OVERCOMING DISPARITIES AND EXPANDING ACCESS TO EARLY CHILDHOOD SERVICES IN GERMANY:
Policy Considerations and Funding Options

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with foreword by
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Overcoming Disparities and Expanding Access to Early Childhood Services in Germany: Policy Considerations and Funding Options

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Summary: In comparison to the Early Childhood Education and Care (ECEC) systems of many other advanced economies the German system can be characterised as relative uniform, when looking at programmes and providers. But in other ways, there are considerable variations. There are considerable regional differences in governance, funding, and attendance rates, in particular with respect to certain socio-economic groups. This paper describes and evaluates these differences, mainly from an economic perspective and also taking child well-being into account.

In Germany (a federal republic of 16 states) the federal government has legislative and organizational authority over the area of child and youth welfare, including ECEC services. Nevertheless, the provision and financing of programmes are a state and municipality responsibility, for which the later must plan and ensure the provision of ECEC services. Within this framework the federal government recently set the political goal of increasing the supply of ECEC places for children below the age of three to 35 per cent by 2013. This is the first time ever that the federal government has made a concrete commitment to allocate federal funds to the sector, given the federal framework special means had to be found to do so.

Data that allows for assessing regional differences with respect to the quality of ECEC services is scarce. Still, available data suggests these differences are significant. There are also significant differences in attendance of ECEC services. These regional differences mainly reflect differences in supply, and thus differences in the political priority and the financial situation of particular regions. They do not necessarily reflect the various needs of children. The differences in attendance are particular strong for children below the age of three, especially for those children living in the western German states, although they also exist in the eastern German states. For older children, the attendance rates do not differ so much between the German regions. For both age groups however there are great regional differences in the daily hours children spend in ECEC and whether lunch is offered. The later is particularly true in western Germany. Furthermore, there are differences in the attendance rates of disadvantaged and non-disadvantaged children. Empirical analysis shows that in particular children from poor households and children whose parents both have a migration background have a lower probability of attending ECEC services than the reference group. In addition children from poor families also have a lower probability of attending full-time ECEC in the eastern Germany states. Various studies have shown that disadvantaged children have most to benefit from quality ECEC services, and it is, therefore, an indication of the ineffective provision and use of services. It is argued that the reasons for this inefficiency can not be found in the costs of ECEC services only.

Given the many differences the study considers various political measures in light of the recent developments. Firstly, there is the allocation of additional financial resources by the federal government to the ECEC sector. Though positive, a substantial amount of these funds are not earmarked and thus is it not certain these are spend on ECEC services. The study therefore proposes the implementation of a system that guarantees the spending of federal funds on ECEC services. Given the German constitution and other federal frameworks, a federal ECEC voucher could be
A central precondition for the success of the voucher or related measures is that it should be linked with quality regulations. Moreover, consideration should be given to developing mixed models involving support to childcare providers as a mixed model could help to reduce socio-economically based differences in attendance rates.

Increasing the attendance rates of disadvantaged children in ECEC services may be reached through a ‘targeted’ voucher system, but these incentives are not sufficient. Therefore the study considers the implementation of a family integrated approach to ECEC services; an approach which ensures contact is made with disadvantaged families at a very early stage, families are introduced to, and given incentives to take up these services. Thus on the one hand a group specific approach is needed. On the other hand this should not result in special programmes targeted at special groups, but a family integrated approach should much more incorporate the universal approach to ECEC services which is characteristic for Germany. To conclude, the study suggests that the federal government takes the lead in moderating a process towards a set of universal quality standards in services available to every child, independent of where he/she lives.

**Keywords**: Basic social services, early childhood education and care, ECEC, attendance rates, regional disparities.

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# Abbreviations and Acronyms

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ECEC</td>
<td>early childhood education and care</td>
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<tr>
<td>PISA</td>
<td>Programme for International Student Assessment (OECD)</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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Introduction: The Rights to Care and Education of Young Children – Challenges

by Lothar F. Krappmann

Germany has seen a remarkable reversal of the traditionally dominant view that young children belong in the home. For a long time, working parents who needed to engage the services of childminders or day nurseries often felt guilty about it. Nowadays, early childhood care and education is no longer a neglected issue.

There are two main reasons for this. Firstly, a majority of parents have come to reject the idea that participating in economic activities is incompatible with enjoying family life. Mothers no longer feel obliged to stay at home with their children after the guaranteed period of parental leave. This shift in attitudes was influenced by unification, as women in the former socialist East Germany were disappointed by the closure of many day care facilities.

Secondly, awareness has spread of studies showing that children’s school achievement is strongly influenced by their pre-school experiences, and that day care programmes can stimulate young children’s holistic development more effectively than family life alone.

Children over the age of three have been legally entitled to a kindergarten place since 1995. It is only more recently that political attention has turned to provision for younger children, and progress remains slow. The federal parliament legislated in 2004 to guarantee a day care place to every under-three whose family want one, while the federal government and federal state governments have agreed the target of establishing places for 35 per cent of under-threes by 2013. But federal institutions have only limited power to implement these plans, as individual states insist on their autonomy with regard to care and education. As a result there are remarkable regional disparities, both between and within the West and East.

Why is it so difficult to harmonise early childhood services? This study explores the reasons: not only diversity in administrative procedures between states, but also in cultural traditions and the attitudes towards childcare held by different socio-economic groups.

Quality as well as quantity is at issue here. Traditionally, what facilities existed for young children were concerned only with their care and not with their development or education. It is now recognised that early childhood services should aim to develop children’s capacities in general while also addressing specific issues, such as language command among children who have little opportunity to speak German in their families or neighbourhoods.

The overall goal of nurturing competent, social and responsible personalities was enshrined in law as far back as 1989 (Kinder- und Jugendhilfegesetz), but not always put into practice.

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1 Gesetz zum qualitätsorientierten und bedarfsgerechten Ausbau der Tagesbetreuung und zur Weiterentwicklung der Kinder- und Jugendhilfe (Januar 2004) [Law for the quality oriented and demand adjusted expansion of day care and further development of the support system for children and youth]; and: Beschluss/Vereinbarung der Bund-Länder-Arbeitsgruppe zum Betreuungsausbau (August 2007) [Resolution of the Federation and Länder working group on the day-care expansion]. www.bmfsfj.de/bmfsfj/generator/Kategorien/aktu elles,did=100436.html. The 16 federal states form the Republic.
The 2004 law reiterates a broad view of education, and is backed up by the federal National Quality Initiative. This requires early childhood institutions to make explicit their guiding concepts, and all states by now either have drawn up or are drawing up general curricula or guidelines.²

Agreeing on fundamental standards is difficult but important, and the debate about early childhood care in Germany has coalesced around some notable points of agreement:

- Instead of being oriented around the disciplines and didactic methods of schools, institutions for young children should encourage them to play, explore and investigate, to make observations about their environment and ask questions;
- The aim should be to develop not only a narrow range of cognitive competencies but also the social, emotional and moral dimensions of personality;
- Children should be given the opportunity to participate by expressing a preference about their daily activities, and having their views considered;
- Institutions should also involve parents in the planning of activities, and offer advice and support about parenting responsibilities.

Expanding early childhood provision was initially framed primarily as an economic issue, and there is no doubt that lack of day care seriously restricts women’s opportunities to work.³ The emphasis has gradually shifted from economic gains to developmental and educational aims – and these are not mutually exclusive, as quality care makes economic sense if it is delivered efficiently. But how to stimulate institutions that are both high quality and cost effective? The study discusses a voucher system, giving parents choice.

As well as the practical benefits of expanding and improving early childhood care, we should remember that internationally-recognised rights are at stake. While the Convention on the Rights of the Child does not deal explicitly with pre-school education and care – since much of the evidence on these issues accumulated after it was drafted in the 1980s – General Comment No. 7 of the Committee on the Rights of the Child lays out how the Convention should be interpreted with regard to young children.⁴

The General Comment clarifies that children’s rights to development and education do not start with enrolment in school but apply throughout their crucial early years, commensurate with their ‘evolving capacities’. It emphasises that governments and parents share

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responsibility, that their foremost consideration must always be the best interest of the child (Article 3 of the Convention), and that children have the right to be heard (Article 12). The Convention understands education holistically as encompassing physical, mental, social, moral, cultural and spiritual aspects, and enshrines the right to the development “of the child's personality, talents and mental and physical abilities to their full potential” (Article 29).

While the rights to care, development and education apply to every child, it is particularly important to implement them when children are living in hardship; promoting development and education in early childhood is among the most effective ways of reducing poverty, and the crucial significance of the early years has been increasingly recognised in recent years by such international authorities as UNICEF, UNESCO, WHO and the OECD.

Awareness of young children’s rights to care, development and education is increasing in Germany, but efforts must still be strengthened to ensure that these rights are fully implemented. With regard to both quantity and quality of care, Germany has to catch up with international developments; the highest attendance rates in some communities of Western federal states are still lower than those in some developing countries.

The study demonstrates the significance of the initiative taken by the federal government, which should help to reduce regional disparities and increase both the quantity and quality of early childhood institutions. This in turn will help children to develop holistically into active and responsible participants in German society and the world.
CHAPTER 1. Societal Background: A Changed Framework – New Challenges for the Federal Government, the States and the Municipalities

A central aspect of ensuring the well-being of children is the provision of a high-quality system of early childhood education and care (ECEC) capable of meeting the demand for such services. The objective of ECEC is to secure children's living environments, to provide educational opportunities for all children in accordance with their stage of development, with a role for the government to support and secure these programmes accordingly (see, for example Bertram 2007).

The German infrastructure of childcare and education services for children between birth and the start of compulsory education (age six) can be described, on the one hand, as relatively uniform. The German Kindergarten system has been conceived and is accepted as a form of ECEC that is available to all children. In contrast to other countries, in particular English-speaking ones, there no such special programmes targeted at particular groups (for one example of the extensive literature on this, see OECD 2006). But in other ways, there are considerable variations. There are major differences between the service provision for children under the age of three and that for children of three years and older. In addition, there are still major differences in the provision between eastern and western Germany. These facts are well known and have been discussed frequently. What is less often discussed is the existence of considerable regional differences in attendance within both western and eastern Germany, i.e., the differences between the individual states in western Germany and in eastern Germany, and differences at the municipal level. In addition, attendance of ECEC programmes varies considerably between socio-economic groups. As such, there are major differences, both regional and socio-economic, which prevent equitable opportunities for ECEC services being available to all children, regardless of their place of residence or socio-economic background.

This paper seeks to present a more nuanced account of the variations in attendance at publicly funded ECEC facilities in Germany that may be linked to regional and socio-economic differences. The current perspective in the present paper is economic, exploring the incentives of those making the decisions, the effective and efficient use of scarce resources, and effective financing instruments. It may initially seem strange to link such a view with the objective of promoting and guaranteeing child well-being, especially if qualitative aspects or other issues are set aside or are only taken into account implicitly. However, child well-being can only be guaranteed on a long-term basis if those involved have incentives for acting to promote child well-being, to an equal extent and regardless of their regional location; in the present case, this means providing public funding for high-quality childcare that meets the need for such care in every region. Closely-linked questions are whether the funds available are utilized in a manner likely to advance the objective, whether all children profit equitably,

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5 At the same time as this report was being prepared for UNICEF, the Bertelsmann Foundation (Bertelsmann Stiftung) was preparing a ‘Report on Early Childhood Education Systems in the Federal States’ (‘Länderreport Frühkindliche Bildungssysteme’) (see Bertelsmann Stiftung 2008). This is a second report that deals in great detail with the differences between the German federal states. It was published after the present paper was completed, in early June 2008.
and whether additional funding is needed. These, too, are economic issues that are very closely linked to the question of child well-being.

