

Money or kindergarten? Distributive effects of cash versus in-kind family transfers for young children ^[1]

OECD Social, Employment and Migration Working Papers

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Source: Organisation for Economic Cooperation and Development

Format: Article

AVAILABILITY

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Abstract

Public support to families with pre-school children can be in the form of cash benefits (e.g. child allowances) or of "in-kind" support (e.g. care services such as kindergartens). The mix of these support measures varies greatly across OECD countries, from a cash / in-kind composition of 10%/90% to 80%/20%. This paper imputes the value of services into an "extended" household income and compares the resulting distributive patterns and the redistributive effect of these two strands of family policies. On average, cash and in-kind transfers each constitute 7 - 8% of the incomes of families with young children. Both instruments are redistributive. Cash transfers reduce child poverty by one third, with the estimated impacts in Austria, Ireland, Sweden, Hungary and Finland performing above average. When services are accounted for, child poverty falls by one quarter and poverty among children enrolled in childcare is more than halved. This reduction is highest in Belgium, France, Hungary, Iceland and Sweden.

Region: Canada ^[3]

Tags: kindergarten ^[4]

international organizations ^[5]

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[1] <https://childcarecanada.org/documents/research-policy-practice/14/05/money-or-kindergarten-distributive-effects-cash-versus-kind> ^[2]

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