirely publicly funded; parents make a financial contribution averaging approximately 5%. In services managed by private organisations (<i>Instituição Particular de Solidariedade Social - IPSS</i>), parents make a substantially higher contribution; in 1991, the contribution averaged 29% of real costs for nurseries, 33% for organised family day care and 30% for kindergartens. Including all services, whether managed by RSSCs or IPSSs, the proportion of real costs paid by parents in 1991 averaged: nurseries - 23%; age-integrated centres - 24%; organised family day care - 25%; kindergartens - 30%. Ministry and other sources of public funding therefore cover 70-80% of costs, with local authorities paying approximately 5% of costs.</p>	<p>Nursery schooling is funded by the <b>central government Ministry of Education</b>, which pays all costs except for premises and transport which are the responsibility of <b>local authorities</b>. Parents make no payment for the basic school service. Schools do not provide meals and in some areas, local authorities provide lunches in partnership with parents.</p> <p>Central government pays 95% of the costs, local authorities 5%.</p>

	Welfare system services	Education system services
ES	<p>Despite the recent integration of all services for children aged 0-6 years into a single system, considerable differences remain between the services for children under and over 3 years, including funding. Moreover, although there is a trend to applying a common approach to funding 'school hours' for all children aged 3-6 years, in practice most parents with children aged 3-6 years must contribute to costs if they use a centre not located in a school, while parents do not contribute to costs if their child attends a school provided by a public authority.</p> <p>In services for children under 3, parents make a financial contribution, but the contribution of other sources varies. Provision for this age group made by local authorities is funded from their own resources often with additional funding from ACs. The contribution made by public funding for these services varies between local authorities, but is generally over 80%. For example, in the province of Barcelona in Catalonia in 1992: in services provided by the local authority of Barcelona, the AC contributed 6% of costs and the local authority 86%; in the centre provided by the local authority of Prat de Llobregat, the AC contributed 8% of costs and the local authority 73%; and in the other local authorities in the province, the AC contributed on average 12% (ranging from 5 to 35%) and the local authority 61% (from 28% to 91%).</p> <p>By contrast, the contribution of public funds to the costs of subsidised services run by private, non-profit organisations is much lower, usually between 20% and 50%. In these cases, ACs are the main source of public funding for private non-profit services; only a few local authorities make grants to private centres. In addition, the central government Ministry of Social Affairs provides funds to some services, especially for children under 3 years, either directly but more often via ACs. It should be noted that the costs of private services in Spain is lower than publicly managed services because quality is lower.</p> <p>In the case of services provided by public authorities, many local authorities set a maximum contribution from parents of a third of total costs. Since most services reduce parental payments according to the socio-economic circumstances of families, the average contribution of parents comes to less than a third of total costs, usually less than 20%. But in private services subsidised from public funds, parents usually contribute over 50% of the costs, but the amount varies. There is no national level information on the total proportion of costs paid by parents.</p> <p>There are two types of publicly funded school provision for children aged 3 to 6 years. Schools provided by public authorities (mainly MEC and ACs) are funded from their resources, and are provided free to parents for the basic opening hours. However, parents usually have to make a payment for 'additional services', including the lunch room during the break between morning and afternoon sessions and other provision offered outside of normal school hours which covers a high proportion of costs.</p> <p>In the case of schools provided by non-profit private organisations with public funding, the main source of public funding is ACs; in 1993, they provided 53% of funding, compared to 8% from local authorities, 2% from MEC and 9% from other government bodies. Parents using these private schools which receive a public subsidy also pay for the additional services, but make a contribution towards the cost of provision during regular opening hours.</p> <p>In the case of children aged 3 to 6 years attending centres which are not located in schools, funding and parent contributions are similar to services for children under 3 years (see above).</p>	
SV	<p>There is an integrated system of services with a common system of funding for all services for children under 6 years. Parents make a financial contribution; public funding comes from two sources. State subsidies are paid on a uniform basis to local authorities, but vary according to the type of service; for example in 1991, a State subsidy of SKK475,000 was paid per group of 15 children in age-integrated centres and SKK18,000 per child attending organised family day care for more than 7 hours a day. Local authorities also provide funding for services from local taxes; in 1990 these averaged 49% of the cost of age-integrated centres and 62% of the cost of organised family day care. In the same year, parents' contributions averaged 11% of the total costs of age-integrated centres and 23% of the total costs for organised family day care.</p> <p>In 1993, overall funding of services for young children and school-age childcare services was divided as follows: State subsidies 35%; local authorities 52%; parent fees 13%.</p> <p>The exception to this funding is part-time kindergartens, for which parents make no payment. These are mainly funded by local authorities (83% of total costs in 1990), with a small State subsidy.</p>	
UK	<p>Parents may be asked to make a financial contribution, which can vary between local authorities, unless they receive social assistance or a benefit to supplement the income of low paid workers. Public funding comes from local authorities.</p>	<p>Nursery schooling and primary schooling for 4 year olds is funded by local authorities. Parents make no payment for the basic school service.</p>

