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Unit F-5: Education, health and social protection

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<https://circabc.europa.eu/w/browse/70400e55-173f-433f-93ad-c8315904a11e>

ESSPROS Expert Group (1486):

<https://circabc.europa.eu/w/browse/96adef83-8ee4-4c76-8c37-83502f932ec9>

**Working Group**  
**“Social Protection statistics”**

**27-28 April 2016**

Dissemination: Proposed article on Family/children benefits

Item 8 of the Agenda

**Meeting of the Working Group “Social Protection statistics”**  
**Luxembourg, 27-28 April 2016**  
**BECH Building – Room Quetelet**

## **INTRODUCTION**

This document provides a draft outline of a statistics explained article that Eurostat would like to publish during the coming year, to present data for the family/children function. In future similar articles on other functions will be considered.

The article will cover data at both general and detailed levels (by scheme and by detailed classification) and inform on methodological issues that users need to be aware of. It will present data for the latest reference year as well as changes over time at EU level and, where relevant and possible, at country level.

The data used in this draft outline were downloaded from Eurobase on 9th February 2016 at which point 2013 data were not yet available for Greece, Poland and Turkey. Data will be updated before publication.

In order to attempt to identify the reasons behind observations at EU and country level, the article may make use of the data by scheme but only for countries that have agreed to the dissemination of this data.

The Working Group is requested to provide comments on this outline and the proposed analysis. The outline will be revised accordingly and a full draft of the article produced in September (or as soon as the 2014 data are finalised). The Working Group will be consulted on the results before it is released.

Note that even in outline form the document already amounts to 12 pages and that it may be necessary to restrict the article in order to comply with Eurostat standards for Statistics Explained articles. Delegates may wish to comment, therefore, on which they think are the most important issues to be covered.

### **ARTICLE OUTLINE**

#### **1. Introduction**

Social protection expenditures are transactions whose purpose is to enable the provision of social protection benefits. This article presents statistics on social protection benefits intended to address the risks and needs associated with family and children. The data are collected annually through the European system of integrated social protection statistics (ESSPROS).

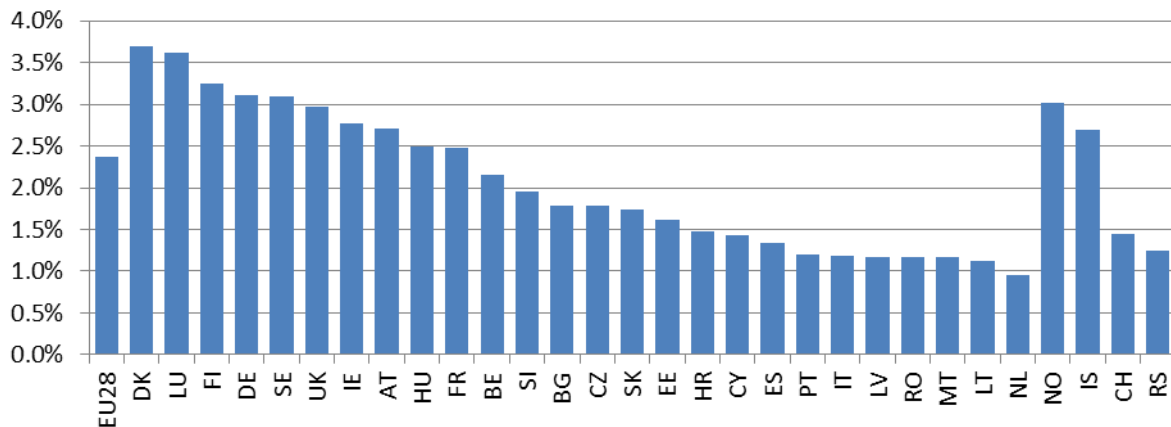
#### **2. Main statistical findings**

##### **2.1 Family/children expenditure, 2013**

In 2013 the EU-28 (excluding EL and PL) as whole spent 306 539 million EUR on family/children benefits, amounting to 2.4% of GDP.

- The amounts spent varied between Member States, ranging from more than 3.5% of GDP in DK and LU to less than 1% in NL.