Chapters 2 and 3, summarize (mainly economically-based) research on this issue. First, however, the paper outlines the societal framework in which this issue is situated, but does not detail the system as a whole; rather, the discussion focuses on the changes to the existing situation that are important for evaluating regional and socio-economic differences. Our analysis will concentrate on day care centres, which includes 'Kinderkrippen', ‘Kindergärten’, and facilities that provide for all age groups, and publicly funded family day care – these are the ECEC services for pre-school-age children in Germany. All of them are regulated and the vast majority is publicly funded, for the few exceptions are described in chapter 2.2. Other care arrangements that can receive public funding, such as the employment of carers by private households, are not investigated in this paper; they do not play a significant role in Germany (Spieß and Schupp 2008). In addition, our analysis excludes care arrangements in which neither the supplier nor the client receive public funding. Thus we exclude both informal childcare provided by grandparents, other relatives, or friends, as well as not publicly funded family day care services.6

1.1 Statutory regulations governing day care centres, and their tasks

In Germany, as in many advanced economies, day care centres and publicly-funded family day care (which we will describe below only as family day care) are part of the public welfare system in both legal and organizational terms. The responsibility for legislating on this area lies mainly with the federal government. However, the responsibility for implementing and financing these services lies with the states and especially with the municipalities (for one example of the extensive literature see DJI (Deutsches Jugendinstitut) 2005, for a more recent account BMFSFJ (Bundesministerium für Familie, Jugend, Frauen und Senioren) 2008; for the international context see, for example, OECD 2004).

Although, in legal and organizational terms, day care centres and family day care are not regarded as part of the education system (except in Bavaria), they do have an educational function according to the federal Act on Child and Youth Welfare (Kinder- und Jugendhilfegesetz, KJHG, section 22, paras. 2 and 3). The KJHG states that day care centres have the task of helping a child develop into an independent person capable of participating in the community, and to help the parents "in combining work and family life" (para. 2). Their task includes the "upbringing, education and care of the child" (para. 3). This means that the legislation at federal level already takes the central concerns of ECEC into account: on the one hand, the educational requirements, and on the other hand, the requirement of helping parents combines work with family life. To promote child well-being, day care centres and family day care are intended to give attention to developmental aspects. In addition, by making it possible for both parents to work, they may implicitly help to ensure

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6 Thus the family day care services we include in our analysis are public funded ones, which are supported in various ways: This support may include a variety of elements, such as paying for the costs of such care, acting as agents, providing advice, or holding training courses. It is assumed that in Western Germany, not publicly-funded family day care is responsible for at least the same percentage of children as publicly-funded family day care, while in Eastern Germany it is much more unusual (see von Santen 2006).
that families with children have enough financial resources to ensure an adequate family income or to prevent child poverty.

Both of these dimensions of childcare are important from an economic point of view. First, investments made in early childhood have a high rate of return (e.g., Heckmann and Masterov 2007). This has been shown by a number of different cost-benefit analyses (for a summary, see Spieß 2007). However, such comparisons also show that the educational quality of the care provided must be of high quality in order to achieve such high returns. In addition, empirical long-term studies have also shown that children from socio-economically disadvantaged families or from families that do not provide much intellectual stimulation to their children profit significantly from ECEC. Second, promoting employment and income generation by the family to reduce child poverty are also desirable from an economic point of view, see Spieß 2007).

In summary, it makes sense both in terms of child well-being and from an economic perspective to provide children (and both parents) with equal opportunities for development and for combining work and family life. In addition, there are good reasons for opening up equitable opportunities for development to children from disadvantaged families in particular, as they will profit particularly from ECEC services that are of high quality. The question of whether the German ECEC system fulfils these two central tasks has been subject to considerable public debate in recent years, although the task of securing child well-being has not been at the forefront.

In recent years, critics have mainly complained that the German system makes it difficult to combine work with family life. In comparison with other countries, relatively few mothers of young children in western Germany work outside the home; this does not apply in eastern Germany. Here, 85 per cent of mothers of children under three years of age are employed outside the home, while in western Germany, the figure is 33 per cent. Mothers whose youngest child is aged between three and five years have an employment rate of 56 per cent in the west and 87 per cent in the east, again a considerable difference. Once the youngest child is aged between six and nine years, the rate increases to 65 per cent in the west and 89 per cent in the east (Statistisches Bundesamt 2006: Schaubild 3). For fathers, employment participation rates are almost completely unrelated to the age of their children. As in other countries, we can see that in Germany the younger the child, the more likely his/her mother is to work part-time. In western Germany, 68 per cent of women in employment whose youngest child is under three years of age work part-time; for eastern Germany, the figure is 45 per cent. For mothers of children aged under three, the proportion working part-time in western Germany is even higher, at 79 per cent, while it is almost the same in eastern Germany, at 46 per cent. Mothers who are married are more likely to work part-time (66 per cent), while those living with a partner or who are lone parents have a lower rate of part-time work, 55 per cent in each case (Statistisches Bundesamt 2006).

When German parents who would like to take up employment but have not done so are asked about their reasons, childcare issues are among the most important reasons given. In 2005, 48 per cent of mothers and fathers who wanted to take up employment stated that problems with childcare prevented them doing so. Fifteen percent stated that childcare was only available at limited times, 15 per cent found childcare too expensive, and 12 per cent felt that childcare
was either not available or of low quality (Statistisches Bundesamt 2006:19). Another important aspect is the extent to which parents reduce their hours of employment because of childcare issues: in 2005, 45 per cent of parents who had reduced their working hours in order to take care of children stated that the childcare facility available was too expensive, of too low quality, or that there was another reason. Nineteen percent stated that childcare centres were only available for limited hours and as many as 36 per cent stated that no alternative childcare facilities were available (Statistisches Bundesamt 2006: 22).

The educational orientation of ECEC services has been debated widely in Germany in recent years after it emerged that German schoolchildren were performing relatively badly in the OECD Programme for International Student Assessment (PISA) tests. But even prior to this debate studies of the day care centres showed that the quality of services was inadequate (see, for example, Tietze 1998). However, no comprehensive, representative countrywide surveys on the educational quality of German day care centres have been carried out. Despite this, the debate in specialist circles about the educational task of day care centres has led to an agreement between all state representatives that each state should create curricula (Bildungspläne) for early childhood education. Such curricula have now been developed in all the states. The debate about curricula within each state and across the country as a whole has produced a broader discussion about the educational task of day care centres for the over-threes and about day care centres in general. However, curricula differ considerably. In some states, they take the form of reasonably concrete educational curricula, while others merely list areas that are relevant to education (see for example Diskowski 2007 and the analysis in BMFSFJ 2008). With regard to their potential effects, an analysis shows that some of them are non-binding. Seven states do not provide for these curricula to become law (Lange 2008b: 243). As a result, any failure to implement the curricula in these states (in particular) will not have any legal or financial consequences. From an economic point of view, then, there is little incentive to put these plans into practice, especially if no additional financial resources have been provided to do so. In many cases, the absence of negative consequences for failure to comply with these plans is accompanied by an absence of positive incentives to implement them.

1.2 Recent developments

Overall, it has become accepted that the German ECEC system has a lot of catching up to do. This is the result of a broader societal debate that has become increasingly important in recent years and which is going on at almost every level of society. Discussion of the topic has taken place in political circles, especially at the federal level but also at the state and municipal levels, and within unions and employer organizations. The legislative initiatives taken by the federal government were developed in this context. From the point of view of child well-being, such developments may mean that the ECEC system will be expanded. But equally, it can be feared that not all children will profit from this development. In addition, the question of quality assurance is of major importance. This paper does not discuss this question in great detail; on this subject see the current short experts report by the Bundesministerium für Familie, Jugend, Frauen und Senioren (BMFSFJ) (2008) or that by the Bertelsmann Foundation (2008).
Both the previous and the present federal government have focused their attention on increasing childcare provision for children under the age of three. This process is also linked to changes in the financial assistance given to parents staying at home to look after children. The system has been changed from an almost flat-rate childcare leave allowance, which was paid regardless of parental income, to a system of paid parental leave that provides 67 per cent of the net income earned before the child's birth. In making these changes, the federal government altered not only the reasoning behind such payments but also the length of time for which they could be paid out. The parent who takes on care of the child can receive parental leave allowance for a period of 12 months. If the other parent also takes parental leave, an additional two months' allowance is available. Overall, the duration of paid parental leave has been reduced from a maximum of 24 months to a maximum of 14 months. One of the objectives of this change was that mothers, in particular, would return to paid employment more quickly. Whether this objective is reached, and thus the success of the Parental Leave Act itself, depends to a considerable extent on whether adequate ECEC services are available from the child's second year of life onwards.

Beginning with the Act on Expanding and Developing Childcare Provision (Tagesbetreuungsgesetz, TAG), with which the Schröder federal government had begun to promote an increase in childcare facilities for children under the age of three, the Merkel government and its initiative on ‘Extending U3 Provision’ (U3-Ausbau) has contributed to a paradigm change in this area. For the first time, a decision was made at federal level that the federal government should participate in the funding for increasing childcare infrastructure. However, as the German constitution and the federal structure of the state places narrow limits on the federal government's involvement in funding of day care centres, both the TAG and the new initiative have had to come up with alternative arrangements. Overall, the current government coalition intends to provide childcare facilities for 35 per cent of children under the age of three by 2013. At that point, children between the ages of one and three should be given the legal right to a childcare place. A working group of the federal government and state governments came to an agreement in the summer of 2007 that covers how the federal government will be involved in financing this expansion; the corresponding legislation has now been enacted (on the subject see, for example, the recent report by the BMFSFJ 2008). The federal government will contribute to the investment costs by setting up a special fund. This is equivalent to earmarking the funds for this purpose. The federal government will also contribute to the operating costs of these facilities by reorganizing the way VAT income is distributed between the federal government and the state governments. Thus, the federal states will receive a higher proportion of VAT income. However, this type of financing does not involve earmarking; the federal government cannot ensure that the states use the additional funds they receive from VAT for expanding childcare provision for under-threes. States or municipalities that have different political priorities than the expansion of childcare for the under-threes could potentially spend the funds in other ways. Although the legal right to childcare slated for introduction in 2013 will provide a considerable impetus for municipalities to spend the funds in this way, it cannot be ruled out that those involved in the political process who have different priorities will, while guaranteeing the child's legal right to a childcare place from the second year onwards, also develop ‘ways out’. For example, they could reduce the funds available for ECEC services to which no legal claim exists. Hypothetically, this could affect quality standards and quality assurance, for example, or the provision of lunch. In such a potential event, the state or municipality budgets for ECEC
services would not increase in line with needs, but might even be reduced. In economic terms, these types of incentives may avert the desired outcome, especially in terms of child well-being.