**TABLE E**  
**What parents pay**

What parents pay	
<b>B</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>Parental payments are based on formulas produced by the Community Governments, i.e. there are guidelines at a Community level but not at national level. Within each Community, parental payments are the same, wherever they live and whatever type of service they use. There are however differences between the French-speaking and Flemish speaking communities.</p> <p>In both Communities, parental payments vary according to family income and number of children but they are calculated in different ways. In the <b>French-speaking Community</b>, net family income is the basis for determining parental payments. In 1994, the minimum parental payment was BF67 a day (for a net income of BF25,633 a month); the maximum payment was BF665 a day (for a net income of BF120,987. In between these extremes, payment increases as income increases and is calculated so that parental payment comes to about 11% of net income. If two children from the same family attend a service, parents pay 70% of the basic payment for each child; they also pay 70% of the basic payment if there are 3 or more children in the family. When children attend services part-time (less than 5 hours a day), parents pay 60% of the basic payment.</p> <p>In the <b>Flemish-speaking Community</b>, gross family income is the basis for determining parental payments. In 1994, the minimum parental payment was BF66 a day (for a gross income of BF195,100 a year); the maximum payment was BF577 a day (for a gross income over BF1,557,812. In between these extremes, payment increases as income increases. Payments are reduced by BF100 a day per child when there are two children attending services, with a BF150 reduction for a third child; total payments are also reduced by BF50 a day if there are two children in a family and by BF120 when there are three children.</p>

What parents pay	
DK	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>National regulations lay down that 30% of costs (excluding costs related to premises such as rent and maintenance) is the <b>maximum</b> that parents should pay. The maximum level of parental contribution was reduced from 35% to 32% in 1991 and to 30% in 1993. However, local authorities can reduce the proportion of costs that parents pay by providing additional public funding; for example, the lower proportional contribution made by parents for nursery places in 1989 is the result of local authorities using their discretion to increase subsidies to parents and is a recognition that these services for very young children have higher running costs. Local authority contributions for this purpose have fallen in recent years (from DK772 million in 1991 to DK288 million in 1994); one reason for this reduction may be the large increase in provision, and therefore overall costs, in recent years.</p> <p>There is also a nationally determined sliding scale of payment related to family income, and tied to a cost-of living index. In 1995, families with an annual income over DK191,300 pay the full rate of parental contribution established by their local authority (which can never be more than 30% of the total cost of the service), while families earning less than DK89,301 pay nothing; families with annual income of DK89,301-90,374 pay 5% of the maximum parental contribution with the payment then increasing by 1% for every additional DK1,074. Fees can also be reduced, or not charged at all, if there are social or pedagogical reasons for attending a service. The income levels are higher for families with more than 1 child under 18 years.</p> <p>A sibling reduction was introduced in 1993 and applies nationally. Payments made by parents with more than 1 child in a service are reduced; parents pay the full contribution for the most expensive place and 50% of the normal fee for other places.</p> <p>Parental payments therefore vary according to income and number of children, based on national guidelines. Free places and sibling reductions reduce significantly the proportion of total costs that are met by parent contributions. For example, without these reductions parent contributions would cover, on average, 24% of the cost of a nursery place and 30% of the cost of a kindergarten place; but as a result of the reductions, parents actually pay 18% and 22% of total costs.</p> <p>But parental payments also vary between communes, because costs of services and local authority subsidies vary locally. In January 1995, for example, parent contributions varied from DK1,260-2,256 per month for a place in a nursery, from DK805-1,335 a month for a place in a kindergarten and from DK1,260-1,870 per month for a place in organised family day care. In 1994, the national average for parent contributions per month was: DK1,659 for a nursery; DK1,060 for a kindergarten; and DK1,431 for organised family day care.</p> <p>As the above example also shows, parental payments can also vary between different types of services because of the different costs involved, with higher payments for services for children under 3 years (although the difference is reduced by many local authorities making a larger contribution to the cost of these services to reduce the level of parental contribution). However, communes can arrange contributions so that parents pay the same for different services and a few do this.</p>
F	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>CNAF provides national guidelines on parental payments, which recommend levels of payment; these guidelines become a requirement when a <i>contrat enfance</i> is signed. CNAF recommends that a family with 1 child who attends a nursery or organised family day care scheme, should pay 12% of their net monthly income; a family with 2 children, both attending a service, should pay 15% of their monthly income; and a family with 2 children, with 1 attending a service should pay 10% of their monthly income.</p> <p>The aim of this guidance by CNAF is greater equity. It was introduced after a national study in 1981 showed great differences in levels of contribution - from 6% to 15% - with poorer families most disadvantaged.</p> <p>Parental payments vary according to income, number of children and the type of management of services.</p> <p>Parents pay the same whatever type of service they use (for example, whether using a nursery or organised family day care). But as the operating costs of different types of service varies, the proportion of these costs covered by parent contributions varies (see Table D). In 1990, the average payment per day was FF69.</p>