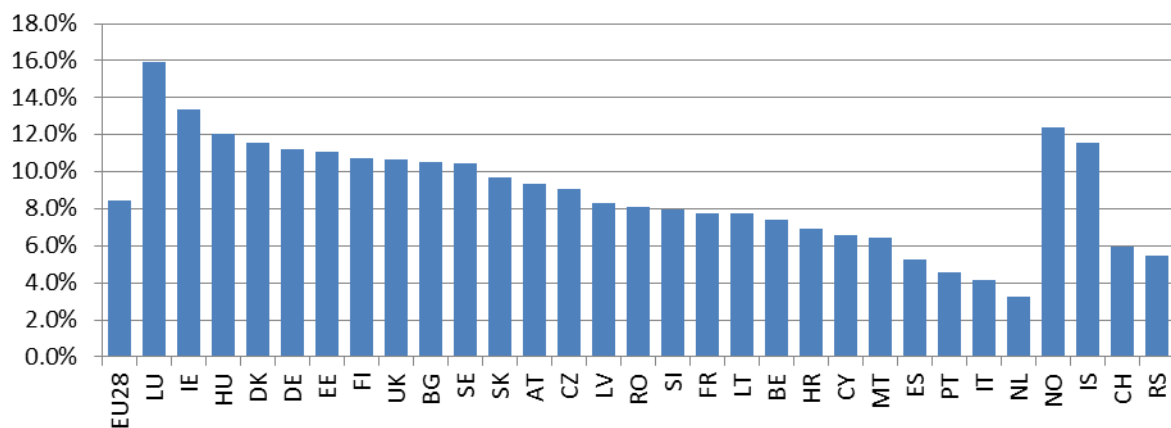
**Figure 1 - Expenditure on family/children benefits (% of GDP), EU-28, 2013**



Notes: Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.  
Eurostat (online data codes: spr\_exp\_sum)

- Expenditure on family/children benefits at EU level amounted to 8.1% of expenditure on social protection and 8.4% of expenditure on social benefits.
- The relative importance of family/children benefits in relation to total expenditure on social benefits varied between Member States, accounting for more than 12% in LU, IE and HU but less than 5% in PT, IT and NL.
- However, the proportion of social benefit expenditure allocated to family/children benefits does not necessarily provide a particularly useful basis for comparison between countries because it is impacted by the amounts spent on all other functions, which are in turn affected by a vast array of economic, demographic and social factors. For example, expenditure on unemployment related benefits is linked to the state of the labour market while expenditure on old age pensions is linked to the age structure of the population. In the case of family/children benefits, there is liable to be some link with fertility rates and the relative size of the youth population.

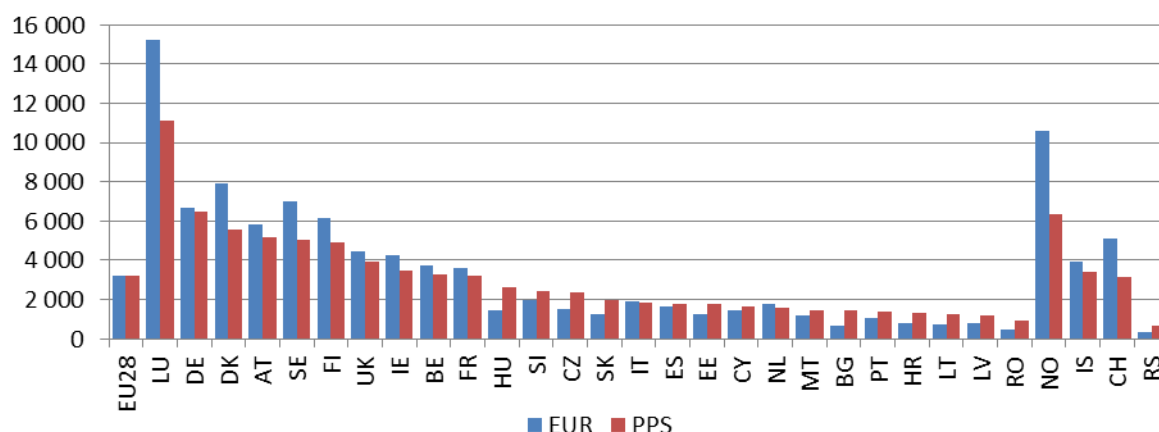
**Figure 2 - Expenditure on family/children benefits (% of expenditure on social benefits), EU-28, 2013**



Notes: Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.  
Eurostat (online data codes: spr\_exp\_sum)

- A more meaningful comparison of expenditure on family/children benefits may therefore be to consider expenditure per child (i.e. per person aged under 18). The comparison is made in PPS to eliminate price differentials.
- Expenditure on family/children benefits at EU level in 2013 amounted to just over 3 200 PPS per child.
- The amount spent varied considerably between Member States. It was exceptionally high in the case of LU (over 11 000 PPS/child) where high amounts are spent on non means-tested family-related benefits. Elsewhere in the EU, amounts spent in 2013 ranged from more than 6 503 PPS/child in DE to 923 PPS/child in RO.
- In making this comparison users need to be aware that the figures for some countries may be over stated because the expenditure includes amounts paid out in respect of dependent children aged 18 or over and relatives other than children.

