

Berkeley Social Welfare

*From Subsistence to Well-Being:
Calibrating Welfare State
Investments in Early Childhood*

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Early Childhood Policy Development

- ◆ Late 19th century:
 - Declining fertility
 - Child and maternal health
- ◆ 20th & 21st centuries:
 - Women's labor force participation
 - Work-life balance
 - Gender equity
- ◆ Revitalization of the social investment approach
 - Preparing a child for formal schooling
- ◆ Uneven policy development
 - Variation in history, scope, and generosity across developed economies

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Research Question

Do patterns of public social investments in young children conform to basic conceptions of welfare state regime types?

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A series of 3 indices to measure public investments in early childhood:

Methodology

- 1) Child Allowances
- 2) Paid Parental Leave
- 3) Early Childhood Education and Care (ECEC)

2001-2011

Regime	Country Pairs
Nordic	Norway & Sweden
Central European	France & Germany
Southern European	Italy & Spain
Asian	Japan & Korea
Liberal	United Kingdom & United States

Sources

OECD Social Expenditures Database (SOCX)

- ◆ Family section
 - Extracted Dec 2014 & Jan 2015
- ◆ Selected only programs relevant to the indices
- ◆ Limitation re: cash allowances

OECD country-specific reports and SOCX Country Notes

- ◆ Benefits & Wages (2001-2011)
 - Eligibility & benefit structure
 - Tax allowances & tax credits

Other sources noted in paper

Codebook

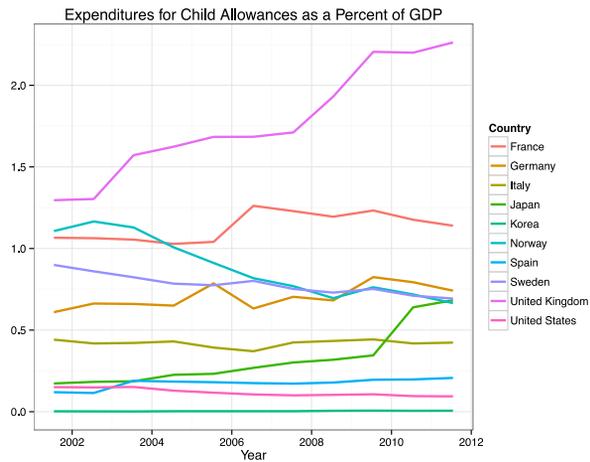
Each index includes:

- ◆ Expenditures
 - As a percent of Gross Domestic Product
- ◆ Policy design indicators
 - Represent distribution of benefits in the population

Index Construction

- ◆ Each country is scored between 0 and 1 for each year for each index
- ◆ Expenditures (as a percent of GDP) and policy design indicators are rescaled using the empirical cumulative distribution function (ECDF)
 - Forces a distribution between 0 and 1
 - Differences between countries have meaning for a given year

CHILD ALLOWANCES – Expenditures Only



Codes: Child Allowances Policy Design Indicators

Child allowances benefit scheme

- 0 No child allowance
- .25 Means-tested eligibility
- .40 Other condition for eligibility (number of children; sibling order; family composition; child age; past or current employment), but not means-tested
- .66 Not means-tested for eligibility; benefit amount may vary by income, child age, or sibling order
- 1.00 Universal, per child benefit (not means-tested)

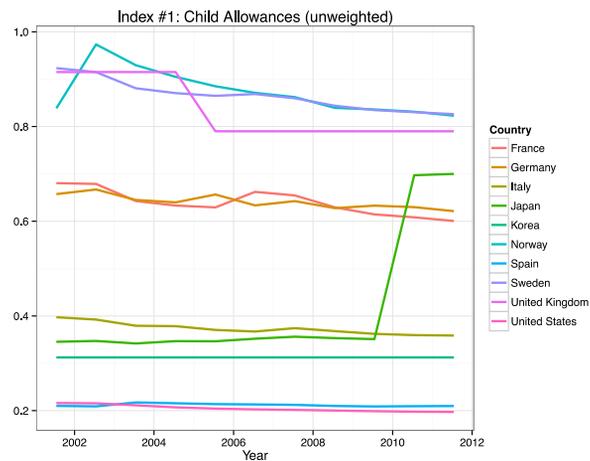
Child allowances designated specifically for lone parents

