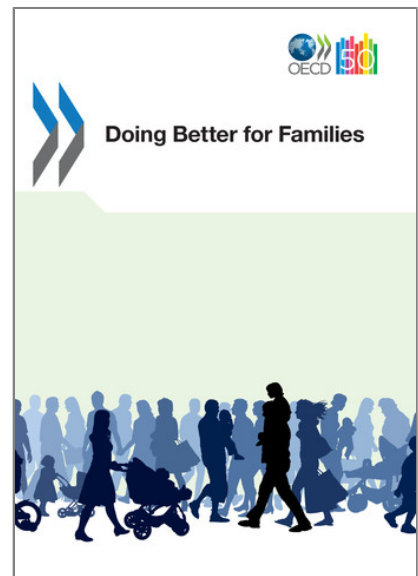


OECD *Multilingual Summaries*

Doing Better for Families

Summary in English



- All OECD governments want to give parents more choice in their work and family decisions.
- This book looks at the different ways in which governments support families.
- It seeks to provide answers to questions like: Is spending on family benefits going up, and how does it vary by the age of the child? Has the crisis affected public support for families? What is the best way of helping adults to have the number of children they desire? What are the effects of parental leave programmes on female labour supply and on child well-being? Are childcare costs a barrier to parental employment and can flexible workplace options help? What is the best time for mothers to go back to work after childbirth? And what are the best policies to reduce poverty among sole parents?

Family policy pursues different objectives

All OECD governments aim to support families and to give parents more choice in their work and family decisions. Countries differ considerably, however, in the types and intensity of support provided. These differences are rooted in countries' histories, their attitudes towards families, the role of government and the relative weight given to the various underlying family policy objectives, such as: reconciling work and family responsibilities, helping parents to have the number of children they desire, mobilising female labour supply, promoting gender equality, combating child and family poverty, promoting child development and generally enhancing child well-being from an early age.

Family policy currently faces many challenges including those posed by low fertility and population ageing, the prevalence of family poverty and sometimes worrying child outcomes. Work, family and child outcomes differ markedly across countries. Nordic countries generally have significantly better family outcomes than the OECD average, while Australia, Belgium, France, the Netherlands and New Zealand also do well on many accounts. Other countries face challenges in a range of areas (Chapter 1).

Ensuring fairness in the face of budget cuts

On average across the OECD, public spending on family benefits amounts to just over 2.4% of GDP. In most OECD countries, most of this goes to financial support, i.e. payments during parental leave, child allowances and/or tax advantages for families. However, in the current context of fiscal consolidation, budget strategies sometimes involve freezing or reducing child allowances, temporary suspension of income supports during leave, and cutbacks in formal childcare support.

The best and fairest ways of reforming family policy in an era of fiscal consolidation will vary across countries. As most countries pursue a range of objectives in their family policies, consolidation measures in this area must be evaluated carefully against the different objectives and outcomes. Countries that do well on family outcomes devote about half of public spending on family benefits to in-kind services, including quality early childhood care and education services, so it makes sense to sustain this investment. Also, countries which deem it necessary to reduce family support should ensure the most vulnerable are protected.

Making public family support more effective

The efficiency of family service delivery can be increased in many ways. Universal support systems ensure that all children are covered, without stigma, but they are expensive. A “cascaded” approach that provides universal services with more intensive delivery to targeted populations will often be more efficient. For example, a universal system of health visits for families with infants could be supplemented with more intensive service delivery for needy families, as identified through the universal visits.

Families in need often face multiple risks and require multiple interventions. These are most effectively delivered through integrated local-level services, co-located services and/or personal advisers that help families find the service they need. The efficiency argument for integrated services is strong. There are economies of scale, particularly for co-location on sites such as schools, clinics or formal childcare centres. Co-location can promote innovation in working practices amongst professionals and it reduces the risk that support is withdrawn or approved unjustly, because different case assessments are directly available on site. For clients, integrated access can tackle both the disadvantage and the causes of the disadvantage (e.g. poor health leading to homelessness or vice versa). Repeat visits are avoided, reducing the burden of time, money, and emotional costs. Giving families vouchers for certain services (e.g. housing) and making these conditional on the provision and use of other services (e.g. improving child health) can empower vulnerable families to break the cycle of disadvantage and dependency.

Family benefits can also be made conditional to achieving other objectives. Such conditions can include: job-search requirements for parents on income support provided childcare supports are available, pre-school participation of toddlers, vaccinations of children, or medical visits and participation in formal education.