**Figure 3 - Expenditure on family/children benefits (PPS/child and EUR/child), EU-28, 2013**



Notes: Per child = per person aged under 18 on January 1<sup>st</sup> of reference year. Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.

Eurostat (online data codes: spr\_exp\_sum, demo\_pjan)

Some methodological issues that need to be taken into account when comparing data on family/children benefits between countries include:

- Supplements: Benefits belonging to other functions of social protection may include supplements for dependent children. In principle, such supplements should be split off and reported separately but this is difficult in practice so these are instead reported along with the main benefit and therefore in the relevant function. For example, a range of different periodic cash benefits related to disability, old age, survivors and unemployment may include supplements for dependent children that are not reported in the expenditure of the family/children function. As a result, countries that implement a universally available family/children allowance and do not use supplements may appear to have a higher expenditure than countries which implement a more restricted family/allowance

and rely on generous supplements to top up the income of families confronted by other risks/needs.

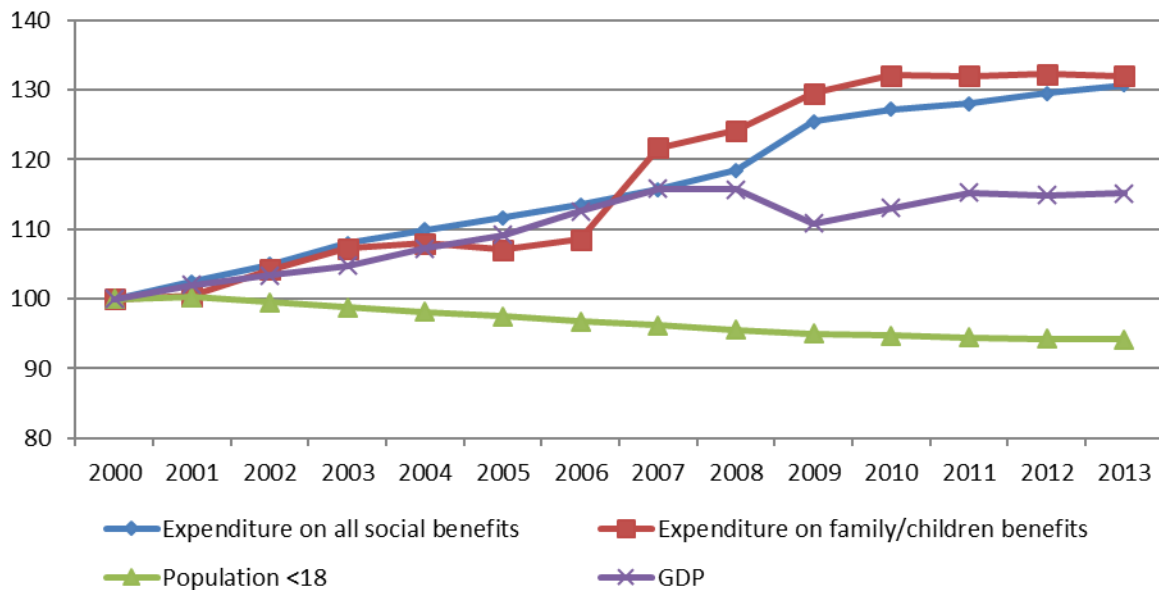
- Other benefits that vary with numbers of dependants: Further, amounts disbursed in respect to non-periodic cash benefits and benefits in kind may also vary with numbers of dependants. In some sense such incremental amounts could potentially be considered a form of supplement. For example, housing allowances may rise according to the number of members in the household. In practice, such allowances may even be part of family child benefits. However, by convention these are always reported separately under the housing function.
- Benefits provided through the fiscal system: With the exception of payable tax credits, family child benefits provided through the fiscal system are not taken into account in the data. For example, non-payable tax credits and higher tax free allowances available provided to those with dependants may reduce taxes paid by recipients but are not taken into account in the expenditure recorded by ESSPROS.

