

Can child groups solve the childcare problem of Czech parents?

Peer Review on 'Making Work Pay for Mothers'
Peer country presentation: Czech Republic

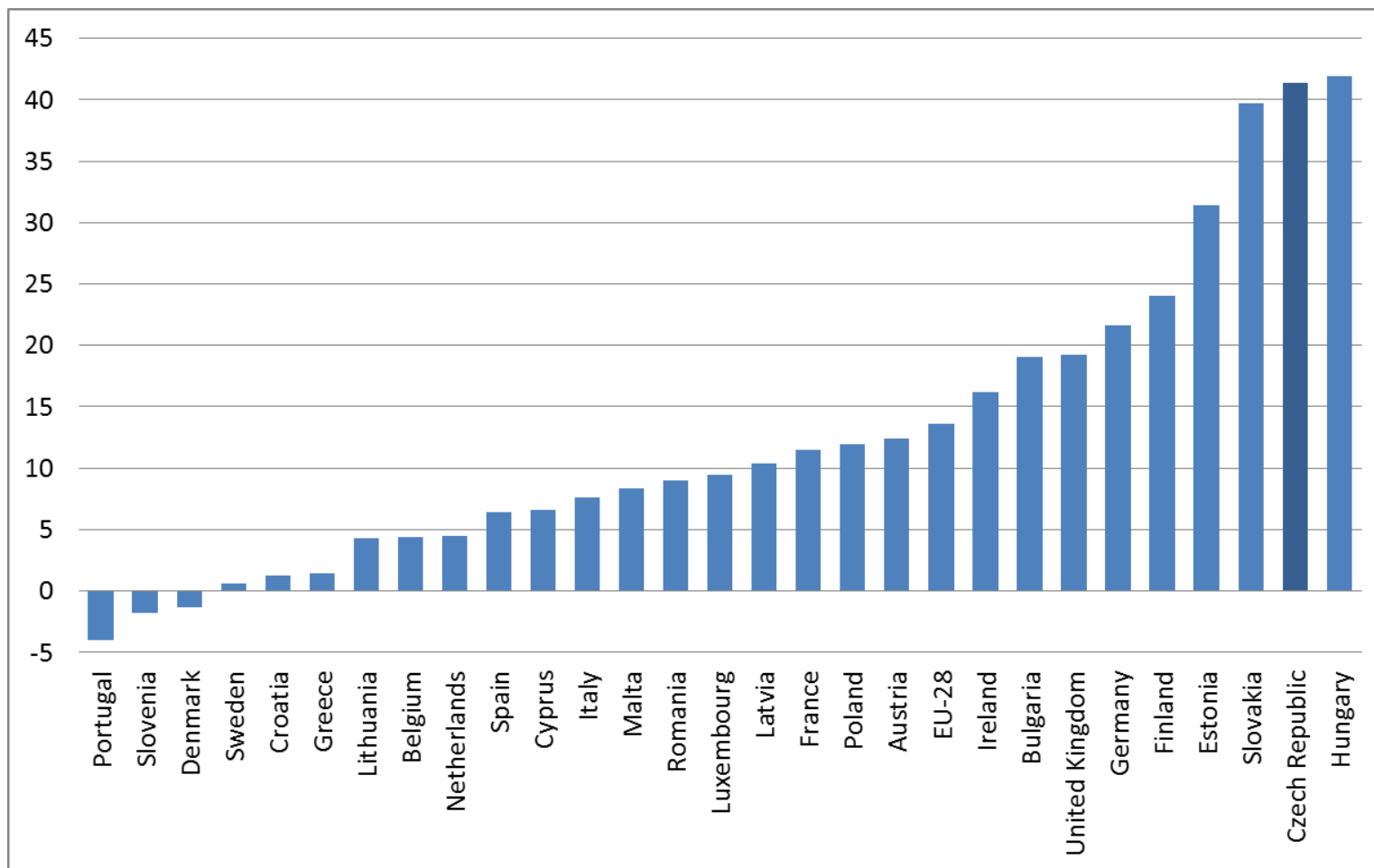
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Labour supply of Czech women

- Employment rate of working age women:
 - Czech Republic: 75.5%
 - EU-28: 71.1%
- Employment rate of women with pre-school children:
 - Czech Republic: 43.7%
 - EU-28: 61.6%
- Employment impact of motherhood is one of the largest in the EU
 - Negatively impacts gender wage gap, unemployment rates, and future careers of women.