The rate of return on public investment in human capital is higher when it takes place in early childhood and is maintained into young adulthood. A coherent policy approach for the early years would ensure that childcare services

are available when leave benefits run out and that there is little difference in investments for children attending pre-schools or compulsory education. However, in most countries, public spending on such benefits is concentrated on the school years rather than on early childhood. Countries should do more to re-orient education spending towards the early years and to ensure that any early benefits are sustained through compulsory education. For example, whilst still maintaining overall investment in tertiary education, countries could envisage a greater role for private investment and a well-developed system of student loans. Freed-up public resources could then be spent on young children.

Enabling people to realise their plans to have children

There has been a long downward trend in birth rates in many countries, but since the early 2000s there has been a small rebound in about half of the OECD countries. Nevertheless, many people still have fewer children than they would like, especially in many southern and central European and Asian OECD countries. More so than elsewhere in the OECD, the mix of societal attitudes, and public and workplace measures to reconcile work and family life, push adults to choose between work and family life in these countries. The consequences are a postponement of parenthood, fewer large families, and, in European low-fertility countries, high levels of childlessness. Relatively high housing and private education costs in Japan and Korea further constrain parental options.

Policy that helps parents to have their desired number of children has to be sustained over time and help combine family and working life. Introducing or increasing cash support can have a temporary positive effect on birth rates, but investment in formal childcare services as part of a range of supports seems to be more effective. Nordic countries provide a universally accessible continuum of public supports of paid and job-protected parental leave, subsidised early care and education supports, and out-of-school hours care (OSH care) until children enter secondary school. Parenthood and careers are perceived as simultaneously achievable, not mutually exclusive. They tend to have above-average birth rates. Similar supports exist in France, but with greater focus on larger families where mothers are less likely to be in paid work: in France, female employment rates are at the OECD average and lower than in the Nordic countries, but it has a higher birth rate and a greater proportion of larger families.

In Anglophone countries, female employment rates and birth rates are also above average. Policy gives a greater role to income-testing of benefits and supports and relies more on individuals finding flexible workplace solutions, with many mothers working part-time before children enter primary school in Australia, New Zealand and the United Kingdom. Working parents in the United States are also helped by the low cost of domestic services, but this raises concerns about the quality of informal and/or cheap childcare.

Mobilising female labour supply and promoting gender equality in paid and unpaid work

For countries with stabilising or declining working-age populations, it is crucial to mobilise female and maternal labour supply more effectively. This is one key element to ensuring future economic prosperity and the financial sustainability of social protection systems. Changing female aspirations have led to increased female labour market participation. In Asian, Nordic, and southern European countries, men and women work predominantly full-time. By contrast, in the Netherlands and Switzerland, but also in Australia, Germany, Ireland, New Zealand and the United Kingdom, much of the increase in female employment has been on a part-time basis, adding to the job satisfaction of most of these workers, but often with negative consequences on career progression.

There is potentially a “business case” for family-friendly workplace support. Having a family-friendly workplace can motivate current staff, reduce staff turnover and sickness absenteeism, help attract new staff, reduce workplace stress and generally enhance worker satisfaction and productivity. The “business case” is strongest for workers who are difficult to replace, and for flexible workplace arrangements that least affect the production process. Employers frequently offer part-time employment opportunities, but the business case for working time flexibility with employees choosing their own start and finishing times, or teleworking is less evident. Unions and worker representatives can also play an important role in improving the provision of family-friendly work practices, but either they lack bargaining power, and/or do not prioritise demands in this area.

To successfully promote female and maternal labour force participation, policy should provide strong financial incentives to work, for both women and men. Policy should also provide financial supports for formal childcare, OSH care and, as appropriate, flexible workplace supports, and promote their use among both mothers and fathers. If fathers were to take on a greater role in unpaid care, this would help mothers to enter work or increase their working hours.

Gender gaps in paid and unpaid work are narrowing, but remain wide. On average across the OECD, female employment rates are over 13 percentage points below male rates. The gap is wider when taking account of the fewer working hours of women compared with men. The gender pay gap at median earnings is 16% on average in OECD countries. Women also do most unpaid work at home in all OECD countries. On average, women devote two hours more per day to unpaid work than men do. Even non-working fathers devote less time to caring than working mothers. There are also clear divisions in the type of care provided by men and women: mothers typically provide physical personal childcare and housework, while fathers spend more time on educational and recreational childcare activities.

It has proven difficult to redress the gender balance in earning and caring, partly because countries may not want to impose solutions on parents. Hence, parents generally choose who is going to take parental leave or otherwise divide care responsibilities. However, in a number of countries (the Nordic countries, Germany and Portugal) paternal leave is promoted by granting fathers the exclusive right to part of the parental leave and/or ample income support during the leave. This has resulted in more fathers taking more parental leave, but it is unclear whether this has led to a more equal sharing of responsibilities and whether the changes are durable.