## **2.2 Family/children expenditure between 2000 and 2013**

### Total Expenditure:

- EU expenditure on family/children benefits (in constant prices) rose by 32.0% between 2000 and 2013, despite a decline of more than 5% in the numbers of children (people aged under 18) in the population. The increase in family/children expenditure is slightly above that for all social benefits over the same period (30.7%). Expenditure on family/children as a share of GDP rose from 2.1% in 2000 to 2.4% in 2013.
- The significant rise in expenditure on family/children benefits was underpinned by increases in expenditure in all Member States for which data are available. In fact, increases of more than 50% were observed in nine countries – CZ, EE, IE, ES, CY, LU, SK, SE and UK.
- EU expenditure on family/children benefits rose every year between 2000 and 2013 with three exceptions 2001, 2005 and 2013 where small declines were recorded (-0.1%, -0.9% and -0.2% respectively). A notably large increase in expenditure was reported in 2007 when expenditure rose 12.2%. This increase is almost entirely driven by an increase in expenditure in the UK, where it rose 81.9%. This rise is due to a break in the series in the data for the UK. Data related to Child tax credits (CTC) are reported in the data from 2007 onwards but missing from the data from 2003 to 2006.

**Figure 4 – Expenditure on social benefits (constant prices), expenditure on family/children benefits (constant prices), GDP (constant prices) and population under 18 (index 2000=100), EU-28, 2000-2013**



Notes: EU totals for expenditure on all social benefits, expenditure on family/children benefits and GDP exclude data for BG, EL, HR and PL. Eurostat (online data codes: spr\_exp\_ffa, spr\_exp\_sum, demo\_pjan, nama\_10\_gdp)

### 2.3 Composition of family/children expenditure:

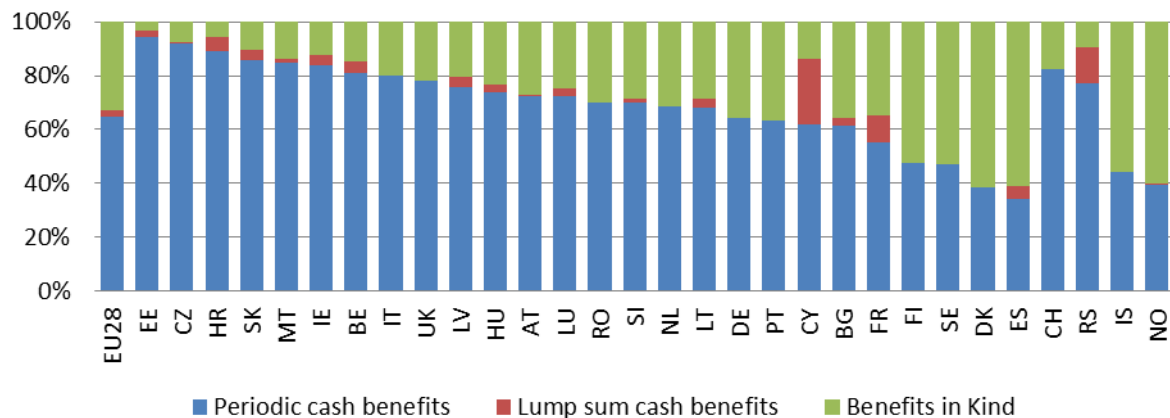
#### 2.3.1 Distribution by detailed types of benefit

##### Type of disbursement:

- Just under two thirds (64.8%) of expenditure on family/children benefits at EU level was disbursed in the form of periodic cash benefits while just under a third (32.0%) was disbursed in the form of benefits in kind. Lump sum cash benefits only accounted for 2.2% of expenditure on family/children benefits.
- Periodic cash benefits constituted the majority of expenditure on family/children benefits in all but four of the EU Member States – FI, SE, DK and ES – where benefits in kind were more important.
- Lump sum benefits accounted for less than 5% of expenditure on family/children benefits in all but three countries – HR, FR and CY. Most notably, in CY 24.2% of expenditure on family/children benefits took the form of lump sum payments, over 90% of which relates to a financial assistance for families with limited resources whose children are in education<sup>1</sup>.

<sup>1</sup> Generally, education related expenditure is not included in ESSPROS. However, benefits which are part of national education programme that are provided only to indigent people after a means-test may be included in the family/children function. In such cases the objective is to redistribute income in favour of people with insufficient resources rather than to provide free access to education.

**Figure 5 - Expenditure on family/children benefits by type (% of expenditure on family/children benefits), EU-28, 2013**