Employment impact of motherhood

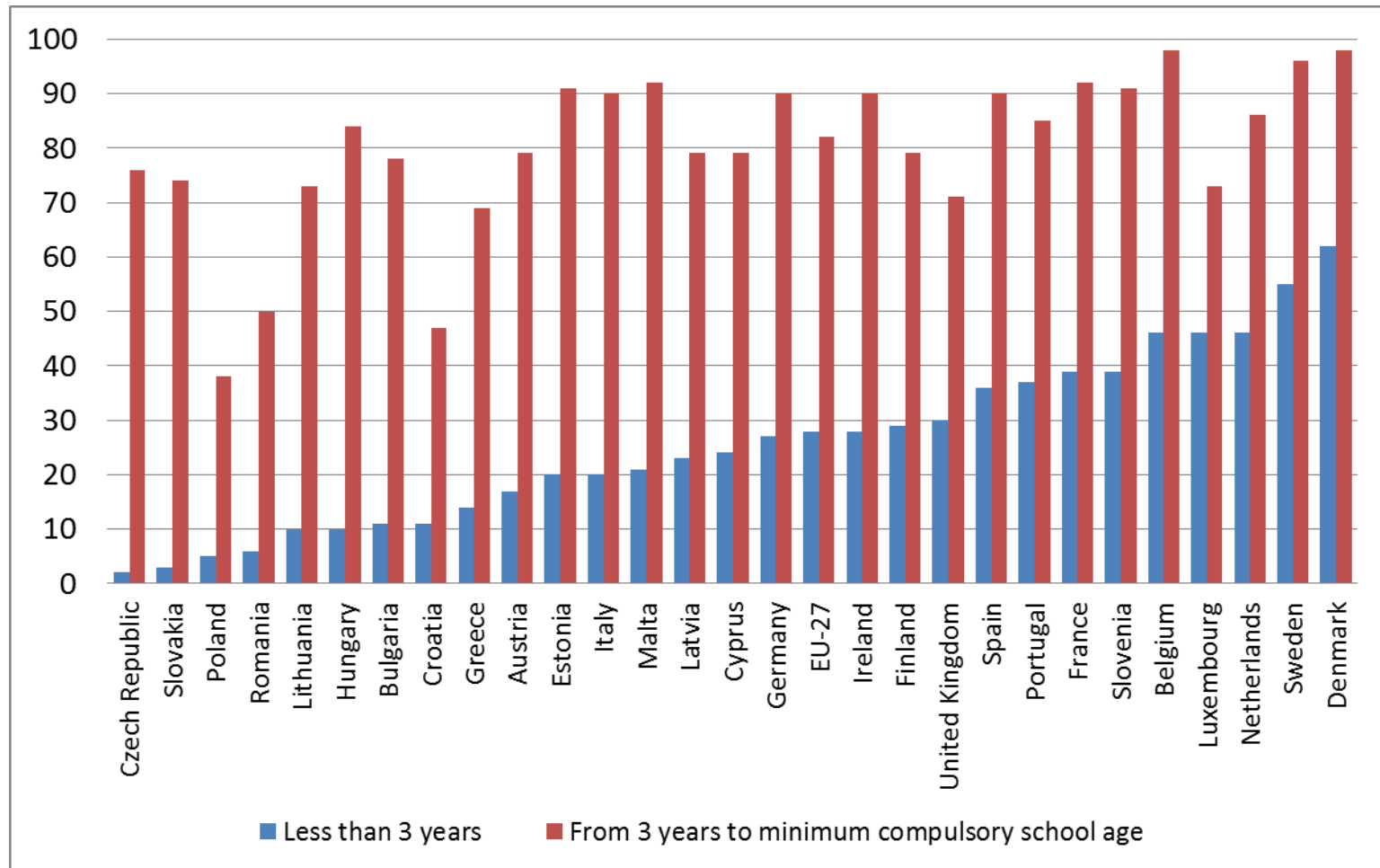


Note: The Figure depicts a percentage point difference between the employment rate of childless women of working age and working age women with children aged 0-6 years. Source: Eurostat: Employment rate of adults by sex, age groups, highest level of education attained, number of children and age of youngest child, 2013 (<http://ec.europa.eu/eurostat/data/database>).

Childcare

- Children below 3 do not attend formal childcare:
 - 1990s: extensive closure of public nurseries
 - Private nurseries are very expensive
 - Only 2% of children below 3 attend formal childcare
- Situation is better for children aged 3 – 5:
 - 76% of children attend formal care (EU-average is 82%)
 - but, there are huge regional disparities in the public kindergartens' availability

Percentage of children attending formal childcare by age group



Source: Eurostat: Formal child care by duration and age group, 2013 (<http://ec.europa.eu/eurostat/data/database>).

Childcare-related policy measures

- Czech policy makers are not willing to invest in free childcare or directly increase the supply of public childcare facilities
- November 2014: Act on Child Group
 - a new form of childcare for children aged 1-6
 - non-commercial childcare provision by employers, municipalities, and other institutions
 - costs of running children's groups are tax-deductible, health and safety requirements are somewhat loosened
 - parents are eligible for a new tax credit to (partially) cover the costs of childcare

Impact of the Child Group Act

Number of children in formal childcare is supposed to increase by 67 000

But:

- No reliable estimates about the number of parents who might enter the labour market
- No data to estimate the impact ex post
- Not clear if it improves accessibility and affordability of childcare
 - No data about the costs of childcare in child groups (compared to private kindergartens)
 - Tax credit is too low to substantially decrease childcare costs for parents

Lessons from the Maltese experience

- Free childcare appears costly at first glance

But:

- Direct costs of such measures can soon be outweighed by benefits
 - increased tax contributions, other monetary benefits, but also indirect benefits
- Media attention, information campaigns
- Importance of consultations with childcare providers

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THANK YOU