<b>What parents pay</b>	
<b>DE</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>There are no national guidelines about what parents should pay. However, parental payments usually vary according to income, number of children and other social conditions (for example, two <i>länder</i> reduce the costs for single parents); the request for reduced fees is made by parents or the service their children attend.</p> <p>Because of the heterogeneity of the system, parental payments vary not only between, but also within, <i>länder</i>; between local authorities; and between private welfare organisations (according to the financial circumstances of different organisations). However, some <i>länder</i> (Brandenburg, Berlin, Hamburg) have standardised parental payments.</p> <p>Payment also varies between types of service. Services for children under 3 are more expensive than services for children over 3.</p>
<b>IR</b>	<p>As publicly funded services in the welfare system are only for children considered to be at risk by welfare authorities, there are virtually no parental charges.</p>
<b>IT</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>Since 1983, national government has laid down that for certain local services - defined by the national Government as 'individual request services' - users should pay a specified proportion of costs. The user contribution was initially set at 27%, with the proportion subsequently increasing to 36%. Nurseries were included in this group of services, as well as parking, markets, funerals and sports fields, so that the required contribution was not specific to nurseries. However in 1993, following a lively Parliamentary debate, the proportion for nurseries was reduced to 36% of half of the service cost (ie. 18% of total running costs). Moreover, the full contribution has never been fully applied since some local authorities have chosen to reduce the cost for parents using nurseries by increasing user payments for other 'individual request services.</p> <p>Parental payments for nurseries generally vary according to family income, number of children and other socio-economic conditions. They also vary between local authorities and regions, contributing between 10% and 20% of total costs depending on local and regional policy. Fees charged for nursery schools generally take some account of family income, number of children and other socio-economic conditions and they can vary between different local authorities; however, they vary much less than fees for nurseries and also take less account of family income.</p> <p>Publicly funded provision for children under 3 years is almost entirely in nurseries. Fees paid therefore only vary if children attend part-time. Fees are also lower in new services currently being developed in parts of Italy which are open to children and their normal carers (parents, relatives, friends) attending together; the costs in these services are lower than in nurseries where children are left by parents.</p>
<b>L</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>The Ministry of the Family applies the same formula for determining parental contributions in all centres that it funds throughout the country. Under the Ministry's formula, parental payments vary according to family income and number of children. Payments vary between 2% and 10% of family income.</p>
<b>N</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>There are national guidelines on parent payments for centres, prepared each year by the Department of Welfare; the guidelines are advisory and are followed by most local authorities who are responsible for setting the level of payments. Parental payments, based on the advisory scale, vary according to family income, taking an increasing proportion of family income as that income increases. At the bottom end of the scale, in 1994, payments recommended for families with a monthly net income of NFL1,600 or less came to 5.6% of that income, while at the other end payments recommended for families with a net monthly income of NFL4,901 came to 20%. The number of children from a family attending a centre is also taken into account, with parents making a lower contribution for a second child; however the number of children in a family is not taken into account.</p> <p>The level of parental contribution in the advisory scale is based on ability to pay and an assumed saving to parents due to centres providing food and other items.</p>

<b>What parents pay</b>	
<b>P</b>	<p>The payment made by parents towards the cost of services in the welfare system is regarded as a general contribution towards costs.</p> <p>National guidelines for parental payments operate for services managed by RSSCs. These guidelines are prepared by the Directorate General for Social Action, after consultation with RSSCs and IPSSs. The guidelines do not apply to services managed by IPSSs, although they are intended to provide some guidance. IPSSs can therefore apply different criteria, even in the same area; however, in practice there is not a great amount of difference in what parents pay.</p> <p>In 1991, the average payments made by parents were: ESC5,334 per month for a child in a nursery; ESC5,334 for a child in an age-integrated centre; ESC5,614 for a child in organised family day care' and ESC4,404 for a child in a kindergarten.</p> <p>Payments vary according to family income and numbers of children attending services. In kindergartens, for example, parents pay from under ESC1,000 escudos a month to nearly ESC15,000.</p>
<b>ES</b>	<p>Parents with 3 to 6 year olds at school pay for specific 'additional services' as described above. Payments by parents with children aged 0 to 3 years are regarded as a general contribution towards costs.</p> <p>In services for children under 3 years and for children over 3 years in centres which are not located in schools, there are no national government guidelines on what parents should pay, although some ACs set guidelines. However the Spanish Federation of Municipalities and Provinces recommends that parents should pay a maximum of one-third of costs and many local authorities follow this guidance. Private centres which receive public funding usually have their own formulas for fees, but several public authorities which fund these centres have begun to impose limits on fees as a condition of funding.</p> <p>Parents' payments may be reduced according to income, number of children and other socio-economic circumstances; this does not happen in all publicly funded services and is more common where services are provided by public authorities.</p> <p>Parental payments vary widely between different ACs, local authorities and even within the same local authority. Basic payments can vary, although many local authorities now follow national guidelines, as can reductions in payments because of socio-economic circumstances of different families. There is no national information on variations but the following example shows the situation in part of one AC. Catalonia: in services provided by the local authority of Barcelona, fees are set so that the highest payment made by parents is a third of the cost of services but because of reductions in fees, parents' payments actually cover only 8% of costs; in services provided by the local authority of Prat de Llobregat, parents contribute 19% of costs; and in other local authorities within the province of Barcelona, parents contribute on average 26% of costs but these vary from 4% to 47%. As already noted, parents pay more if they use services run by private organisations.</p> <p>For children aged 3 to 6 years attending schools, there are no national government guidelines on what parents should pay either for additional services or for fees in private services. Charges for additional services and payments made by parents using services provided by private organisations may be reduced according to income, number of children and other social conditions, with subsidies from MEC and local authorities. Parental payments vary depending on whether services are provided by public authorities or private organisations. Charges for additional services and payments made by parents using services provided by private organisations vary between different ACs, local authorities and even within the same local authority.</p>
<b>SV</b>	<p>The payment made by parents for services is regarded as a general contribution towards costs.</p> <p>Parents' fees are determined by individual local authorities, so that they can vary between local authorities. However, fees are normally income-related and take account of the number of children in a family.</p>
<b>UK</b>	<p>There are no national guidelines on what parents should pay for services in the welfare system; it is left to individual local authorities to develop their own charging policies, although Government guidelines do say that there should be no charges for parents receiving social assistance or a benefit (Family Credit) intended to supplement the income of low paid workers.</p>