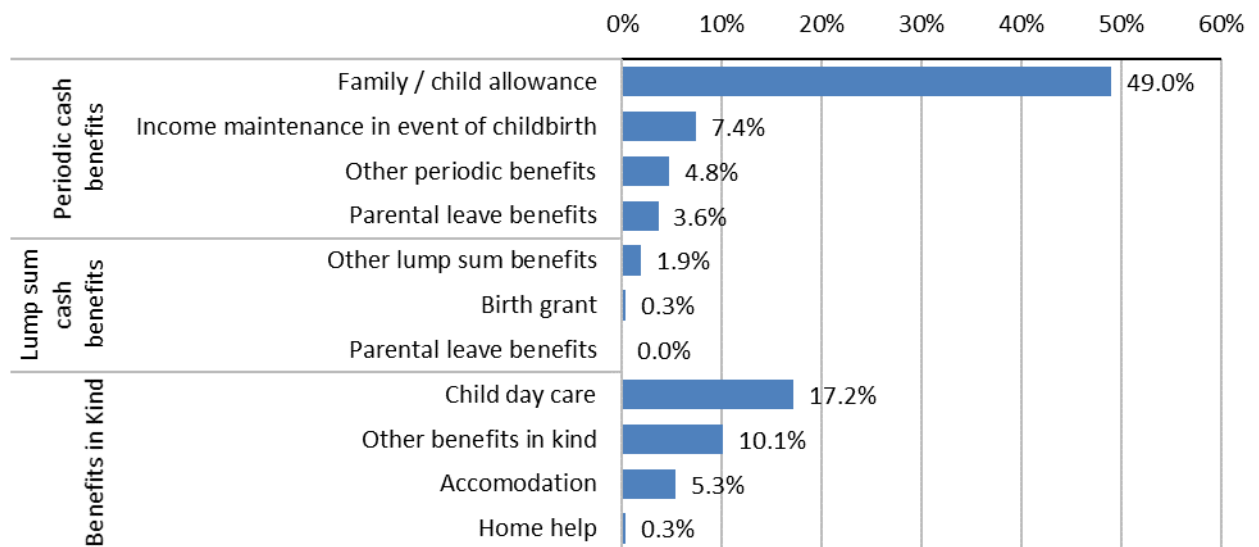


Notes: Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.  
Eurostat (online data codes: spr\_exp\_ffa)

#### Type of detailed benefit:

- Considering expenditure at the level of the detailed benefit classifications provides further insight into the composition of the expenditure on family/children benefits.
- Periodic cash benefits can be broken down into four detailed benefit types: (1) Income maintenance benefit in the event of childbirth, (2) Parental leave benefit, (3) Family or child allowance and (4) Other cash benefits.
- Family or child allowance is by far the most important type, accounting for almost half (49.0%) of expenditure on family/children benefits and is therefore the main reason why periodic cash benefits are the most important type of disbursement.
- Indeed, family or child allowance is the most important type of benefit in all but 4 of the 22 countries where periodic cash benefits exceed 50% of expenditure on family/children benefits.
- Similarly, Benefits in kind can also be broken down into four detailed benefit types: (1) Child day care, (2) Accommodation, (3) Home help and (4) Other benefits in kind.
  - Child day care is the most important type of benefit in kind and the second most important family/children benefit after family or child allowance. It accounts for 17.2% of expenditure.
  - Child day care accounts for the largest portion of expenditure on family/children benefits in all four of the EU countries (FI, SE, DK and ES) in which benefits in kind were the largest contributor to spending on family/children benefits.
  - Other benefits in kind are also relatively important, accounting for just over 10% of expenditure on family/children benefits.
- Lastly, lump sum cash benefits can be broken down into three detailed benefit types (1) Birth grant, (2) Parental leave benefit and (3) Other cash benefits.
- None of these are particularly important in terms of expenditure on family/children benefits as they all account for less than 2% of expenditure.

**Figure 6 - Expenditure on family/children benefits by detailed benefit type (% of expenditure on family/children benefits), EU-28, 2013**

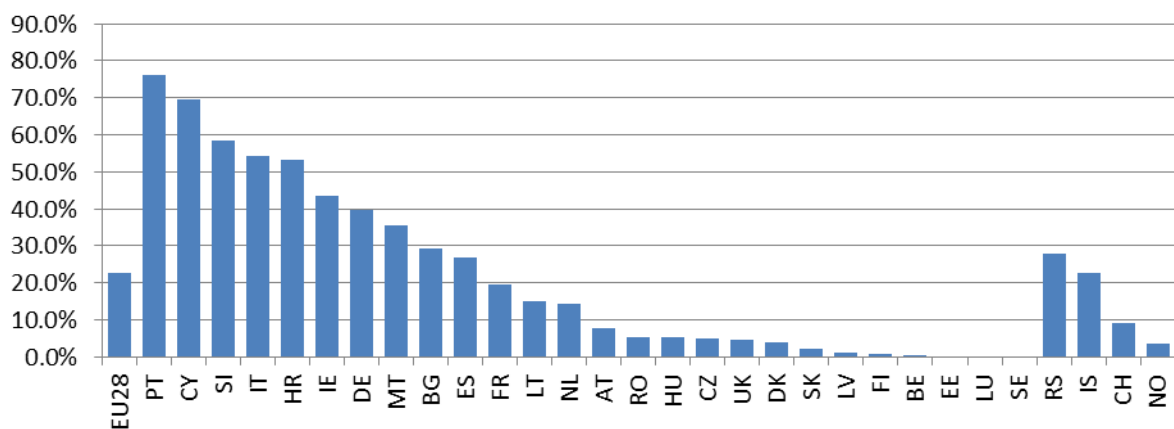


Notes: Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.  
Eurostat (online data codes: spr\_exp\_ffa)