It is planned that between 2008 and 2013, the federal government will contribute EUR 2.15 billion to the investment costs through its special fund, and from 2009 to 2013, it will contribute increasing amounts towards additional operational costs, from EUR 100 million in 2009 to EUR 700 million in 2013 (BMFSFJ 2008). If the states and municipalities do not reduce their share of financing for this area, but increase it, the importance of this area of publicly funded childcare will increase, even in terms of its proportion of all spending on families.

In 2005, only 10 per cent of all expenditures related to marriage and families were spent on in kind transfers respectively infrastructure, which covers funding for ECEC services: If only funding for ECEC services are taken into account, the share decreases to 6 per cent only. About 8 per cent of GDP was spent on marriage and families, while expenditure on day care centres was only 0.5 per cent of GDP. In other countries, such as Denmark, this proportion is considerably higher, at 2.1 per cent of GDP (see BMFSFJ 2006).
CHAPTER 2. Publicly Funded ECEC in the States – Major Regional Differences in Governance, Quantity, and Quality

There are major differences in publicly funded ECEC services between the 16 federal states in terms of the legal and organizational conditions of day care centres and family day care services (2.1), in terms of the services provided (2.2), attendance rates (2.3) and regulations governing quality (2.4).

2.1 Legal and organizational differences

In some states, the government ministry responsible for day care centres is the ministry of culture or education. This is the case in Baden-Württemberg, Berlin, Brandenburg, Rhineland-Palatinate, Saarland, Schleswig-Holstein and to a limited extent in Lower Saxony. In other states, it is the ministry of social affairs that is responsible, for example in Bavaria, Bremen, Hamburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt, Thuringia and to an extent in Hesse. State laws covering day care centres have been created in each state (for an overview, see Lange 2008b:236), many of which have been augmented by framework agreements or ordinances. In some states, administrative regulations covering day care services for children have also been created. Although the legislation in the different states has much in common, the contents still vary considerably.

In addition to guaranteeing the legal right to a place in a day care centre for children aged three and older, as established by the KJHG, some of the states go further. Since 2008, Rhineland-Palatinate has established a legal right to a place for children from the age of two upwards, while such a right has already existed in Thuringia for a considerable period. In Brandenburg, the legal right to a place for children aged three and upwards was extended to six hours per day. Saxony-Anhalt and Mecklenburg-Western Pomerania guarantee a place in full-time day care for the children of working parents or parents in education; this takes priority over the federal government's provision of a right to a half-day place. In addition, Saxony-Anhalt is the only state that gives the child a right to a place in childcare from birth (see Riedel 2008).

In terms of financing, too, the situation in the different German states varies greatly. For many years, funding for day care centres took the form of object-based financing, i.e., public funds were given to the providers of the day care services. There has been increasing debate about this form of financing, and especially about whether it focuses on need and demand. As a result, some states have adopted a mixture of object and subject financing. Some states have switched completely to subject financing, for example in the form of vouchers. The first was Hamburg, which introduced vouchers as early as 2003 (see for example Falck 2004 and Bange et al. 2007), followed by Berlin, which has been issuing childcare vouchers to parents since 2007.

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7 For a summary on this, see Bennett and Moss (2004) as well.
8 The introduction of the voucher system in Hamburg made several problems, which, however, where not mainly linked to the voucher system itself. They were caused by a cut in the public spending and the kind of voucher requirements which were defined by the State of Hamburg. To our knowledge there is no evaluation of the Hamburger system in its current shape. For an evaluation study of the first phase, see Strehmel (2004).
The volume of funding provided to day care centres and family day care also differs from state to state. As Table 1 shows, this applies both to expenditure on day care centres as a proportion of all expenditure on child and youth welfare and to expenditure per child. In Rhineland-Palatinate, expenditure on day care services makes up almost 91 per cent of all expenditure on child and youth welfare, while in Baden-Württemberg it makes up only 76 per cent. If we take expenditure on all children looked after and standardize this for a care duration of eight hours per day, we can see that Berlin spends most per child looked after, at EUR 7,562 per year, while the figures for Saxony is relatively low, at EUR 3,727. If these different expenditures are due to differences in the costs (for instance running costs) or quality can not be disentangled.

Table 1: Public Expenditures for ECEC services by state, 2005*

<table>
<thead>
<tr>
<th>State</th>
<th>Total Expenditures in €1000</th>
<th>Percent overall expenditures on child and youth issues</th>
<th>Expenditures per child in ECEC centers (standardized to 8 hrs/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baden-Württemberg</td>
<td>1,319,909</td>
<td>75.8</td>
<td>4,589</td>
</tr>
<tr>
<td>Berlin</td>
<td>742,846</td>
<td>87.8</td>
<td>7,562</td>
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<td>Brandenburg</td>
<td>394,113</td>
<td>86.5</td>
<td>3,802</td>
</tr>
<tr>
<td>Bremen</td>
<td>93,858</td>
<td>80.4</td>
<td>6,364</td>
</tr>
<tr>
<td>Hamburg</td>
<td>322,657</td>
<td>85.9</td>
<td>6,917</td>
</tr>
<tr>
<td>Hesse</td>
<td>829,948</td>
<td>84.8</td>
<td>5,157</td>
</tr>
<tr>
<td>Mecklenburg-Western Pomerania</td>
<td>214,098</td>
<td>83.3</td>
<td>4,218</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>753,407</td>
<td>82.7</td>
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</tr>
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<td>North Rhine-Westphalia</td>
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<td>Rhineland-Palatinate</td>
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<td>Saarland</td>
<td>119,885</td>
<td>80.3</td>
<td>5,214</td>
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<tr>
<td>Saxony</td>
<td>612,339</td>
<td>87.0</td>
<td>3,727</td>
</tr>
<tr>
<td>Saxony-Anhalt</td>
<td>335,087</td>
<td>87.1</td>
<td>3,755</td>
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<tr>
<td>Schleswig-Holstein</td>
<td>269,932</td>
<td>77.2</td>
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</tr>
<tr>
<td>Thuringia</td>
<td>320,101</td>
<td>86.5</td>
<td>4,099</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td><strong>9,729,325</strong></td>
<td><strong>82.0</strong></td>
<td><strong>4,854</strong></td>
</tr>
</tbody>
</table>


Note: * For all children (including school children) in childcare in 2006, final data from the Child and Youth Services Statistics provided by the Dortmund Arbeitsstelle Kinder- und Jugendhilfestatistik in August 2007. Expenditures reported by Bavaria are not complete.

In terms of quality standards, TAG introduced additional regulations on quality assurance (section 22a para. 1 of KJHG), according to which service providers have to introduce suitable measures to ensure quality, develop it and evaluate it, and have to develop an educational concept. In addition to this federal regulation, which is formulated as a recommendation rather than as a binding requirement, the states regulate the educational quality of day care centres to differing degrees in their individual laws or ordinances. This situation is typical for the German federal state, in which the federal government does not have the power to set detailed quality standards for the whole of Germany. According to
Lange (2008b: 237), this federal recommendation has been translated into statutes at the state level in 10 states. This is done in very different ways; some of the states assign responsibility for evaluation and quality assurance to the state governments and others do not (for a more detailed account see Lange 2008b). In almost all of the states (with the exception of Baden-Württemberg), the state legislation contains recommendations on staffing levels and, in some states, on the maximum group size in day care centres, broken down according to children's age. Some states provide for the managers of childcare facilities to be released from educational tasks.9

Since the TAG was passed, federal regulations have stipulated that those providing family day care services require a permit if they are looking after at least one child for more than 15 hours per week. There are even greater differences in the state legislation (acts and especially ordinances) with regard to family day care services than with regard to day care centres. Schleswig-Holstein is an example of a state which has particularly stringent regulations; state law stipulates that those providing family day care services are to be employed by child and youth welfare service providers.

2.2 Regional variation in providers

As previously noted, the German system of daycare centres is relatively homogeneous compared to other countries in terms of provider structure; this applies to different ‘programs’ in the sense of both types of centre and types of provider. As Figures 1 a) and b) show, non-profit providers dominate provision in Germany as a whole for both age groups. They provide 60 per cent of services for children under three and 62 per cent of services for older children. Municipal providers are not quite as important, at 37 per cent and 38 per cent respectively. We have broken down the group of non-profit providers into different elements, and the results for both age groups can be seen in Figures 2 a) and b). This shows that the two major German churches, represented by the Diakonie (Social Service Agency of the Protestant Church in Germany) and Caritas (German Caritas Association), have relatively high levels of market share at 33 per cent and 67 per cent respectively for the youngest and oldest age groups; this applies in particular for children aged three and over. They are followed by the Paritätischer Wohlfahrtsverband (association of non-affiliated private providers) at 24 per cent and 11 per cent, and by the Arbeiterwohlfahrt (Workers’ Welfare Organisation) at 11 per cent and 7 per cent. Other welfare organizations or not-for-profit groups also provide services. Private, for-profit providers have only a very small share of the market. They play a more important role for services for the under-threes, at 2 per cent, than for children aged three and upwards, at 0.3 per cent. Similarly, employer-provided childcare services do not play a major role in German ECEC provision.

9 See the summaries on the homepage of the Ministry of Education, Youth Services and Sport of the State of Brandenburg.
Figure 1: Children attending ECEC services by type of the provider, 2006 – Germany overall (only centre care)

a. Children under the age of 3

- Publicly provided: 37.4%
- Non-profit provided: 60.3%
- For-profit provided: 1.8%
- Employer provided: 0.6%

b. Children between 3 and under 8 years of age (incl. schoolchildren)

- Publicly provided: 37.7%
- Non-profit provided: 61.9%
- For-profit provided: 0.3%
- Employer provided: 0.1%

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
Figure 2: Children in non-profit provided ECEC services by provider and age group, 2006 – Germany overall (only centre care)

a. Children under the age of 3

- Workers’ Welfare Organisation: 11.3%
- Association of Non-Affiliated Private Providers: 24.0%
- German Red Cross: 5.4%
- German Caritas Association and other Catholic providers: 15.3%
- Central Jewish Welfare Agency in Germany: 0.1%
- Social Service Agency of the Protestant Church in Germany and other providers affiliated to the Protestant Church: 38.2%
- Other legal entities and associations: 24.7%
- Youth groups and associations: 0.3%
- Other religious public corporations: 0.4%
- Workers’ Welfare Organisation: 7.3%
- Association of Non-Affiliated Private Providers: 10.7%
- German Red Cross: 4.5%
- German Caritas Association and other Catholic providers: 38.2%
- Social Service Agency of the Protestant Church in Germany and other providers affiliated to the Protestant Church: 28.8%
- Other legal entities and associations: 9.6%
- Youth groups and associations: 0.2%
- Other religious public corporations: 0.8%
- Central Jewish Welfare Agency in Germany: 0.1%

b. Children between 3 and under 8 years of age (incl. schoolchildren)

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
This distribution of market share reflects German financing policy and the ‘subsidiarity principle’. Section 3 of KJHG stipulates that municipalities are obliged to provide services themselves if non-profit providers are not in a position to provide the services needed. As such, priority is given to non-profit provider services. In accordance with their responsibility to provide services and financing, municipalities provide financial support for the non-profit providers’ services. The actual practice of funding varies between the individual states and even between municipalities. In general, municipalities base their funding on their own estimates of the need for childcare. These estimates are often based on population projections and projections of workforce participation rates, especially those of mothers. We are not aware of any systematic or representative surveys on how the German municipalities plan for childcare needs. Rather, we assume on the basis of individual studies that municipalities are increasingly using surveys of parental needs to assist them with their planning. But apart from this, municipal plans for childcare requirements are of central importance in a second manner. They are used to determine how funding is distributed to the independent providers. In addition to municipal funding, the independent providers fund part of their services themselves. Overall, the financing of childcare costs can be broken down as follows: municipal funding contributes, on average, 47 per cent; state funding contributes approximately 32 per cent, the providers themselves contribute an estimated 5 per cent, and parents – on average – bear 14 per cent of the overall cost (see Schilling 2008:221).