## **Public subsidies of parents' costs**

Eight Member States provide direct subsidies for parents to reduce the costs they pay for using services (ie.the subsidy goes direct to the parent rather than to the service), or in the case of Germany an individual allowance is paid direct to a service used by a low income family (Table F). In all cases, these subsidies are available for costs arising from using private services that are not publicly funded. But, with the exception of Denmark, the Netherlands and UK, they also apply to the costs arising from using publicly funded services.

The most common system, found in 5 Member States, is some form of tax reduction (either through a reduction in taxable income or a reduction in taxes actually paid), which is available to all families. In Spain, however, tax reduction can only be claimed by families with an income below a certain level.

Four countries provide other types of subsidies. In the case of Germany and the UK, these subsidies are targeted at low income families. In Denmark, France and Germany, a grant is paid direct to parents or to the service they use. In the UK, the subsidy involves part of the cost paid by parents for using private services being deducted from their earnings when calculating an income-related benefit paid to employed parents with low earnings.

The most comprehensive range of direct subsidies for parents is in France. In addition to a general tax relief, grants are provided for families using a private family day carer and family allowance funds (CAFs) pay parents' social security contributions as employers if the parents use a family day carer or if parents employ a carer in their own home. This last measure is intended to ensure that individual private carers are not marginalised in the labour force. It has been estimated, by CNAF, that these different subsidies can cover up to 70% of parents' costs when using a private family day carer.

The Danish grant is intended to be a short-term subsidy to parents who have to pay for private services while on the waiting list for a place in a publicly funded service. It is also a temporary measure, introduced for a 2 year period until the end of 1995. Government policy is to guarantee a publicly funded place for all children over 12 months by 1996, and the grant is intended to cover the transition period while local authorities are developing services to be able to meet this guarantee. A limited and decreasing proportion of local authorities (about 15% in 1995) have used this grant, with an average grant of DK18,261 a year.

Finally, in July 1995 the UK Government announced that it will be introducing a 'voucher'

scheme for services for 4 year olds, in which parents of every 4 year old will receive a voucher worth about £1,100 which can be used to purchase "*three terms of good quality pre-school education*". Parents will be able to decide whether to use public provision in schools or private provision (non-profit or for-profit) in playgroups, nurseries or private schools. The voucher will be sufficient to pay for a part-time place in nursery schooling or playgroup or a full-time place in a reception class of a primary school; or it may be used to contribute to the cost of a place in a private nursery or nursery school, with parents 'topping-up' the difference in cost between the value of the voucher and the fees charged. In England alone the scheme will cost £730 million, but most of this funding will come from money currently spent by local authorities on schooling for children under 5, which will be re-allocated to vouchers; of the £185 million of new money, £20 million will be spent on administering the scheme. The full scheme will be introduced in 1997, after a pilot scheme in selected areas in 1996.

**TABLE F**  
**Public subsidies of parents costs**

<b>B</b>	Tax relief is available for children under 3 years for payments to publicly funded services or private services that are approved by <i>ONE</i> or <i>K&amp;G</i> . Relief takes the form of reducing taxable income by an amount equivalent to 80% of costs up to a maximum of BF345 a day. Tax relief is also available for families with a non-employed parent providing care for a child under 3 years; in this case, taxable income can be reduced by BF11,000 a year.
<b>DK</b>	As a short-term measure, for 2 years until 31.12.95, local authorities can give a cash grant to parents with a child aged 24 weeks to 3 years if they are not able to provide a place in a publicly funded service. The cash grant is for half the cost of a private place, up to a maximum of DK20,000 a year. The grant is available for 1 year and stops when a publicly funded place is offered.
<b>F</b>	<p>Families with a child under 6 using private but registered family day carers (<i>assistantes maternelles agrées</i>) receive three subsidies:</p> <ul style="list-style-type: none"> <li>* a payment made by CAF to URSSAF to cover parents' social security contributions as employers (a payment to cover social security contributions is also available for parents employing a carer in their own home - <i>Allocation de Garde à Domicile - AGED</i>);</li> <li>* a grant made by CAF direct to parents of FF 800 per month for a child aged 0-3 years and FF 400 per month for a child aged 3-6 years (<i>Aide à la Famille pour l'Emploi d'une Assistante Maternelle Agrée - AFEAMA</i>);</li> <li>* a reduction in tax equal to 25% of the total costs for children aged 0-6 years, up to an upper cost limit of FF 15,000 a year per child; i.e. if the total costs for a child are FF 15,000 a year, then tax payments are reduced by FF 3,750 (25%) but this is the maximum amount that can be deducted from tax payments for any one child.</li> </ul> <p>Tax deductions apply to costs incurred by parents for all forms of provision, including publicly-funded services, not just private family day care.</p> <p>In 1994, 263,000 families benefitted from AFEAMA; in 1993, 21,000 families benefitted from AGED.</p>
<b>DE</b>	Low income families can claim an allowance for all private services, as long as they have been approved by the local authority. The subsidy is means-tested, provided by local authorities and paid directly to the carer. It is thought that about 40% of eligible families receive the allowance, which mostly goes to lone parents.
<b>L</b>	Tax relief is available for the costs of services for children under 14, whether the services are publicly funded or entirely private. Parents can reduce taxable income by the costs incurred in using services provided they can show proof of payment; otherwise, they can reduce their taxable income by LF 24,000 a year per child.
<b>N</b>	<p>Parents using services that are not publicly funded (including individual carers and out-of-school care) are allowed to deduct costs from taxable income. The only condition is that parents provide proof of payment. The amount that can be deducted is the amount that parents pay above the parental payment they would make in a publicly funded service on the basis of the Government's advisory scale, up to a maximum of NFL 20,000 a year (in 1993).</p> <p>In addition, private employers providing a workplace nursery for their workers may deduct part of the cost from taxable earnings, while all employers providing a nursery for their workers receive an annual payment per place of at least NFL 2,000.</p>
<b>ES</b>	The 1991 Personal Income Tax law introduced a tax reduction for parents' costs in using a centre-based service for a child under 3 years: this means that tax reductions cannot be claimed for family day care or other individual carers. A reduction in tax equivalent to 15% of costs, with a maximum of 25,000 pesetas per child and per year, can be made when both parents are employed outside the home and if net income does not exceed two million pesetas a year for the individual tax payer claiming the reduction, or 3 million pesetas if parents file a joint return. The tax reduction can be claimed for publicly funded services as well as other services.
<b>UK</b>	Low income employed parents, who receive an income-tested benefit to supplement earnings, can receive a subsidy of part of their costs in using a service for children under and over 6 years. Costs of up to £40 a week per child can be deducted from a parent's earnings when calculating entitlement to the income-tested benefit. The subsidy can be worth up to £28 a week.