- 0 No
- .5 Yes, means-tested
- 1.0 Yes, not means-tested

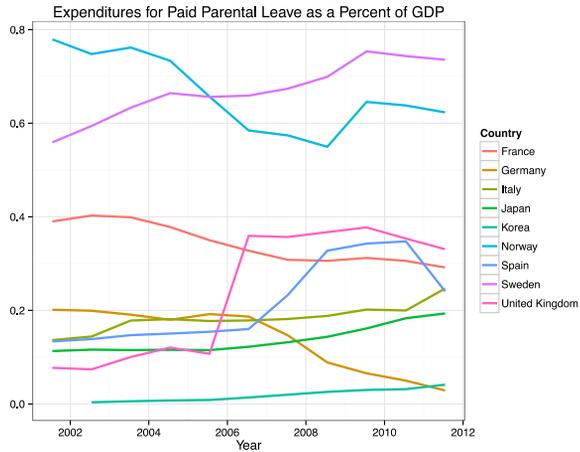
Child allowances designated specifically for larger families or child age <3

- 0 No
- .5 Yes, means-tested
- 1.0 Yes, not means-tested, or mixed (means-tested and not means-tested)

INDEX #1: CHILD ALLOWANCES



PAID PARENTAL LEAVE – Expenditures Only



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Codes: Paid Parental Leave Policy Design Indicators

Paid parental leave scheme

- 0 No paid benefits
- .33 Conditional eligibility (i.e., employee contribution; income; not self-employed; number of children; or age of children)
- .66 Mixed eligibility: conditional and not conditional
- 1.00 Universal

Duration of paid maternal, paternal, and parental leave

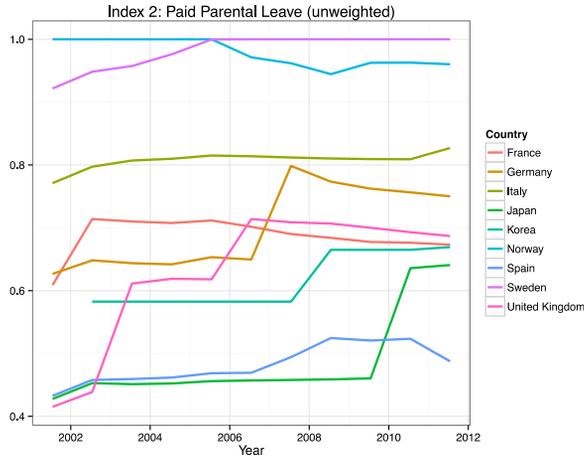
- 0 None
- .33 Up to 4 months (<16 weeks)
- .66 4 months up to 12 months (≥ 16 weeks and <52 weeks)
- 1.00 12 or more months (52 weeks or more)

Paid paternal leave availability

- 0 None
- .33 Yes, but not dedicated to fathers
- .66 Yes, fewer than 4 weeks dedicated exclusively to fathers
- 1.00 Yes, 4 weeks or more are dedicated exclusively to fathers

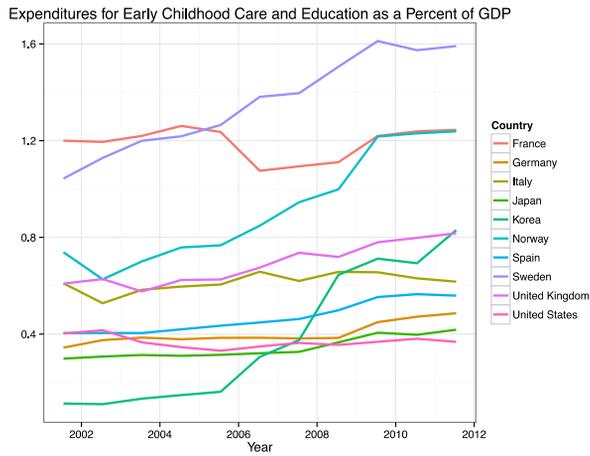
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INDEX #2: PAID PARENTAL LEAVE