The very low market share held by private for-profit entities and company in-house providers is also a reflection of public funding policy. For many years, it was essentially impossible for private for-profit providers to receive public funding. Where the stipulations of KJHG were applied strictly, only not-for-profit providers were entitled to receive funding until 2005. With the new Childcare Funding Act (Kinderförderungsgesetzes, Kifög) which was passed in April 2008, the federal government intends that private for-profit entities should receive more funding. Regulations in this regard will have to be made at state level.

In accordance with these differences in the funding policies of the individual states, Figures 3 a) and b) show the extent to which market shares by providers differ between the states. For the under-threes, for example, independent non-profit providers dominate, especially in western Germany; in some states of eastern Germany, such as Brandenburg and Saxony-Anhalt, municipal providers have a higher market share. This is due to the fact that there is a shorter history of independent non-profit provision of social services in eastern Germany.

In Bremen and Hamburg, municipal providers have a market share of less than 10 per cent and private for-profit providers have a relatively high share in comparison with other states, as is the case in Lower Saxony and Mecklenburg-Western Pomerania. This is partly linked to the fact that Hamburg has been granting funding to private service providers for a number of years. For the over-threes, there are also differences between the individual states. Here again, Hamburg has the highest percentage of non-profit and private for-profit providers, while in Hesse and Brandenburg non-profit providers have a relatively low market share and more use is made of municipal services.
Figure 3: Children in ECEC services by type of the provider, age group, and state, 2006 (only centre care)

a. Children under the age of 3

b. Children between 3 and under 8 years of age (incl. schoolchildren)

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.

a) Excluding Berlin
Looking more closely at the different non-profit providers, i.e., analyzing the market share of the various groups by state reveals how provider makeup varies in the different regions (no table, data taken from *Dortmunder Arbeitssstelle Kinder- und Jugendhilfestatistik, 2006*). For example, the Catholic organization Caritas has a considerably higher market share in the western German states with the exception of the city-states than in the eastern German states or in Bremen, Hamburg, and Berlin. The latter have a considerably higher share of childcare places provided by the *Deutscher Paritätischer Wohlfahrtsverband*, a non-religious welfare organization.

### 2.3 Regional differences in attendance rates

The proportions of children attending day care centres differ most greatly during the first three years of life (see Figure 4 a). In all the eastern German states, attendance rates are over 30 per cent; in other words, at least every third child under the age of three attends ECEC services. The highest rate among the eastern German states is in Saxony-Anhalt, at almost 50 per cent, while Saxony, at 31 per cent, is in the lower range. As such, there is increasing heterogeneity among the eastern German states in comparison to the situation a number of years ago (see Riedel 2008). Of the western states, Hamburg has the highest rate and Saarland and Rhineland Palatinate also have higher rates of 10 per cent and 9 per cent, respectively. At 4.5 per cent, Lower Saxony has the lowest rate. However, these differences in attendance rates occur mainly among children aged one and over in both eastern and western Germany. Attendance rates by infants under the age of one are much more homogeneous (see Riedel 2008: Table 14). When we also look at usage of family day care services, it is noticeable that there is a particularly high usage of family day care in Mecklenburg-Western Pomerania, where 9 per cent of all children under the age of three are cared for in this way. This is unusual, both among the eastern German states and in Germany as a whole. One of the reasons is that in Mecklenburg-Western Pomerania, and in Brandenburg, particular emphasis has been placed on developing and increasing the capacity of family day care services (see Riedel 2008). Among the western German states, Hamburg again has the highest rates, with an attendance rate of over 4 per cent. Overall, we can see that family day care services are not utilized to a very great extent, at least in the area of state-subsidized family day care.

For children aged between three and six (Figure 4 b), attendance rates do not vary as greatly between individual states. The reasons for this include the child's right to a part-time place from the age of three upwards, and the higher level of social acceptance of this form of ECEC at this age. In every federal state, at least 75 per cent of children in this age group attend a day care facility. The lowest rate can be found in Hamburg, at 76 per cent, while the highest rate is in Thuringia, at 95 per cent. When figures are broken down again by year of age, it emerges that during the last two years before compulsory schooling (i.e., at ages four and five), almost every child attends a day care centre (see for current figures Riedel 2008). Family day care services play a less important role in this age group; the highest rates are in Hamburg, at 2.3 per cent and in Mecklenburg-Western Pomerania, at 1.7 per cent, and the lowest rates in Saarland and Saxony-Anhalt at 0.3 per cent each.
Figure 4: Attendance rates\textsuperscript{a)} for ECEC services\textsuperscript{b)} by state and age group, 2006

\begin{itemize}
\item \textbf{a. Children under the age of 3}\end{itemize}

\begin{itemize}
\item Baden-Württemberg
\item Bavaria
\item Bremen
\item Hesse\textsuperscript{d)}
\item Lower Saxony
\item North Rhine-Westphalia
\item Rhineland-Palatinate
\item Saarland
\item Schleswig-Holstein
\item Mecklenburg-Western Pomerania
\item Saxony
\item Saxony-Anhalt
\item Thuringia
\item Germany overall\textsuperscript{e)}
\item West Germany\textsuperscript{e)}
\item East Germany\textsuperscript{e)}
\end{itemize}

\begin{itemize}
\item Family day care
\item ECEC services (only centre care)
\end{itemize}

\begin{itemize}
\item 0.2
\item 0.1
\item 4.4
\item 53.8
\item 91.3
\item 86.8
\item 3.3
\item 11.3
\item 78.6
\item 83.9
\item 76.3
\item 79.7
\item 68.7
\item 3.1
\item 0.4
\end{itemize}

\begin{itemize}
\item 0.1
\item 0.4
\item 0.1
\item 0.2
\item 0.1
\item 0.1
\item 0.4
\item 0.1
\item 0.7
\item 1.7
\item 0.1
\item 0.1
\item 0.0
\item 0.3
\item 0.2
\item 0.4
\end{itemize}

\begin{itemize}
\item 50%
\item 60%
\item 70%
\item 80%
\item 90%
\item 100%
\end{itemize}

\begin{itemize}
\item a) Percentage of children who attend ECEC services or family day care out of all children in the relevant age group.
\item b) Children in family day care.
\item c) In addition, 7.7 per cent of the children attend preschool institutions.
\item d) Excluding 759 children in family day care in the city of Frankfurt. Differentiating by age group and by the fact if the child additionally attends ECEC services or an all-day school is not possible.
\item e) Excluding Berlin
\end{itemize}

Major differences in regional attendance rates can also be identified at a smaller scale: that of the districts (counties). In almost a quarter (105) of the 439 German districts, fewer than 5 per cent of children under three attended ECEC services or family day care in 2006. In 35.1 per cent of districts attendance rates were between 5 per cent and 10 per cent. All of these districts are located in western Germany. The situation in eastern Germany was different: attendance rates were at least 20 per cent almost everywhere, and for three-quarters of districts attendance rates were above 35 per cent. Only one district, Saxony, had a rate of less than 20 per cent (Statistisches Bundesamt 2007a: 8). As figures 5a and b for the two age groups show, the variation in attendance rates by district differs considerably across the states. In Saxony, Thuringia, and Baden-Württemberg, the lowest and highest values for the under-threes differ quite considerably; for the older age-group, it is Bavaria and Lower Saxony in particular that show the biggest differences between the districts. As other studies show, children in urban areas are more likely to attend day care centres than those in smaller towns and rural areas (see Riedel 2008).

Figure 5: Minimum and maximum attendance rates in the German districts (Kreise) in each state by age group, 2006

a. Children under the age of 3

b. Children between 3 and 6 years of age

a) Rates of above 100 per cent are due to the fact that some children attend ECEC services in another district than they live. b) In addition, 7.7 per cent of the children attend preschool institutions.

When we break down attendance rates at day care centres by numbers of hours of attendance, we can see that on average, 47 per cent of all German children aged under three attending day care centres attend for between seven and 10 hours per day (see Figure 6a). Twenty-five percent attend for up to five hours a day and another 25 per cent between five and seven hours. Overall, the children in the older age group attend for fewer hours. Thirty-five percent of children aged three and over attending day care centres attend for up to five hours only, another 35 per cent attend for between five and seven hours, and almost 29 per cent for between seven and 10 hours (see Figure 6b). When we break down the figures for under-threes by state (see Figure 7a), we can see that the hours of attendance vary considerably from region to region. In eastern Germany, ECEC services are used for more hours per day. In Lower Saxony and Schleswig-Holstein, almost 50 per cent of all under-threes attend for five hours per day or less. In the eastern states, more than half of children attend for between five and seven hours per day. In all the eastern states except for Saxony-Anhalt, almost 90 per cent of children attend for more than five hours per day; these figures are much lower for the western states. The lowest rates of attendance for over five hours per day can be found in Lower Saxony and Schleswig-Holstein, at 22 per cent and 33 per cent respectively, as attendance of up to five hours per day dominates in these states. In Baden-Württemberg, Bavaria, Rhineland-Palatinate and Saarland, the majority of children attending use the services for between five and seven hours per day.

With regard to family day care services and hours of attendance per state, in eastern Germany, this form of care is usually used for between seven and ten hours per day for both age groups; this applies in particular to the younger age group. In western Germany, by contrast, attendance for up to five hours per day is more common for both age groups and especially for children aged three and upwards. In Hamburg, a relatively high number of children attend family day care services for more than 10 hours per day, while Baden-Württemberg has a relatively high number of children, in both age groups, that use this type of care for up to five hours per day, over 50 per cent and almost 70 per cent, respectively (see Figures 8a and b).