### **Total public expenditure on services for young children**

In most countries, it has not been possible to get comprehensive, recent data on public expenditure on services for children under 6 years; Table G has a large number of missing items. A particular problem concerns countries which have substantial numbers of children under 6 years in primary school, because compulsory schooling starts before 6 and/or because children are admitted before compulsory school age (notably Ireland, Netherlands and UK). A comparable cross-national comparison of public expenditure on services for children under 6 should include the costs of providing education for these children. In practice this is difficult because there appear to be no separate expenditure figures for this specific age group of primary school children - only expenditure figures for **all** children in primary school. Estimates of costs for children under 6 years have had to be based on assuming that the costs are the same for all primary school children - and should therefore be treated with caution.

The best data on total public expenditure comes from Denmark. The Ministry of Social Affairs was able to supply information on the costs of all services for children under 6 in 1994, broken down by type of service and how costs were allocated between public authorities and parents. The main omissions are capital expenditure and infrastructure costs (e.g. training, support, research, planning etc), which were not supplied for any countries. Even without these items, it seems clear that, in relation to Gross Domestic Product, Denmark has the highest level of public expenditure in the EU, running at about 1.2% of GDP. This reflects the large quantity and high quality of services in Denmark.

Sweden has no data limited to services for children under 6 years. Instead, there is information about total public expenditure on services for young children and services providing school-age childcare for children aged 6 and over, all provided within the welfare system. Public expenditure for this wide range of services was SK32.9 billion in 1993, or about 2% of GDP.

The next highest total public expenditure is France, running at about 0.7% of GDP. CNAF provides excellent and recent overall expenditure data for all publicly funded services in the welfare system, again broken down by type of service and how the costs are allocated. However, this comprehensive analysis does not extend to the very extensive services in the education system for children under 6 years, reflecting the division between these two systems and CNAF's responsibilities for welfare system services. The figure given for nursery schooling is based on average pupil costs multiplied by the number of pupils, and is likely to be less reliable than the CNAF data on welfare system services. There is also no information given for the cost of tax relief, which will be the responsibility of yet another part of government.

Belgium follows, although with some gaps in information reflecting a wide range of public bodies involved in funding services; public expenditure for which data is available comes to about 0.6% of GDP. Then come Italy and Portugal, which allocate less than half as much to services as Denmark in relation to GDP (around 0.5%). It should be noted that the Italian expenditure data, like the French, is based on two different sets of calculations. Information exists for actual expenditure on welfare system services, but for nursery schooling it is necessary to make an estimate based on multiplying average costs per place by the number of children attending schools.

For other countries, there are too many gaps in the data to justify constructing a total expenditure figure. However, from what indicators are available, it seems unlikely that any spend more, proportionately, than Italy or Portugal.