**Means-testing:**

- At EU level just under a quarter of the expenditure on family/children benefits is associated with means-tested benefits.
- However, there is considerable variation between Member States. There are no means-tested benefits in three countries (EE, LU and SE) while in PT just over three quarters (76.3%) of family/children expenditure is means-tested.

**Figure 7 - Expenditure on means-tested family/children benefits (% of expenditure on family/children benefits), EU-28, 2013**



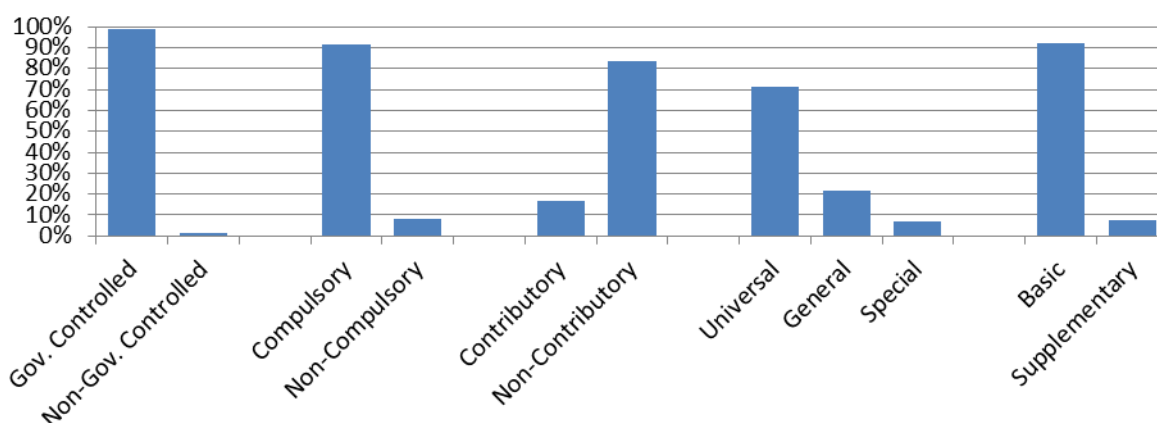
Notes: Data for EL, PL and TR are not available. EU-28 total excludes data for EL and PL.  
Eurostat (online data codes: spr\_exp\_ffa)



### 2.2.2 Distribution by scheme types

- At EU level the vast majority of expenditure on family/children benefits is disbursed by schemes which are basic (92.3%), universal (71.1%), compulsory (91.6%), non-contributory (83.4%), government controlled (98.7%) schemes.
- Note that the low contribution of non-government schemes could potentially be explained by the fact that in ESSPROS any expenditure by employers for the employees' benefit that can reasonably be regarded as compensation for work is not considered a social benefit. For example, this includes crèches for the children of employees provided by employers.

**Figure 8 - Expenditure on family/children benefits by scheme type, EU-28, 2013**



Notes: EU-28 total excludes data for EL, PL, PT and SI.  
Eurostat (online data codes: ...)

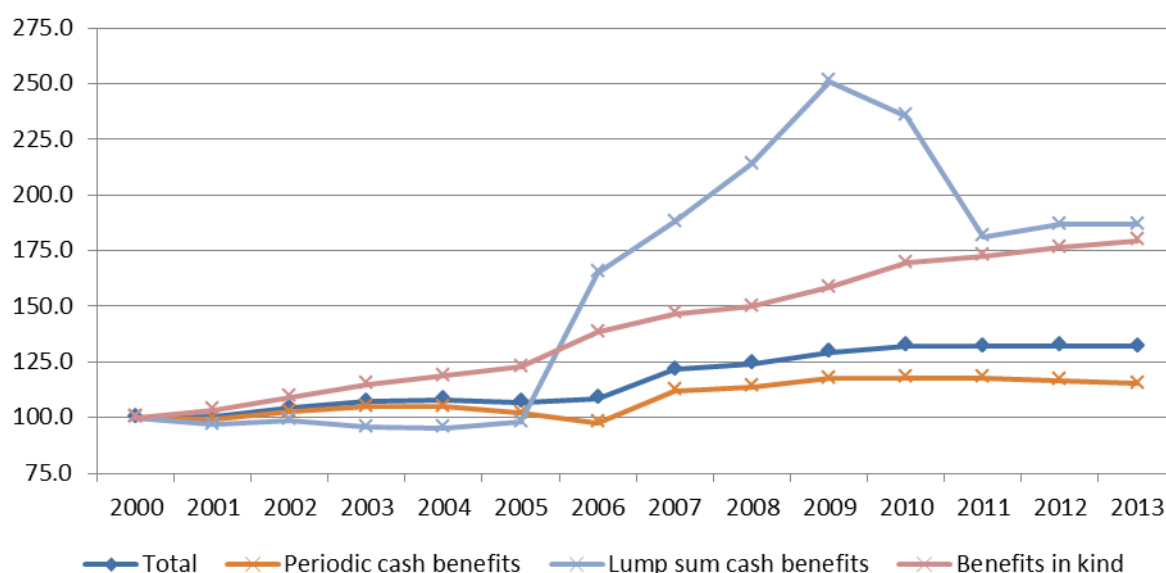
### 2.4 Family/children expenditure by type of disbursement and by detailed benefit type between 2003-2013