The question of whether children receive a lunch at day care is of interest for a number of reasons. First, this service is of particular interest in terms of making it easier to combine work life with family life. Second, the provision of a high-quality lunch at a day care facility can be very important especially for children from low-income families. In eastern Germany, 97 per cent of all children under three and 96 per cent of the older group receive a lunch at the facility; in western Germany, these figures are considerably lower, at 56 per cent and 33 per cent. Here, too, there are considerable differences between individual states. In the younger age group (see Figure 9a), only 37 per cent of children in Baden-Württemberg receive a lunch, while the figure for Hamburg is almost 93 per cent. For the older age group (see Figure 9b), the figure for Baden-Württemberg is even lower, at almost 17 per cent; for Hamburg, it is also lower, at 76 per cent, than for the younger age group, but it is still the highest figure in western Germany. In the eastern states, almost all children attending day care centres receive a lunch.
Figure 6: Children in ECEC services by hours of daily care and age group, 2006 – Germany overall (only centre care)

a. Children under the age of 3

- Up to 5 hours: 25.1%
- More than 5 up to 7 hours: 24.6%
- More than 7 up to 10 hours: 47.4%
- More than 10 hours: 2.8%

b. Children between 3 years and school entrance

- Up to 5 hours: 35.1%
- More than 5 up to 7 hours: 34.9%
- More than 7 up to 10 hours: 28.8%
- More than 10 hours: 1.1%

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
Figure 7: Children in ECEC services by hours of daily care, age group, and state, 2006 (only centre care)

a. Children under the age of 3

b. Children between 3 and under 8 years of age (no schoolchildren)

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.

a) Excluding Berlin
Figure 8: Children in family day care by hours of daily care, age group, and state, 2006

a. Children under the age of 3

b. Children between 3 and 8 years of age

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.

a) Excluding Berlin.
Figure 9: Percentage of children receiving lunch at an ECEC institutional), by age group and state, 2006 (only centre care)

a. Children under the age of 3

b. Children between 3 and 8 years of age (no schoolchildren)

a) Percentage of children who receive lunch by the ECEC service out of all children in the relevant age group in ECEC services.

b) Excluding Berlin

Source: Data from the Federal Statistical Office (Statistisches Bundesamt),
Figure 10: Educational staff by educational degree, care group, and state, 2006a) (only centre care)

a. In care groups with children under the age of 3 years

b. In care groups with children between 2 and 8 years of age (no schoolchildren)
Figure 10 (continued): Educational staff by educational degree, care group, and state, 2006a) (only centre care)

> c. In care groups with children between 0 and 8 years of age (no schoolchildren)

<table>
<thead>
<tr>
<th>State</th>
<th>Without educational degree</th>
<th>In education b)</th>
<th>Vocational degree</th>
<th>College/University degree</th>
</tr>
</thead>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Bavaria</td>
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<td>Mecklenburg-Western Pomerania</td>
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**Note:**

a) Educational staff with the given degree as percentage out of all educational staff in the relevant care groups in the relevant state.

b) Includes trainees/interns (Praktikanten/innen im Anerkennungsjahr) and staff in other forms of education.

c) Excluding Berlin.

**Source:** Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
We can see that there are considerable differences in attendance rates at childcare centres, and that these differences also extend to the number of hours of attendance and the provision of a lunch. The main reasons for these differences in attendance can be found in the differences in services provided, rather than, or only to a lesser extent, in parents’ preferences. Empirical studies have shown that the provision of ECEC services in both parts of Germany is highly rationed, especially for children under the age of three; in other words, the regional differences in attendance are explained primarily by supply (service offered) and not by demand (on the subject see Spieß and Wrohlich 2005 and Wrohlich 2007). Correspondingly, parents in Germany want publicly funded care for their children, largely irrespective of the region they live in, and also for children under the age of three. According to one survey, for example, one third of parents would like a place in ECEC services for their child aged under three (see Bien et al. 2006).

2.4 Regional differences in staffing

In general, representative information about the staff employed at day care centres or who provide family day care services broken down by state may give some indication of differences in quality. We know that the staffing of day care centres has a considerable influence on both structural and process quality (see, of many examples, Tietze 1998). However, publicly available statistics on child and youth services provide little information at state level that can be systematically evaluated to give information on quality. In our opinion, the only information that can be properly presented at a state level is that regarding the professional qualifications of staff.\(^{10}\) In order to compare other structural criteria, such as group size in day care centres or staffing rates, specialized evaluations of the statistics on child and youth services are needed, as contained in the current DJI Zahlenspiegel (see Lange 2008a). These analyses confirm the considerable differences between states in terms of group size and staffing rates. However, there is no other uniform information available for the whole of Germany that would allow us to systematically compare actual educational quality in day care centres between the 16 states in terms of output quality.

Breaking down the level of educational achievement attained by childcare staff in the individual states, we can see that, in every state, a large majority of the staff has a vocational qualification. A comparatively low proportion of staff has a university degree. The numbers are higher in Bremen, North Rhine-Westphalia, and in Hesse. If the process, in Germany, of childcare staff acquiring additional qualifications and of childcare qualifications increasingly being offered at universities of applied science and universities is not reversed, it is to be expected that the number of childcare staff with a university degree will increase in the future.

Turning to family day care services, we can see that on average, those offering family day care services in Germany have a vocational qualification. Only a few have a university degree. In comparison to day care centres, there is a relatively high proportion of individuals without any professional qualifications; in Bremen and Hamburg in particular, this proportion is very high, at 50 per cent and 30 per cent respectively (see Figure 11). However, these

\(^{10}\) It would also be possible to compare the ages of staff in the individual states, but these figures would not provide any direct information about the quality of care.
statistics do not tell us whether the professional qualifications obtained were in the area of early childcare and education.

**Figure 11: Family day care providers\(^a\) by educational degree and state, 2006**

![Bar chart showing family day care providers by educational degree and state.](image)

**Note:**

a) Family day care providers holding the given educational degree as a percentage of all family day carers in the relevant state.

b) Includes trainees/interns (Praktikanten/innen im Anerkennungsjahr) and staff in other forms of education.

c) Excluding Berlin.

**Source:** Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
CHAPTER 3. Differences in Attendance Due to Socio-economic Factors

As noted in the introduction, the publicly funded ECEC system not only displays large regional differences in the utilization of day care centres and family day care services, but also shows major differences among potential user groups – that is, the children or parents in Germany who have a need for childcare services in these types of facilities.

From a social, educational, and family policy perspective, the extent to which children from so-called ‘disadvantaged groups’\textsuperscript{11} have access to or utilize ECEC programmes is of central importance. A variety of studies have demonstrated that these children in particular can benefit from quality ECEC programmes. As noted in the introduction, the social value created by public funding of such programmes is disproportionately high – to put it in economic terms – when these programmes are used by disadvantaged children (see Chapter 1). From the perspective of child well-being as well, it is crucial that measures are taken as necessary to reach disadvantaged groups of children.

Different approaches can be taken to identify disadvantaged children, different approaches can be taken. In the Anglo-American research literature, in particular, this term is used for children from low-income families. Here, it has been argued, first, that the availability of ECEC programmes is crucial in enabling both parents to work and thus boost the family’s income. Second, different studies have shown that poverty can reduce ‘family quality’, which in turn can potentially exert a negative impact on child development. A number of studies have identified an acute need for childcare among children of lone parents, who need the opportunity to engage in gainful employment. Furthermore, children with a migration background will benefit from support aimed at fostering both their linguistic development and cultural integration. These three groups are mentioned explicitly in the German social security legislation. In the following section, we will illustrate how the issue of disadvantaged children is dealt with in the state-level legislation. We will then provide a brief overview of the results of previous empirical studies, and will then present the results of our own analyses based on the German Socio-Economic Panel (SOEP). Here, in contrast to Chapter 2, we will not make use of the data from the Child and Youth Welfare Service Statistics, since these only allow children in ECEC programmes to be differentiated according to migration background. They do not, however, allow analysis of the extent to which children from low-income families or children of lone parents attend these kinds of programmes.

3.1 Reference to disadvantaged groups in the federal and state legislation

In the federal legislation (KJHG), the Act on Expanding and Developing Childcare Provision (Tagesbetreuungsausbaugesetz, TAG) established need criteria allowing the legislator to identify acute needs for support in the three groups mentioned above. The law does not mention the three target groups explicitly, however; instead it describes their particular needs for support. It stipulates that at a minimum, children under the age of three be offered the chance to enrol in day care or family day care programmes if a lone parent or both parents are employed or want to take up employment, if parents are currently in education or training, or

\textsuperscript{11} The terms ‘disadvantaged children’, ‘vulnerable children’, and ‘children at risk’ are used interchangeably. In German there does not exist to our knowledge any corresponding term to describe this group.
if no other support programme promoting the child’s welfare is available. The daily number of hours in childcare depends on the individual need, which is determined according to the criteria mentioned. All older children are to be informed of their legal right to enrol in a family day care programme, such that every child above the age of three is guaranteed the right to attend an appropriate ECEC programme for at least four hours per day.

In the legislation at the state level, the groups of disadvantaged children mentioned are taken into account to widely varying degrees. In Baden-Württemberg and Thuringia, for example, the state legislation contains no regulations at all. The majority of states, with the exception of Baden-Württemberg, Saarland, Saxony, Saxony-Anhalt, Schleswig-Holstein, and Thuringia, provide special programmes to promote language learning in migrant children, or offer increased funding when language support measures are provided. Berlin is one example of a state that legally stipulates not only the creation of special programmes promoting language learning in children of migrants, but also the provision of additional personnel when children live in “unfavorable economic conditions and in areas with socially disadvantaging conditions” (see Kindertreuungsgesetz, section 11, and VOKitaFöG, section 4 para. 9 and section 18). Other states, such as Mecklenburg-Western Pomerania, Lower Saxony, and Rhineland-Palatinate, Saarland, Saxony-Anhalt and Schleswig-Holstein also have special regulations aimed at meeting the needs of socially disadvantaged persons with custody of a child. An explicit mention of lone parents is found in the legislation of Rhineland-Palatinate, which stipulates that the number of children from lone parent homes be taken into account in demand planning. Furthermore, the income-based sliding scales for parents’ contributions represent a special measure to support low-income families. The legislation of all states – with the exception of Baden-Württemberg, Bremen, Hesse, and Saxony-Anhalt – either defines sliding scales for parents’ contributions based on the number of children and family income, or stipulates the obligation to create such sliding scales (see Lange 2008b:240). In many states, state-level legislation also allows parents’ contributions to be waived entirely in cases of severe economic hardship.

3.2 Attendance of ECEC programmes by children from disadvantaged groups – previous findings

As mentioned above, the Child and Youth Welfare Service Statistics are not suitable to determine attendance in ECEC programmes by children with a migration background, but it can show the percentage of children in day care centres whose families do not speak German as their main language. In Germany as a whole, this is true for about 10 per cent of children under the age of three, while it is true for 16 per cent of children aged between three and six.

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12 On the question of how individual need criteria for child well-being are defined in practice, see German Bundestag (2007:18).
13 In addition it should be kept in mind that as part of welfare services, the providers are to ensure that children three years and older of lone parents in need of welfare support are given priority placement in childcare facilities (section 11 para. 4 sentence. 3, 2. HSG XII), if they can be expected to take up paid employment.
14 The following considerations are based on an analysis of the state laws regulating day care centers and family-based day care.
15 Despite these regulations, large regional disparities in parents’ contributions can be identified. For a current study of over 100 German cities on this issue, see the survey by the magazine ‘Eltern’, http://www.eltern.de/kindergarten/erziehung/kita-ranking.html (viewed on May 29, 2008).
16 See the summaries on the homepage of the Ministry of Education, Youth and Sport of the state of Brandenburg.
In western Germany, the percentages are 15 per cent and 18 per cent, respectively, and thus much higher than in eastern Germany, with 2 per cent and 3 per cent, respectively. As expected, the city-states show particularly high percentages of migrants, above all Hamburg and Berlin: in Hamburg the percentages are 23 per cent for the younger and 28 per cent for the older age group, and in Berlin 21 per cent and 27 per cent, respectively. Thus, in both city-states, almost one in three children of preschool age comes from a migration background (see Figures 12a and b). This high percentage of migrants is closely linked to the higher percentage of migrants in the urban population overall.