**TABLE G**  
**Total public expenditure on services for young children**

Total public expenditure on services for young children		
<b>B</b>	<b>Welfare system services</b>	
	a.Subsidies by ONE [1992]	BF1,814,090,000
	b.Subsidies by K&G [1992]	BF2,216,100,000
	c.Subsidies by FESC/FCUD [1991]	BF 189,473,000
	d.Subsidies by <i>Fonds pour l'emploi/</i> <i>Tewerkstellingsfonds</i> [1994]	BF 896,398,000
	e.Subsidies by regional government	** 29
	f.Subsidies by local authorities	**
	<b>Education system services</b>	
	g.Nursery schooling (French-speaking Community) [1993]	BF14,753,060,000
	(Flemish-speaking Community)[1993]	BF17,776,040,000
	<b>Direct subsidies to parents</b>	
h.Tax relief	BF 2,197,000,000	
<b>Total excluding (e),(f)+expenditure by German-speaking Community</b>		<b>BF39,842,161,000</b>
<b>DK</b>	<b>Welfare system services [1994]</b>	
	a.Services for children under 3 years	DK5,378,000,000
	b.Services for children aged 3-5 years	DK5,552,000,000
<b>Total</b>		<b>DK10,930,000,000</b>
<b>F</b>	<b>Welfare system services</b>	
	a.Nurseries and organised family day care [1993] <sup>30</sup>	FF 8,902,481,700
	b. <i>Relais Assistantes Maternelles</i> [1993]	FF 34,190,000
	c. <i>Halte-Garderies</i> [1993] <sup>31</sup>	FF 2,255,353,800
	<b>Education system services</b>	
	d.Nursery schooling [1993] <sup>32</sup>	FF36,652,500,000
	<b>Direct subsidies to parents</b>	
	e.AFEAMA [1993]	FF 3,052,000,000
	f.AGED [1993]	FF 432,000,000
g.Tax relief	**	
<b>Total excluding (g)</b>		<b>FF51,328,525,500</b>
<b>DE</b>	<b>Welfare system services</b>	
	a.Services for children under 3 years	**
	b.Kindergarten services for children over 3 [1990]	DM4,950,000,000
<b>GR</b>	NO INFORMATION	

29 No Information

30Based on total expenses of FF 12,364,557,900 less parental contribution at 28%

31Based on total expenditure of FF2,929,031,280 less parental contributions of 23% of total expenditure.

32Estimate based on assumption that parents contribute 10% of costs and that 20% of children attend part-time.

<b>Total public expenditure on services for young children</b>		
<b>IR</b>	<b>Welfare system services</b>	
	a.Services for children under 6 years[1993]	IRL 1,068,232
	<b>Education system services</b>	
	b.Children under 6 years in primary school [1994] c.Nursery schooling	IRL159,500,000 **
	<b>Total excluding (c)</b>	<b>IRL160,568,232</b>
<b>IT</b>	<b>Welfare system services</b>	
	a.Services for children under 3 years [1990]	LIT 984,248,515,000
	<b>Education system services</b>	
	b.Nursery schooling [1992]	LIT8,291,820,118,000
	<b>Total</b>	<b>LIT9,276,068,633,000</b>
<b>L</b>	<b>Welfare system services</b>	
	a.Central government spending on services for children under 4 years and out-of-school care for children over 4 years [1993]	LF451,900,000 **
	b.Local authority spending	
	<b>Education systems services</b>	
	Nursery schooling for children aged 4 and 5 year	**
<b>N</b>	<b>Welfare system services</b>	
	a.Central government spending on services for children under 4 years and out-of-school care for children over 4 years [1993]	NFL 472,500,000
	<b>Education system services</b>	
	b.Children under 6 years in primary school <sup>33</sup>	NFL1,620,842,000
	<b>Direct subsidy to parents</b>	
	c.Tax relief [1993]	NFL 60,000,000
	<b>Total</b>	<b>NFL2,153,342,000</b>
<b>P</b>	<b>Welfare system services</b>	
	a.Services provided by RSSCs [1990]	ESC 4,224,208,000
	b.Services provided by IPSSs [1992]	ESC17,594,815,000
	<b>Education system services</b>	
	c.Nursery schooling [1992]	ESC13,860,000,000
	<b>Total</b>	<b>ESC35,679,023,000</b>
<b>ES</b>	NO INFORMATION	
<b>SV</b>	<b>Welfare system services</b>	
	a.Services for children aged 0-6 and out-of-school care for children aged 7-12 [1993]	SK32.860,000,000
<b>UK</b>	NO INFORMATION	

33Estimate based on number of 4 and 5 year olds in school and average expenditure per pupil.

## CONCLUSIONS

In most Member States, there are two systems of publicly funded services for children under 6 years - welfare and education. Both costs and the way these are funded are determined by the differences between these systems. Welfare system services cost more because they take younger children who require high staffing levels and they are open for longer hours, although staff are less well trained and have inferior pay and conditions. Parents contribute to the general running costs of services in the welfare system, but not in the education system. In the three countries covered in this report where all services are in the welfare system, there is a common system of funding, based on parents making a contribution to all services although public sources pay the greater part of the costs.

Within this general picture, there are some important national variations. Sources of public funding vary considerably. They may include central, regional and local government, special public funds (such as *CAFs* in France) and, in a few cases, funding from employers. Funding may be simple, involving only one source (as in Denmark) or complex, involving several sources (as in Belgium, France or Italy). Some countries subsidise both services and parents' costs, others only subsidise services. The qualitative features of publicly funded services - such as levels, training and pay of staff - differ considerably, as does the quantitative level of provision: for example, Denmark, Sweden, Belgium and France all provide publicly funded services for more than 20% of children under 3 compared to less than 2% in Ireland and the UK.

This last source of variance has a major effect on overall public expenditure on services for young children. In Denmark and Sweden, total expenditure is over 1% of GDP. Elsewhere it is considerably less. To put this expenditure in perspective, 1% of GDP represents about a fifth of total public expenditure on all education services in Member States (from nursery schooling to university)<sup>34</sup>.