#### Expenditure by type of disbursement:

- At EU level expenditure on family/children benefits increased for each of the three types of disbursement over the 2000-2013 period. Expenditure on lump sum cash benefits increased by 86.7% and benefits in kind by 79.7% but periodic cash benefits increased by far less (15.3%).
- This meant that the contribution of lump sum benefits and benefits in kind rose (from 1.6% to 2.2% and from 24.2% to 33.0% respectively) while the contribution of periodic cash benefits declined (from 74.2% to 64.8%). In fact, the increased expenditure on benefits in kind accounted for 60% of the rise in family/children benefits between 2000 and 2013.
- Note that expenditure on lump sum cash benefits deviated from the overall trend by rising significantly between 2005 and 2009 then declining in an equally dramatic manner between 2009 and 2011, though it should be remembered that the amounts concerned are relatively small. The changes observed can largely be linked to changes in particular

Member States. The initial increase is primarily associated with an increase in other lump sum benefits in France and birth grants in Spain while the subsequent decline is primarily related to reduced spending on lump sum parental leave benefits in Germany and birth grants in Spain.

**Figure 4 - Expenditure on family/children benefits by type of disbursement (constant prices, index 2000=100), EU-28, 2000-2013**



Notes: EU total excludes data for BG, EL, HR and PL.  
Eurostat (online data codes: spr\_exp\_ffa)

#### Expenditure by detailed benefit type:

- Expenditure at EU level increased between 2000 and 2013 for all detailed types of family/children benefits except for lump sum parental leave (-87.4%), home help<sup>2</sup> (-65.2%) and birth grants (-28.0%). In the case of the former it is important to note that periodic parental leave benefits increased by almost 10% over the same period, more than compensating for the decline in expenditure on the lump sum counterpart.
- The overall increase in expenditure on family/children benefits between 2000 and 2013 was primarily driven by increases in family or child allowance, child day care, accommodation and other benefits in kind with child day care making the largest contribution. This is not unexpected since European employment policy has strongly emphasised the importance of affordable childcare in allowing both parents to work (if they want to) while raising children.
- Indeed, expenditure on child day care has risen in all countries for which data are available except DK, CZ and UK. In DK expenditure rose in absolute terms at market prices but declined slightly when expressed in constant prices.

<sup>2</sup> Generally, "Home help" can include assistance to people to support relatives other than children. However, "home help" reported in the family/children function is limited to support for "children". "Home help" targeting old people and disabled is reported under "assistance in carrying out daily tasks" of the Old age and Disability functions.

**Table 1 - Expenditure on family/children benefits by type (market prices, constant prices and % family/children benefits), EU-28, 2000 and 2013**