Figure 12: Percentage of children in ECEC services who do not usually speak German in their families, by age group and state, 2006

a. Children under the age of 3

b. Children between 3 and 8 years of age (no school children)

Source: Data from the Federal Statistical Office (Statistisches Bundesamt), the Child and Youth Services Statistics provided by the Dortmunder Arbeitsstelle Kinder- und Jugendhilfestatistik 2006, own calculations.
Representative survey data provides additional information to these data from official statistical sources. A number of empirical studies have been conducted based on the Socio-Economic Panel (SOEP) (for recent studies, see Fuchs-Rechlin 2008, Büchner and Spieß 2007, and Wrohlich 2007), the Microcensus (see DJI 2005, Fuchs 2006, Kreyenfeld 2004 and 2007; and the Educational Reporting Consortium 2006) and the DJI Child Care Study (Bien et al. 2006). These studies investigate attendance of day care centres and deal either explicitly or implicitly with the groups of children mentioned above. It is noteworthy that almost no research has been conducted to date focusing explicitly on the use of ECEC services in Germany by disadvantaged children.17

Regardless of the dataset on which they are based, the existing studies display broadly similar results. With regard to children under the age of three, it can be stated that the probability of attending day care is related to the age of the child, the mother’s employment status, the mother’s educational background, and her marital status. Older children, children with a working mother, children whose mother has a relatively high level of education, and children without a migration background have a higher probability of attending day care than the respective reference group. Furthermore, children of lone parents more often make use of publicly funded ECEC services, which may be the result of the earlier mentioned legal regulations. For the over-threes, links have been demonstrated between attendance rates and the age of the child, the number of siblings, part-time employment, size of the municipality, migration background, and in some studies with household income as well. In a study by Büchner and Spieß (2007), it was also shown that the probability of having ever attended a day care facility during early childhood depends significantly on household income: that is, children of families with a lower household income attend such programmes for a shorter period of time than children from high-income families. This is true of children with a migration background as well: they spend ceterus paribus fewer years in day care centers than the respective reference group. However, it must also be mentioned in this context that migrant children attended day care in the last year prior to entering school just as frequently as children without a migration background (see for example Bien et al. 2006).

3.3 Attendance of ECEC by children from disadvantaged groups – new analyses based on SOEP data

In the empirical study for this paper based on SOEP data, the use of day care facilities by disadvantaged groups was analyzed. We defined these groups as follows:

(1) Children who live in a ‘poor’ household: The first of two alternative poverty measures used in our analysis was the measure of relative income poverty commonly used in EU comparisons. This measure describes as ‘poor’ all persons living in a household whose equivalent income is lower than 60 per cent of the median.18 Second, we used the measure of

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17 One of the few exceptions is the study by Becker (2006), who uses a regionally limited sample to study the influence of Kindergarten attendance on language acquisition in children with a migration background. Another exception is the study by Becker and Tremel (2006), which uses the SOEP to investigate how educational experiences prior to entering school influence later educational outcomes of children with migration background.

18 The UNICEF Innocenti Report Card 6 ‘Child Poverty in Rich Countries 2005’ uses the term ‘relative’ poverty and defines it as the percentage of households with an income lower than 50 per cent of the national median income.
‘deprivation poverty’. It does not define poverty indirectly via the household’s available financial resources, but rather directly, by evaluating its actual standard of living. This entails the collection of data on whether a household possesses articles of daily life or engages in activities that could be considered minimum standards for social participation – for example, having a colour television, telephone, hot dinners, and a car, and making rent payments on time. Similar poverty measures are being used increasingly in research at the international and national level (see Nolan und Whelan 1996 as well as Andreß 2006).

(2) Children that live with a lone parent.

(3) Children with a migration background: Migration background was determined based on nationality and data on immigration to Germany. Thus, one can distinguish between children with a partial migration background, where one of the two parents is of non-German nationality or immigrated to Germany, and children with a full migration background, where the lone parent or both parents are of non-German origin or immigrated.

Within this context, the extent to which the children in these groups attend day care was studied, taking additional characteristics into account. The following text summarizes the results of the multivariate analyses, which has the advantage of allowing more accurate estimation of ECEC attendance while allowing statistical control for additional characteristics. The presented analyses distinguishing between eastern and western Germany. Given the low number of cases, separate analyses could not be carried out for the group of children under the age of three, or children aged between three and six. However, in the analyses, the age of the children was taken into account in a highly differentiated manner (see Appendix for more detailed methodological analyses).19 Furthermore, the two poverty measures were analyzed separately.

When the concept of income poverty is used (Figure 13), one can see that both in eastern and western Germany, children from poorer households have a much lower probability of attending childcare than better-off children. In the western states, this probability is reduced ceterus paribus by more than 5 per cent if the child lives in a low-income household. In the east, this value is as high as nearly 10 per cent. The relationship to lone parent households is statistically insignificant but shows a slightly higher probability of attending childcare in the west and a lower probability in the east. Children with a migration background on both sides of the family have a significantly lower probability of attending childcare: this effect is very high, with an almost 12 per cent lower probability than children without a migration background. However, children with only one parent having a migration background do not have a significantly lower probability of using childcare than children without a migration background.

19 Since the number of children with a migration background is too low in eastern Germany, this variable is not used in the analyses for eastern Germany.
Figure 13: Impact of risk measures on the probability of attending a child care institution, marginal effects (poverty defined by income)

Marginal effects of probit estimations for western and eastern Germany. Complete results in Table A1.

Source: Own calculations, GSOEP 2000-2006, children between 0 and 7 years of age.

When the concept of deprivation poverty is used instead of income poverty (see Figure 14), a stronger negative effect is revealed. Here, the probability of poor children using day care facilities decreases by almost 14 per cent in eastern Germany and by 12 per cent in western Germany. For western Germany, the positive effect of coming from a lone parent household becomes significant. Controlling for the higher rates of poverty in long parent households, these show a higher probability than other household types of ECEC attendance. This probability is 6 per cent higher in western Germany, and when both parents have a migration background, the probability is lower here as well.
Figure 14: Impact of risk measures on the probability of attending a child care institution, marginal effects (poverty defined by deprivation)

Marginal effects of probit estimations for western and eastern Germany. Complete results in Table A1.

Source: Own calculations, SOEP 2000-2006, children between 0 and 7 years of age

A look at the overall results (see Tables A-2 in the Appendix) shows that along with the extremely strong effect of the child’s age, further factors play an important role as well. For western Germany, a clear connection can be identified to the size of the municipality; in eastern Germany, higher probabilities are found in cities. Furthermore, in the western states, there are still major regional differences (which confirm the results from Chapter 2). Having additional children in the household reduces the probability of ECEC attendance, particularly when the other children are not of Kindergarten age, that is, between three and six years old.

Along with the probability of attendance, the SOEP can also provide the basis for analyzing how ECEC attendance differs among the groups of disadvantaged children in terms of hours in day care per day. To this end, we look only at those children who attended ECEC programmes at all. In SOEP it is possible to differentiate between half-day and full-day ECEC attendance.

If the concept of income poverty is used, we see (Figure 13) that low-income children in eastern Germany have a 10 per cent lower probability of attending full-day ECEC programmes than half-day ones. This effect is only significant, however, in eastern Germany. Almost identical results are obtained when the concept of deprivation poverty is used (see Figure 14). Furthermore, both analyses show that, independent of which concept of poverty measurement is used, children of lone parents have a significantly higher probability of half-day ECEC attendance. The probability is 14 per cent using the first measure of poverty, and 16 per cent with the second. Furthermore, children who have one or both parents with a migration background have a significantly higher probability of full-day ECEC attendance.
Thus we have indications that the disadvantaged groups in western Germany are ‘disadvantaged’ particularly in access to ECEC facilities, when disadvantage is measured using ‘poverty’ and ‘migration’, and assuming that this group actually wants to attend and benefits from such programmes. The same cannot be said for children of lone parents. For eastern Germany, we find an even more extreme picture: children from poor households are disadvantaged both in access to ECEC programmes and in full-day ECEC attendance, although the eastern German attendance rates are far above those in the western states overall.

3.4 Reasons for the differences between user groups

Our analyses based on the SOEP have shown that children from poor households and with a migration background, in particular, use childcare facilities to a low degree. The analyses do not, however, provide any information on the reasons for this. Other research studies leave this question largely unanswered as well. To our knowledge there does not exist any systematic, representative, empirical study on this topic (see also OECD 2004, which points out this gap). From an economic point of view, the causes can generally be assumed to exist on the supply side: it could be, for example, that providers engage in discrimination by giving children from high-income families’ preference over the disadvantaged groups. Such behaviour could certainly be expected in a situation of excess demand, since then it is the providers (on the supplier side) and not the families (on the demand side) who make the selection. Furthermore this behaviour would be economically rational ceteris paribus if the funding of ECEC facilities were strongly linked to parental income. But since the German system is not characterized by high parental contributions to day care costs, this kind of discrimination is unlikely as a sole explanation.

There are other possible reasons for lower attendance by disadvantaged children on the demand side. For low-income households, fees for childcare facilities could – in principle- pose a prohibitively high financial burden. This cannot be ruled out per se, since economic studies have shown that the demand for childcare in Germany depends on the ‘price’ of these services, that is, on the fees charged (see Wrohlich 2007). Past studies have also shown that the relative burden created by parents’ contributions is higher for households in the lower income ranges than for households in the upper income range (see Kreyenfeld et al. 2001). However, as mentioned in section 3, nearly all states income-dependent parents’ fees are the norm. In cases of hardship, the fees are often waived or paid by other public agencies. Recent estimates indicate that 9 per cent of children or their parents pay no contributions at all (Fuchs-Rechlin 2008).

Furthermore, the fees in Germany are relatively low by international comparison. Standardized for a family with a two-year-old child, for example, a study by the OECD (Immervoll and Barber 2005) shows that German families, which pay 12 per cent of their income in childcare fees, lay below the average of other OECD countries with 16 per cent. It is thus not to be expected that prohibitively high fees are the sole reason for lower usage. But it cannot be ruled out that the fee levels play a role in decisions on utilization of ECEC services.
Another reason on the demand side could lie in the different preferences of different user groups. Thus, for example, poor families could have different educational and childcare preferences for their children than better-off families. For cultural and other reasons, the same could be true of children from households with a migration background. This hypothesis is supported by the finding that children with both parents from a migration background tend to use childcare programmes less.\footnote{Empirical findings of different preferences in low-income families are given by the study of Wrohlich (2007), which shows that the demand for childcare – and not actual attendance – significantly increases with household income. If confirmed by further empirical studies, there would exist ample evidence that parental preferences are not necessarily aligned with what is most beneficial for child well-being.} Empirical findings of different preferences in low-income families are given by the study of Wrohlich (2007), which shows that the demand for childcare – and not actual attendance – significantly increases with household income. If confirmed by further empirical studies, there would exist ample evidence that parental preferences are not necessarily aligned with what is most beneficial for child well-being.