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ECEC – Expenditures Only



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**Codes: Early Childhood Education and Care (ECEC)
Policy Design Indicators**

Tax relief (tax credits, deductions, or allowances) for ECEC expenses

- 0 No
- 1 Yes

Paid benefit, fee reduction, or tax relief for purchased public or private care alternatives to government-sponsored, center-based care

- 0 No
- 1 Yes

Type of center-based ECEC, for children 0-2 years old

- 0 Private only
- .5 Mixed public and private
- 1.0 Publicly available, with out-of-pocket costs (generally based on income, number of children, and/or age of children)

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**Codes: Early Childhood Education and Care (ECEC)
Policy Design Indicators (continued)**

Type of center-based ECEC, for children 3-5/6 years old

- 0 Private only
- .25 Mixed public and private
- .50 Publicly available, with out-of-pocket costs (generally based on income, number of children, and/or age of children)
- .66 Mixed fee-based and free
- 1.00 Free

*Age at which ECEC is entitled or customarily provided**

- 0 No entitlement or customary provision
- .25 Age 4/5
- .50 Age 3
- .75 Age 2
- 1.00 Age 0-1

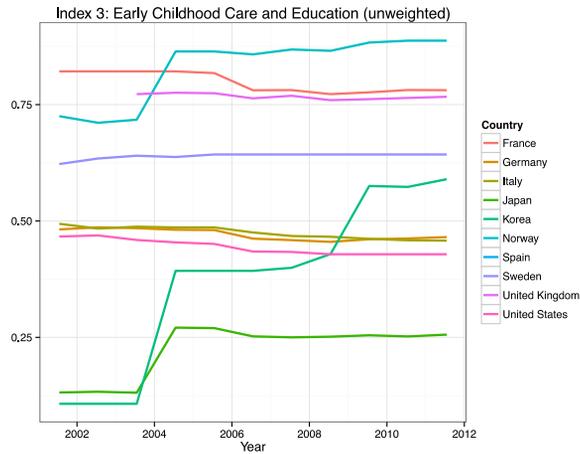
Additional consideration for lone parents through fee reductions, benefits, tax relief, or prioritized access to ECEC services

- 0 No
- 1 Yes

*sources do not indicate policies on an annual basis

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INDEX #3: EARLY CHILDHOOD EDUCATION & CARE



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Unweighted

For Child Allowances & Paid Parental Leave:

- Policy design indicators comprise 75% of the value of the index
- Expenditures comprise 25%

For ECEC:

- Policy design indicators comprise 86%
- Expenditures comprise 14%

Two weighting schemes successively assign increased prominence to expenditures; additional comparisons across regimes and countries can be made.

Weighting Schemes

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Main Findings

- ◆ Investments in early childhood vary considerably across countries and program types
- ◆ Variations are often not based on regime types
- ◆ Similarities in expenditures and policy design may transcend regime affiliations
- ◆ Conclusion: Regime theory alone does not provide sufficient specificity for explaining variation in public investments in young children

Findings based on regime type

- ◆ Nordic regime pair displays the closest affiliations
 - Stronger for child allowances and paid parental leave than for ECEC
- ◆ Liberal regime pair displays the greatest disparities
- ◆ France spends more than Germany on all 3 programs; closest alignment in index scores is for child allowances
- ◆ Italy and Spain are more tightly affiliated for ECEC expenditures than other regime pairs
- ◆ Japan and Korea experience policy expansions
 - Korea markedly increases spending and policy scope for ECEC
 - Japan increases scope and spending for child allowances
 - Japan and Korea modestly increase paid parental leave expenditures

Findings for investment trends

- ◆ All countries except the United States increase spending for ECEC
- ◆ Norway and Sweden remain leaders in generosity and scope of paid parental leave
- ◆ Four countries expand benefits for fathers (France, Japan, Korea & UK)
- ◆ United Kingdom dramatically increases spending for child allowances as a percent of GDP
- ◆ Norway and Sweden display high levels of investment in young children (but decline in spending for child allowances)

Conclusion

The indices depict a “*child investment package*” within a human capital framework that captures important distinctions in policy approaches.

The relative importance of expenditures and policy design factors can be modeled through weighting schemes.

Thank you!

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