	EUR millions (market prices)			EUR millions (constant prices)			% Family/children benefits	
	2000	2013	% Change	2000	2013	% Change	2000	2013
<b>Total</b>	189 914	305 146	60.7%	208 314	275 048	32.0%	100.0%	100.0%
<b>Periodic cash benefits</b>	140 889	197 704	40.3%	154 540	178 203	15.3%	74.2%	64.8%
<b>Income maintenance in the event of childbirth</b>	18 344	22 404	22.1%	20 121	20 194	0.4%	9.7%	7.3%
<b>Periodic parental leave</b>	8 179	10 938	33.7%	8 972	9 859	9.9%	4.3%	3.6%
<b>Family or child allowance</b>	107 258	149 898	39.8%	117 650	135 112	14.8%	56.5%	49.1%
<b>Other periodic benefits</b>	7 108	14 464	103.5%	7 796	13 037	67.2%	3.7%	4.7%
<b>Lump sum cash benefits</b>	2 990	6 792	127.2%	3 280	6 122	86.7%	1.6%	2.2%
<b>Birth grant</b>	1 170	1 025	-12.4%	1 284	924	-28.0%	0.6%	0.3%
<b>Lump sum parental leave</b>	225	35	-84.6%	246	31	-87.4%	0.1%	0.0%
<b>Other lump sum benefits</b>	1 595	5 732	259.4%	1 749	5 167	195.4%	0.8%	1.9%
<b>Benefits in kind</b>	46 035	100 651	118.6%	50 495	90 723	79.7%	24.2%	33.0%
<b>Child day care</b>	21 499	52 533	144.4%	23 582	47 351	100.8%	11.3%	17.2%
<b>Accommodation</b>	4 755	16 288	242.5%	5 216	14 681	181.5%	2.5%	5.3%
<b>Home help</b>	2 236	946	-57.7%	2 452	853	-65.2%	1.2%	0.3%
<b>Other benefits in kind</b>	17 545	30 884	76.0%	19 245	27 838	44.6%	9.2%	10.1%

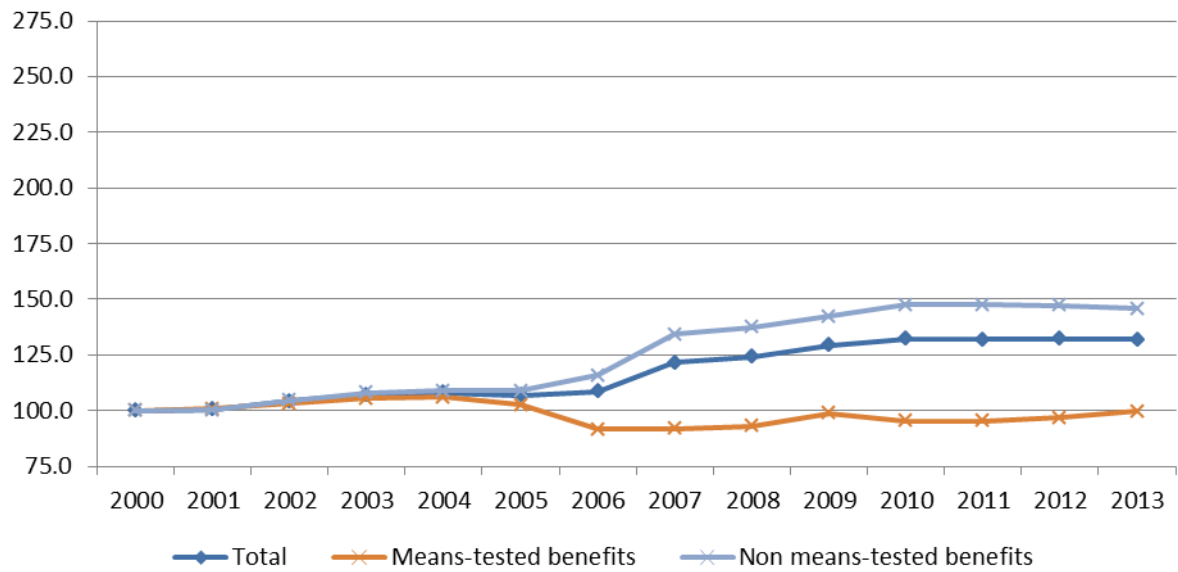
Notes: EU total excludes data for BG, EL, HR and PL to ensure data for 2000 and 2013 has the same coverage of countries. For this reason, data for 2013 presented in this table is slightly different from that presented in figure 5.

Eurostat (online data codes: spr\_exp\_ffa)

#### Expenditure by means-testing:

- Between 2000 and 2013 EU expenditure on non means tested family/children benefits rose by 45.7% while expenditure on means-tested benefits declined slightly (-0.2%). Consequently, the contribution of non means-tested benefits to total expenditure in the function rose from 70.2% to 77.5% while that of means-tested benefits fell from 29.8% to 22.5%.
- However, this long term trend hides the fact that since 2011, there have been modest increases in means-tested benefits and similar declines for non means-tested benefits. This potentially reflects the introduction of policies tightening conditionality on family/children benefits in order to reduce government spending in response to the sovereign debt crisis.

**Figure 5 - Expenditure on family/children benefits by application of means-testing (constant prices, index 2000=100), EU-28, 2000-2013**



Notes: EU total excludes data for BG, EL, HR and PL.  
Eurostat (online data codes: spr\_exp\_ffa)