\footnote{In principle it could be that parents with a Turkish origin and a Muslim background do not want that their children attend a day care centres run by one of big German churches. However, they could visit day care centres run by communities. To our knowledge, there is no representative empirical study on this issue.}
CHAPTER 4. Summary and Recommendations for Sustainable Public Funding of ECEC Services

4.1 Summary analysis

The analyses in chapters 2 and 3 clearly revealed wide differences in the attendance of publicly funded ECEC programmes in Germany – first in terms of regional attendance rates, and second in terms of attendance rates by different potential user groups. Particularly noteworthy are the regional differences in attendance by children under the age of three among the western states. The disparities are widening; which is also the case for the eastern German states. For children of Kindergarten-age (between the ages of three to five), the differences between the states are less, as is to be expected due to the legal entitlements. However, for this age group, as is the case for younger children, large differences are found in the number of hours spent in childcare. In some states, the majority of children spend five or more hours per day in childcare, while in others, the majority spend more than seven hours a day. Major differences are found in the provision of lunch for Kindergarten-age children. One must assume a large amount of demand that still remains to be met in some of the western states (excluding the city states where coverage is high). The analyses described here relates almost exclusively to differences between states. The few available more regionally differentiated studies of attendance rates suggest that even greater differences between regions will be found in analyses on a smaller geographical scale, and that this will hold true for eastern Germany as well – that is, that major regional differences exist between the counties and urban districts there as well.

It was not possible to adequately investigate regional differences in quality based on the publicly accessible data from the Child and Youth Welfare Service statistics. A comparison of educational qualifications held by ECEC staff showed the usual east-west disparities, but no major differences between states. However, the different state regulations and the various studies on the subject confirm the finding that there are also major regional differences in the educational quality of both day care centres and family-based care, particularly with regard to quality standards and quality assurance instruments. The introduction of educational curricula may have changed a number of things, but they have not fundamentally eliminated regional quality disparities. The regional differences among provider groups in Germany are not very large.

Furthermore, the analyses have confirmed once again that in Germany, children from ‘poor’ families are ‘disadvantaged’ in the attendance of ECEC programmes. Children with a migration background on both sides of their family show much lower attendance rates. Regarding the number of hours in childcare, children from the disadvantaged groups in western Germany do not experience any further disadvantaging after having enrolled in childcare. In eastern Germany, the picture is different: children from ‘poor’ households are ‘disadvantaged’ not only in ECEC attendance in general but also in attendance of full-day ECEC programmes, assuming that they want to and benefit from attending such programmes.
From a child well-being perspective, the regional and socio-economic differences identified above – which do not necessarily reflect differences in need – cannot be evaluated as positive in any respect, since they entail fundamentally different opportunities for promoting child well-being. Thus, children are not being offered equal opportunities for education and support as stipulated in the Convention on the Rights of the Child. Furthermore, our findings confirm the differences between states that are even visible in international comparisons at the national level.

With respect to the tenet of equal living conditions set forth in the German Constitution, the disparities in ECEC attendance rates and quality should be evaluated critically. Equal opportunities for day care support and for balancing family life and career should be provided to all children – regardless of where they live. Furthermore, from an economic perspective, it is worrying that not all available human capital reserves in Germany are being utilized. Since children from disadvantaged households stand to benefit especially strongly from high-quality education and childcare, consideration should be given to how the percentage of disadvantaged children within the users of publicly funded ECEC can be increased.

### 4.2 Considerations in expanding ECEC in Germany

What is needed to provide equal development opportunities for all children in Germany, thereby protecting child well-being in all regions and families? First it must be noted that ‘equal development opportunities’ should not be interpreted to mean the negation of regional differences in the level of need. Rather, regional and socio-economic differences in needs should form the central factor determining differences in the public ECEC infrastructure. In the following, we raise issues for consideration by the various government agencies involved in ECEC provision: primarily the federal government, the states, and the municipalities. They differ widely in their level of concreteness and should inspire all those involved to engage in the discussion on how best to reduce regionally or socio-economically based differences.

First, the federal government’s investment in the funding of ECEC facilities is a positive step as it reduces sole dependence on state and municipal resources. The additional financial resources provided by the federal government – if distributed based on need and not according to political aims – could help reduce regional differences. The crucial issue here is that federal financing is set up on a long-term and thus sustainable basis. At the federal level, future administrations should adhere to these financing commitments without exception.

At the same time, it is of key importance that the federal contributions to public funding actually end up going to the ECEC infrastructure, that is, that these funds are explicitly allocated to child well-being purposes. The federal funds slated to help pay investment costs are earmarked for this specific purpose, while the additional funds that will be provided to cover operating expenses are not. To prevent the states and municipalities from ‘evasive strategies’ (see above), the *earmarking of funds may be appropriate*. This could prevent regional entities that do not wish to play a significant role in the publicly funded ECEC infrastructure from developing ‘evasive strategies’ and thus exacerbating regional disparities.
The debate in early summer 2007 regarding the level of federal funding (see e.g., Emundts 2007), pointed to the use of childcare vouchers.\textsuperscript{21} These would be distributed to parents by the federal government. In principle, all children would profit from the vouchers. However, the vouchers would be targeted so far that children in low income families, or from families with migration background, for example, would receive above-average support. Thus the vouchers would be income dependent or linked to other characteristics, such as migration background.\textsuperscript{22} The strength of a voucher system is that can be used to direct resources to families with special needs. International experience shows that vouchers can contribute to higher ECEC attendance by children from disadvantaged groups; parents may not want to pass up direct transfers (provided in voucher form) that are earmarked specifically to them (see Besharov and Samari 2000 as well as Levin and Schwartz 2007). When support is given directly to the childcare provider, this effect is not the same: because the support is not provided directly to the family or individual child, non-attendance would not appear to mean wasting a potential subsidy.

Moreover, a voucher system would be virtually the only constitutionally permissible alternative for the federal government to provide earmarked funding to cover the operating costs of ECEC programmes (for legal arguments, see, e.g., Richter 2007, for economic arguments, see Spieß 2008a and b or BMFSFJ 2008). There are however several other, non-legal arguments that support the introduction of federal vouchers. Vouchers are often introduced in the expectation that parental purchase of services will bring greater dynamism into the provision of services, because providers have more incentives to offer demand oriented services.\textsuperscript{23} This (and other) benefits of vouchers are attractive to policy makers, but there are some reasons for caution: As it is the case with supply side subsidies, the ‘market for child care services’ fails if no quality regulations are installed by the state. This is mainly the case as parents are often unable to differentiate between quality of providers with the development and education of a young child at stake there is no room for error. Thus – as a supply side oriented system – a demand side oriented system, such as a voucher system, needs quality regulations.

It should therefore be noted that in order to protect child well-being, the introduction of a voucher model should be linked to adequate quality control measures. Regardless of which agency distributes the vouchers, they should only be provided for childcare facilities and day care centres that are covered by government regulations and meet minimum standards.

\textsuperscript{21} Discussing child care vouchers in more detail below, we are aware of the international literature on this issue (for instance, Besharov and Samari 2000, Levin and Schwartz 2007 or OECD 2006: Chapter 5). There are various principle ‘pros’ and ‘cons’ in respect to vouchers, which can not be discussed in this paper in detail. However, we want to emphasize that our suggestion for a voucher approach is based on the specific German situation: On the federal level, for instance, a voucher is the only possibility to support ECEC services with an earmarked transfer.

\textsuperscript{22} Parents still pay a contribution for the usage of ECEC services; but as currently in most German states, this contribution would be income dependent.

\textsuperscript{23} Sometimes it is argued that vouchers create opportunities for private entrepreneurs, and their speed in start-up of services could help avoid widening of disparities in access to services among the regions and families (see Bennett 2008). However, this is an argument which per se is not linked with a voucher system. If vouchers are restricted to ECEC services from non-profit providers and public providers this effect does not occur at all. The voucher system in the state of Berlin works like this. Thus, we argue for a separation discussion of the two arguments: The first one, is how vouchers work and the second one is, if for profit providers should be subsidized (for a more detailed discussion on this, see Spieß 2008).
Furthermore, the potential introduction of vouchers or related measures should be discussed, not only at the federal level but also at the state and municipal levels. In this context consideration should be given here to developing mixed models involving support to childcare providers.\(^{24}\) In such mixed models, a portion of the public support could potentially be given directly to the providers and another portion to target groups of families seeking childcare services. This could reduce socio-economically based differences in attendance rates that are not due to differences in need at the state and municipal levels.

Regional differences in attendance rates can be identified particularly (but not exclusively) among children under the age of three. It suggests the need for continued expanding the ‘U3’ area. To extend these federal initiatives, by which the government indirectly acknowledges its shared responsibility for funding the ECEC infrastructure, consideration should, however, also be given to how federal funds could be put to use to provide more comprehensive and higher-quality ECEC infrastructure for children above the age of three. Federal funds could, for example, help to reduce major regional disparities in the provision of hot lunches in western Germany and differences in educational quality in Germany as a whole (see below). Thus, for this age group as well, consideration should be given to whether financial investments aimed at reducing regional differences that are not caused by differences in need should be made on the federal level or on a different level.

As emphasized repeatedly above, ensuring high-quality teaching and childcare is indispensable for child well-being. Given the large regional differences in quality standards and quality control, national initiatives for the improvement of teaching quality in day care centres and also childcare facilities are particularly important. Important steps in this direction have already been taken with the national quality initiative\(^ {25}\) on the one hand and the common understanding reached among the states on the necessity of educational curricula on the other. However, it should not remain at that: further steps toward implementation should follow. The federal structure of German government does not allow the federal government to initiate actual legislation; rather, it can (and should) act as an engine and facilitator for the process of developing such measures, pushing efforts forward and moderating the social and political discussion. Similar to the progress in the quantitative expansion of the ‘U3’ programmes, this could lead to an overall social consensus on the idea that *all* children in Germany – regardless of the region in which they live should benefit from high-quality education defined by a set of minimum standards. On the state level as well, in pushing the project of developing educational curricula to the next level, more concrete minimum quality standards should be discussed in order to reach agreement in the joint discussion of central minimum standards. In the medium term, it would also be conceivable to agree on unified minimum standards through a national treaty among the states (for a similar proposal, see BMFSFJ 2003 or the respective recommendations in BMFSFJ 2008).

Measures aimed explicitly at integrating more disadvantaged children into German ECEC programmes at an earlier stage can – along with the other measures mentioned above – be

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\(^{24}\) As mentioned above, voucher models have been implemented in Berlin and Hamburg at the state level, and in Heidelberg (see Soldt 2007), Jena, and Erfurt at the municipal level.

aimed at very different aspects. In this context as well, discussions at the state level could offer a sensible starting point. The states could, for example, agree on introducing compulsory income-contingent fee scales. Furthermore, they could agree on a common approach to promoting children with a migration background in order to reduce the large disparities in laws and regulations and to adapt ECEC services to actual need. The states could also agree on initiatives to promote diversity among the professional ECEC staff in day care centres and family-based childcare. International experiences show that such efforts can produce highly successful outcomes.