Combating child poverty

Since the 1980s, average family incomes have increased across the OECD. But in many countries, child poverty rates have risen too. This suggests that in these countries family incomes have risen less than those of households without children. In other countries, child poverty fell over the past decade; the biggest gains were seen in those OECD countries with historically high levels of child poverty including Chile, Italy and the United Kingdom.

Paid work, in every OECD country, is more likely to lift families out of poverty. Jobless families are at the highest risk of poverty, while sole-parent and younger families with no more than one adult in work are at the highest risk of poverty. Most countries with female employment rates around or above the OECD average have low child poverty rates, except for Israel, Portugal and the United States. This could be addressed by developing and/or extending existing in-work benefits drawing on the extensive cross-country experience to design them in a cost-effective manner (the earned income tax credit in the United States) and childcare supports for working families. Recent experience in the United Kingdom shows that a combination of measures setting a relatively low wage floor, targeted working family cash benefits (with subsidies for sole-parent families) and an increase in childcare places and subsidies can help.

Keeping parents out of long-term benefit dependency is crucial to reducing child poverty. Policy can help parents to find work and develop their careers. Most OECD countries, except Ireland and, until recently, New Zealand, have made parental income support conditional on job-search and other participation commitments once the youngest child has reached compulsory school age. However, sole parents on income support can only be expected to work if suitable, reasonably priced childcare supports are available. Investment in training and other intensive employment supports may be required when the parent(s) have been out of work for a considerable period.

Not all parents who are obliged to make child-support payments do so. Therefore, public child-support programmes can also be important for reducing child poverty, but their effectiveness varies significantly across countries. For example, in Denmark and Sweden child-maintenance programmes reduce child poverty by 2.5 percentage points, but only by 1 percentage point in the United States. The Danish and Swedish systems ensure regular supports to the parent with care responsibilities through advance payments that are later recouped from the parent obligated to provide financial help. In the United States, payments are only made once the funds have been received from the parent who is obliged to pay child maintenance. Thus, governments may need to guarantee a minimum payment, regardless of the economic circumstances of the parent making maintenance payments.

What is best from a child development perspective?

Across the OECD, the share of children in early childhood care and education has increased. Between 1998 and 2007, preschool enrolment rates for children up to 5 years old grew from about 30% to over 50%. Socio-economic characteristics affect the intensity and type of childcare services that families are using. Children in the lowest income groups are less likely to be enrolled in formal childcare services than those from richer families.

Low-quality care, too many hours in care and participation in care before age one are associated with more behavioural problems. High-quality formal childcare is linked with moderate cognitive gains. But economic

circumstances are more important predictors of child's outcomes (especially cognitive) than maternal employment or participation in childcare. For children from more disadvantaged homes, high-quality childcare provides the largest cognitive and social developmental gains.

From a career perspective, women are probably best advised to go back to work around six months after childbirth; from a child development perspective, things are not so clear-cut. Behavioural and cognitive development effects and the reduction of poverty risk may cancel each other out, especially for children in low-income families. In general, a return to work of the mother before the child is 6 to 12 months old may have more negative than positive effects. As from age 2, the positive effects of participation in high-quality formal care tend to outweigh the negative ones, especially for disadvantaged children; the picture is less clear for the period in between.

No matter when parents return to paid work, good parenting is crucial. Some OECD countries provide parenting support through home visits or family/child service centres. Promoting breastfeeding and parenting activities that contribute to the child's development, as well as providing guidance on what to do in stressful situations, can help improve child outcomes.

Across the OECD, countries have developed different policies to enhance the well-being of parents and children. Family benefits and services are an important tool to assist families in achieving their preferred work and family outcomes. The right balance of family policy tools is of particular relevance in times of difficult economic circumstances. This volume reviews what is known about family and child policies and outcomes, what works and what does not, and hopes to make a contribution to improving family policy in the future.

© OECD

Reproduction of this summary is allowed provided the OECD copyright and the title of the original publication are mentioned.

Multilingual summaries are translated excerpts of OECD publications originally published in English and in French.

They are available free of charge on the OECD Online Bookshop www.oecd.org/bookshop

For more information, contact the OECD Rights and Translation unit,

Public Affairs and Communications Directorate at: rights@oecd.org or by fax: +33 (0)1 45 24 99 30.

OECD Rights and Translation unit (PAC)

2 rue André-Pascal, 75116

Paris, France

Visit our website www.oecd.org/rights/