### **Council Recommendation on Child Care**

#### **Affordability**

How do current systems of funding measure up to the criteria in the Council Recommendation on Child Care? All publicly funded services are based on the concept of affordability, in that they are either free of charge or else charges to parents take account of family income and family size.

<sup>34</sup>For details of expenditure on education relative to GDP, see OECD (1994) *Education at a Glance: OECD Indicators*, Paris: OECD.



Within these broad common parameters, there are considerable differences between and sometimes within countries in how parents' payments are calculated. This probably means that the proportion of parent income taken in fees varies, although in this report we are not able to calculate or even estimate what proportion of parent income is taken in fees in different geographical areas and at different income levels. A comprehensive assessment of affordability would need to include such calculations, as well as a clear basis for determining what proportion of family income should be allocated to fees (an exercise which has been attempted, for example, by *CNAF* in France).

One feature of the present system is that, in general, what parents pay is determined by the age of their child. They pay less as children get older. Because services for older children cost less, fees charged in the welfare system for older children are usually less; while many children over 3 years receive free services in the education system. This situation is compounded because publicly funded services are, in most countries, less available for children under 3. This age-related differential in the cost of services to parents is not consistent with the principle of affordability, which requires that costs are determined solely in relation to family income and family circumstances.

### **Coherence**

If publicly funded services mostly address the principle of affordability, the principle of coherence, which may be defined as the removal of unjustified inconsistencies and inequalities between different types of services, is often ignored. The root of the problem is the dual systems - welfare and education - operating in most countries. Differences in costs and funding are part of a much wider range of differences that exist between services for young children in the welfare and education systems; and the question of coherence in costs and funding cannot really be considered in isolation from the broader question of how services should be conceptualised and structured. The two Member States with coherent funding across all their services for young children, Denmark and Sweden, have developed a coherent set of services, integrated within the welfare system, and conceptualised as meeting a range of functions for children and parents.

How could a coherent funding system be applied across a diverse range of services? Three options are possible. Option 1 would be to make all services for young children free of charge to parents at the time of use (with the possible exception of certain specific items such as meals and transport), extending the education system principle to welfare system services.

This option would be expensive to implement, not least because of the high cost of services for

children under 3 years. While school provision is free, it is provided for only part of the day and part of the year; services for young children that provided care as well as education would need to be available for a full day and throughout the year. The option might also benefit disproportionately families with two employed parents and higher incomes, who would tend to make greater use of the free services to ensure safe and secure care for their children while the parents were at work. However, the net benefit for higher income families compared to lower income families would depend on how progressive the tax system was and therefore how much parents at different income levels paid in taxes.

Option 2 requires parents to contribute, according to family income and circumstances, to the general costs of all services for young children; some children, for example those with special needs, might receive free places. This option already operates in Denmark, Germany and Sweden, where all services are within the welfare system.

Option 2 would be problematic for countries which already have extensive education services for children under 6 years, available free of charge. To start charging parents for these services, to achieve consistency with services in the welfare system, might well prove politically unacceptable. It would also raise issues of coherence between education services for children under and over compulsory school age; for if nursery schooling was charged for, this would then make it inconsistent with primary and secondary schooling.

Option 3 would be a mixed system. A 'core' period of service use would be free of charge for children under and over 3 years. This 'core' period might, for example, be equivalent to the hours per year of service provided by schools (although, unlike schools which usually have fixed hours, there could be flexibility about when children used their 'core' time period). If parents wanted to use services for longer than this 'core' period, they would make some contribution to costs. This option would be most appropriate in countries with established education systems providing services for young children, where it would be difficult to apply Option 2; similarly, it would be unlikely to appeal in countries which already operate Option 2, with all services for young children in the welfare system.

This option would have the advantage of maintaining coherence with the education system. It would also be more equitable between families with and without two employed parents. Families with one non-employed parent, who might want to use a service but for shorter hours, would benefit from the free 'core' period, while most families with both parents employed would pay some fees for their use of 'non core' time.

However, it might have an adverse effect on individual services and children if hours of attendance were influenced more by parents' financial considerations than the needs of the children. For example, stability in children's groups, relationships between children and adults and the ability of children to benefit fully from the service might be undermined if some parents were not able or willing to pay for their children to attend outside the free 'core' period.

### **Responsibility for funding**

The Council Recommendation raises the issue of the "*respective responsibilities*" of different groups for funding services. Broadly speaking, there are three possible sources of funding: government (at different levels); employers; and parents. All governments assume some responsibility for funding services for young children - but the extent of responsibility varies. To take two extremes, the UK and Irish Governments only take responsibility, within the welfare system, for supporting children considered to be 'at risk', in terms of health, development and disability; while the Danish Government assumes responsibility for providing services for all children whose parents want them to attend.

This raises two issues. First, if services are to be affordable, what proportion of total costs should be met by public funds? At present, in most cases where services are not entirely publicly funded, public funding accounts for 70-90% of costs, with the most common share being 75-85%. This latter range might therefore be taken as a broad target for the development of future services, especially if combined with a target for the proportion of family income that parents would be expected to pay for services for young children.