Furthermore, increased efforts should be made to work closely with families themselves. Measures aimed at integrating families can form an important starting point by making the ECEC infrastructure even more a place where families find very early support. The British ‘Early Excellence Centres’ could potentially be used as a model for a specifically German programme (see also BMFSFJ 2006). Family centres like those currently being installed in North Rhine-Westphalia are an option in this direction: they could be introduced in other states as well, and have shown high success in promoting family integration. By contacting disadvantaged families at a very early stage, these programmes would make it possible to convey the crucial importance of high-quality educational and childcare opportunities. Measures aimed at integrating families by maintaining close contact with families prior to as well as throughout the entire period of ECEC attendance also would have the advantage of producing much more sustainable long-term effects than short-term services, which simply offer an ‘impetus’ to potential users. It will be crucial here to approach communities directly and involve them in measures aimed at integrating families. The objective is to introduce vulnerable/undeserved families to these programmes, and not to develop target-group-specific ECEC programmes; common ECEC facilities for all children should be the guiding principles.

Furthermore, federal initiatives of an entirely different kind could help reduce regional disparities. The ‘2007 Family Atlas’ commissioned by the BMFSFJ (2007) can be considered an example of how regional competition to become the most family-friendly region promoted through the documentation of regional differences can actually help reduce regional disparities. A ‘Child Atlas’ oriented even more strongly toward the well-being of children could show regional differences and identify regions needing to catch up in providing for child well-being (see also Bertram 2007). The Bertelsmann Foundation’s ‘Nationwide Report on State-Level Early Childhood Educational Systems’ published in June 2008 offers yet another instrument documenting regional disparities and should be assessed positively. Against this background, it would be highly desirable if such reports were produced on a regular basis in order to reveal further changes that occur. In general, in the competition between regions, such publications can contribute by making especially positive examples known nationwide and promoting their emulation.

26 In the German debate on the percentage of disadvantaged groups in the users of these services, the proposal has been made to make day care for three to six-year-olds obligatory. This kind of measure, which exists in France with the ‘école maternelle’, would mean that day care for three to six-year-olds would be removed from the Child and Youth Welfare Service system and placed entirely within the educational system. Along with the diverse changes this would entail, particularly in German constitutional law, this would only shift the problem of user heterogeneity to a different age group and leave it entirely unsolved for the under-three age group.

Federal initiatives with yet a different emphasis can bring together numerous different actors at the regional level. The ‘Local Alliances for the Family’\(^{28}\) provide a good example. Corresponding ‘Local Alliances for Children’ could help reduce regional disparities, for example, by bringing together diverse actors in regions with an acute need for development in ECEC services. By pooling their efforts, these groups could push forward with the quantitative and qualitative improvement of the publicly funded ECEC infrastructure. Providing wider public awareness of similar initiatives by states and municipalities will encourage others to follow suit.

Overall, it can be stated that ultimately it is only the cooperation between the federal, state and municipal governments that can reduce regional disparities – those not due to differences in need – and increase the relatively low attendance of day care centres by disadvantaged children. Only this kind of cooperation and a successful ‘balancing act’ between national-level initiatives and need-oriented local initiatives can contribute to a strong and sustainable educational and childcare infrastructure in Germany. Only this kind of educational infrastructure can contribute to children’s well-being – independent of their regional and socioeconomic backgrounds.

References


APPENDIX TO CHAPTER 3
DATA BASIS AND OPERATIONALIZATION OF ‘DISADVANTAGED GROUPS’

The data basis for the empirical analyses in Chapter 3.3 are the last seven waves of the German Socio-Economic Panel (SOEP) from the years 2000-2006. The analyses focus on children 0-7 years old living in private households who are not yet in school. The independent variable of interest is day care center attendance.

The concept of disadvantaged groups:

The calculation of income poverty is based on (the previous year’s) household net income, which was need-adjusted using the new OECD scale. The alternative concept of poverty, deprivation or transitory poverty, does not measure poverty indirectly, based on the household’s financial resources, but rather directly, by measuring the household’s observable standard of living. For these purposes, SOEP has two different survey instruments at its disposal, which it uses in alternating years. In the years 2001, 2003, and 2005, the theoretically demanding deprivation approach was used. This eleven-item survey dealing with the goods and activities of daily life was administered to household heads, who were asked whether or not their household possessed each item, and if not, whether this was for financial or other reasons. The results can be compiled into a weighted index that reproduces the extent of deprivation, that is, constraints on living standards (proportional deprivation index, PDI). The lack of an item increases the index to the degree of that item’s prevalence in the overall population. Furthermore, the lack of items for financial reasons is weighted more heavily than the lack of items for other reasons. In the years 2000, 2002, 2004, and 2006, in contrast, respondents were surveyed solely on the possession of a list of household goods, instead of on the deprivation scale. This information can also be transformed into a proportional deprivation index. The index values are then z-standardized and dichotomized for each wave, whereby a value of one is set as the deprivation threshold (that is, a household is considered to be living in deprivation poverty when the index score deviates upward by more than one standard deviation from the overall mean).

Overall, the percentage of disadvantaged children in the total population is as follows: In the year 2006, approximately 23 per cent of children were living in relative income poverty, (60 per cent of median income) almost 14 per cent were living in a household in deprivation poverty, 13 per cent were living with a lone parent, 12 per cent had a parent with a migration background, and almost 14 per cent had both parents with a migration background.

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29 These items are: color television, telephone, punctual payment of rent, hot meal every two days, good neighborhood, house in good condition, car, financial savings, vacation travel, new furniture, having friends over for dinner.

30 These items are: color television, washing machine, telephone, car, stereo, mobile phone, VCR, microwave, washing machine, computer, Internet connection, DVD player, ISDN, fax machine.
Table A-1: Children in disadvantaged households, in per cent

<table>
<thead>
<tr>
<th>Year</th>
<th>Living in income poverty</th>
<th>Living in deprivation poverty</th>
<th>Lone-parent household</th>
<th>Partial migration background</th>
<th>Complete migration background</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>17.3</td>
<td>11.5</td>
<td>8.6</td>
<td>6.7</td>
<td>15.3</td>
<td>2299</td>
</tr>
<tr>
<td>2001</td>
<td>19.1</td>
<td>21.2</td>
<td>9.8</td>
<td>7.3</td>
<td>15.7</td>
<td>2131</td>
</tr>
<tr>
<td>2002</td>
<td>20.6</td>
<td>9.9</td>
<td>10.9</td>
<td>9.1</td>
<td>15.3</td>
<td>2068</td>
</tr>
<tr>
<td>2003</td>
<td>22.6</td>
<td>19.8</td>
<td>13.6</td>
<td>9.8</td>
<td>13.1</td>
<td>1967</td>
</tr>
<tr>
<td>2004</td>
<td>22.9</td>
<td>14.7</td>
<td>13.0</td>
<td>8.8</td>
<td>13.4</td>
<td>1794</td>
</tr>
<tr>
<td>2005</td>
<td>25.2</td>
<td>21.1</td>
<td>14.2</td>
<td>8.5</td>
<td>13.5</td>
<td>1681</td>
</tr>
<tr>
<td>2006</td>
<td>22.6</td>
<td>13.7</td>
<td>13.4</td>
<td>11.9</td>
<td>12.1</td>
<td>1800</td>
</tr>
</tbody>
</table>

SOEP 2000-2006, only children between 0-7 years of age (weighted results), own calculations.

The different results for deprivation poverty are due to the different concepts, which display particularly strong variation in results for families with children. This is not, however, due to the effect of the probability of attending a childcare facility on the independent variable.

Measurement of the control variables:

In all of the analyses, one of the central control variables was the child’s age, since this plays a very large role in the probability of attending a day care center. Age is calculated on a monthly basis and enters into the analyses in logistic form, since this best reflects the probability of attendance across different ages.

The probability of attendance depends to a large degree on regional and other factors as well. Control variables are the municipality size, region and the number of additional children in the household. The number of cases observed does not, however, allow for control of the state, but only for a more strongly aggregated differentiation of the states of former western Germany into the categories Northern Germany (Schleswig Holstein and Lower Saxony, incl. Bremen, Hamburg and West Berlin), Central Germany (NRW and Rhineland-Palatinate) and Southern Germany (Hesse, Bavaria and Baden-Württemberg). The number of additional children in the household is given separately for the age groups 0-2-year-olds, 3-7-year-olds, and 8-17-year-olds. Finally, the year provides an important control variable since a significant increase in day care provision occurred during the observation period.

Complete Overview of the Multivariate Analyses:
Table A-2 provides a complete overview of the multivariate analyses with all control variables.
Table A-2: Probit Estimations of Institutional Childcare (marginal effects)

<table>
<thead>
<tr>
<th></th>
<th>in child care (vs. not in child care)</th>
<th>full-day child care (vs. half-day only)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>West</td>
<td>East</td>
</tr>
<tr>
<td>Poor (defined by income)</td>
<td>-0.052</td>
<td>-0.095</td>
</tr>
<tr>
<td>Poor (defined by deprivation)</td>
<td>-0.019</td>
<td>-0.109</td>
</tr>
<tr>
<td>Single parent</td>
<td>0.026</td>
<td>0.059</td>
</tr>
<tr>
<td>Migration background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>one of two parents</td>
<td>-0.011</td>
<td>-0.010</td>
</tr>
<tr>
<td>both parents or single parent</td>
<td>-0.119</td>
<td>-0.109</td>
</tr>
<tr>
<td>Municipality size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 2,000 immigrants</td>
<td>-0.073</td>
<td>-0.070</td>
</tr>
<tr>
<td>2-20,000 immigrants</td>
<td>-0.072</td>
<td>-0.074</td>
</tr>
<tr>
<td>100-500,000 immigrants</td>
<td>-0.042</td>
<td>-0.039</td>
</tr>
<tr>
<td>&gt; 500,000 immigrants</td>
<td>0.062</td>
<td>0.065</td>
</tr>
<tr>
<td>Further children in the HH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-2 years</td>
<td>-0.063</td>
<td>-0.062</td>
</tr>
<tr>
<td>3-7 years</td>
<td>-0.031</td>
<td>-0.029</td>
</tr>
<tr>
<td>8-16 years</td>
<td>-0.059</td>
<td>-0.058</td>
</tr>
<tr>
<td>Region (Ref: Southern Germany)</td>
<td>Northern Germany</td>
<td>Central Germany</td>
</tr>
<tr>
<td></td>
<td>-0.067</td>
<td>-0.072</td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>-0.003</td>
<td>0.004</td>
</tr>
<tr>
<td>2002</td>
<td>0.004</td>
<td>0.001</td>
</tr>
<tr>
<td>2003</td>
<td>0.029</td>
<td>0.035</td>
</tr>
<tr>
<td>2004</td>
<td>0.084</td>
<td>0.084</td>
</tr>
<tr>
<td>2005</td>
<td>0.096</td>
<td>0.099</td>
</tr>
<tr>
<td>2006</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>Age (months, Logit transformation)</td>
<td>1.419</td>
<td>1.421</td>
</tr>
<tr>
<td>Pseudo R-squared</td>
<td>0.643</td>
<td>0.644</td>
</tr>
<tr>
<td>Number of observations</td>
<td>11614</td>
<td>11614</td>
</tr>
<tr>
<td>Number of clusters (persons)</td>
<td>3818</td>
<td>3818</td>
</tr>
</tbody>
</table>

Robust standard errors. Numbers in bold print: significant at the 10 per cent level.

Source: SOEP, own calculations.