Second, should public subsidies be distributed direct to services or direct to parents? All Member States subsidise services directly and most also subsidise some or all parents directly. Subsidies to parents can take a variety of forms, including tax allowances, vouchers and cash grants. They may increase choice for some parents, in that they can use the subsidy where they choose. As well as increasing choice in formal services, subsidies to parents may also enable some public funding to go to informal carers and in particular to relatives, the main carers of young children in most countries. Moreover in a situation where there is a shortage of directly subsidised services, subsidies to parents may reduce inequalities arising from many parents not having access to subsidised services or not wanting the subsidised services on offer (for example, experience in countries such as France and Sweden indicates that higher income families are more likely than lower income families to want and use publicly funded services for children under 3<sup>31</sup>).

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31 Melhuish, E. and Moss, P. (eds) (1991) *Day Care for Young Children. International Perspectives*, London: Routledge

Subsidies to services however can be used to improve quality by making funding conditional on a service meeting certain conditions. They are a means to guide the development of services. Subsidies to parents can be tied to the service used being in some way approved by public authorities. But it is difficult to insist on too many conditions without reducing parental choice and making the system very complex to administer.

Subsidies to parents also foster inequalities. Tax relief has the advantage that it does not require a system of means testing to administer. But at the same time this means that subsidies do not discriminate between high and low income families and may, in some cases, actually favour higher income families. Moreover, subsidies to parents leave the way open to parents to supplement the public subsidy from their own private income, encouraging higher income families to buy more expensive and better quality services in the private market.

Finally, subsidies made direct to parents to pay for services within the welfare system are incompatible with the principle of coherence, since they increase differences in funding between services in the welfare and education systems - unless of course it is decided to shift all education services to a system based on subsidies paid directly to parents.

In most countries, some individual employers contribute to the provision of services for young children, either through direct subsidy of services used by their employees (eg. workplace nurseries) or by subsidising some of the costs of their employees. While the proportion of children who benefit from some form of employer subsidy is probably small across the EU overall, particular employers have played a significant role in supporting provision for their own workforces. In practice, therefore, some funding of services for young children comes from individual employers, mainly as a pragmatic response to the unmet needs of their employees. But should employers, in principle, be involved in funding services for young children, over and above what they pay in general taxation? If so, on what basis?

The argument for employer involvement in funding is that services for young children are necessary to ensure an adequate labour supply for employers. There are, however, several counter-arguments. Many conditions are required to ensure an adequate labour supply, including good public transport and roads, schools and colleges, and services providing care for elderly people. Why single out one condition and require employer funding for it, but not others?

Moreover, services for young children are not only provided to enable parents to go out to work. Good services meet a variety of needs for a wide range of children and parents, employed or not;

they can be regarded as part of the social infrastructure, promoting child welfare and education, gender equality, family functioning and community cohesion. Why should employers fund one part of the social infrastructure, but not others, such as health services and schools? Last but not least, a general levy on employers will add to their costs at a time when non-wage labour costs are under scrutiny for their adverse effects on competitiveness and employment<sup>32</sup>.

These arguments apply to any system of funding which depends on an 'earmarked' employer contribution to help fund services for young children. However there are different approaches to employer funding. One approach, applied for example in France, requires **all** employers to subsidise the **system** of services through a general levy which is then recycled to local authorities and other service providers and used to support the full range of services for young children, whether or not they are used by employed parents. A variation, seen in Belgium, is for all employers to contribute to a general fund, which prioritises services used by employed parents. Either way, however, with this approach individual employers are not funding places for individual members of their workforces.

The alternative approach is for individual employers to subsidise **individual places** specifically for members of their workforce, either with or without some system of incentives. The most developed example of this approach is the Dutch Stimulative Measure in which public funding is used as an incentive to encourage individual employers to fund services. As a principle of funding, this individualised approach has two specific drawbacks. First, it ties children's access to services to the employment status of a parent and, more specifically, to the value of an employed parent to his or her employer. Access to services depends therefore on the needs of a particular employer rather than the needs of parents and children. Second, it reinforces a fragmented approach to services, distinguishing and favouring one particular need for one particular group (ie. **care** for **working** parents), in contrast to an integrated approach based on the concept of multi-functional services meeting a wide range of needs in their local community.

### **The need for better information**

This study by the Childcare Network has taken an initial look at the costs and funding of services for young children. However, it is important to emphasise again the limits of this exercise. It does not cover privately funded services, some important cost items, benefits provided by services and the costs of leave arrangements which may have a major influence on the demand for and use of services.

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<sup>32</sup>cf. Chapter 9, in European Commission (1994) *Growth, Competitiveness and Employment: the Challenges and Ways Forward into the 21st Century*, Brussels: European Commission.

Even within its limited terms of reference, the report reveals, yet again, the need for improved information on services for young children<sup>33</sup>. Few Member States provide current, comprehensive, comparable and detailed information on the costs of the full range of publicly funded services for young children.

Improved financial information is required that would make it possible to have reliable cross-national data on:

- \* the costs, both running costs and capital costs, of different services (publicly and privately funded; including formal and informal provision; and in both the welfare and education systems);
- \* the costs of infrastructure for services (training, regulation, support, planning, research and development);
- \* how the costs are allocated between government, employers, parents and others; and
- \* how costs vary between different socio-economic groups of families, including the proportion of family income expended on services for different socio-economic groups.

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<sup>33</sup> The need for improved information on non-financial aspects of services for young children has been discussed in an earlier Network report, Humblet, P. (1994) *Monitoring Childcare Services*. Brussels: European Commission Equal Opportunities Unit.

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