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Non-U.S. Childcare Policies

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This article discusses the basics of non-U.S. childcare policies, particularly those affecting children from birth to school age. The goal is to provide a broad survey of what these policies are and how they influence the childcare options available to parents as they navigate the often difficult decision of whether or how to keep working after having a child. This article is part of the Chicago Fed's Spotlight on Childcare and the Labor Market, a targeted effort to understand how access to childcare can affect employment and the economy.

The main focus is the 38 Organisation for Economic Cooperation and Development (OECD) countries. However, that focus is sometimes broadened or narrowed depending on the availability of comprehensive data.¹

Early childcare policies: A definition

By early childcare policies, I am referring to measures helping to provide, fund, or regulate childcare services for kids before they begin primary school. This includes parental leave policies, which can be extensive and form a major part of families' early childhood care plans in some countries.

I focus on the under-school-age years because this is the time in a child's life when childcare responsibilities are typically the greatest, potentially posing the biggest challenge to parents seeking to balance work and family life.

Paid parental leave is widespread

Nearly all OECD countries have a national policy providing some length of paid maternity leave after childbirth. A majority also offer paid leave to the father or a secondary parent, although these tend to be of shorter duration. The U.S. is the only OECD country without a national paid leave policy; however, several U.S. states have adopted paid leave structures of their own (BPC, 2020; BPC, 2024).

Mothers in OECD countries on average get about 19 weeks of paid maternity leave. Fathers typically get a little over two weeks. Many countries also offer supplemental "parental" leave allowances, which are generally more flexible and can be used by either parent in a combination they choose.

A key feature of paid leave policies is that they are "employment-protected" (OECD, 2024). This means a person must generally have the same (or a better) job waiting for them when they come back to work.

In the EU, a series of directives by the European Commission has established minimum standards of 14 weeks for maternity leave, two weeks for paternity leave, and four additional months of combined parental leave.

Some countries do not offer separate maternity and paternity leave but instead provide a single, typically larger, parental leave allowance shared by both parents. These policies often have some fraction of the time that can only be used by each parent exclusively. This is often referred to as a "use it or lose it" component, in the sense that one parent's unused time cannot be conferred to the other. Structuring part of the total parental allowance as such generally discourages couples from having one parent take all of the leave—and, therefore, childcare burden—to themselves, a responsibility that has traditionally fallen to mothers.

Leave benefit calculations vary

A key factor of any leave policy is the share of employment wages it replaces while the parent is temporarily out of work. These benefits—typically discussed in terms of their income “replacement rate”—vary significantly by country and even within countries, based on factors such as household income, the amount of leave taken, and whether both parents are using the leave at the same time. In assessing these policies, it is important to consider the length of the leave and the replacement rate together, as longer leave periods may be untenable for some families unless they provide adequate income replacement.

The OECD tracks replacement rates for parents at the average income level—defined as average national full-time earnings—in each member country. For maternity leave, OECD-calculated replacement rates vary from as low as 23% and 30% in Ireland and the United Kingdom over respective 26- and 39-week leaves to as high as 100% in several countries over periods ranging from six (Portugal) to 24 weeks (Hungary). Roughly four in ten countries pay a 100% replacement rate during paternity leave; however, these tend to be over much shorter periods, generally ranging from one to five weeks.²

Funding sources for these benefits vary; however, they are commonly funded through social insurance schemes backed by a mix of employer, employee, and government contributions.

Post-leave policies seek to increase access to and affordability of center-based childcare

After parental leave ends, public policy can be used to increase access to and reduce the cost of childcare services. Strategies for doing so include offering financial and tax-related assistance to childcare providers and families, as well as the government stepping in to guarantee access to childcare services for some duration of early childhood. Next, I provide a brief overview of each of these aspects. In the “access” section, I focus primarily on examples from Europe, drawing on comprehensive reporting on these topics by the EU, while in the “affordability” section, I draw on examples from the World Bank’s Women, Business, and the Law project’s 95-country childcare legislation database.

Access

Governments in Europe have taken various measures to enhance access to early childhood education and care (ECEC) services. The main policy instrument has been the legal guarantee—i.e., a legal right to a daycare spot for every child of a qualifying age. Another approach has been making at least one year of ECEC services compulsory, typically during the preschool years, requiring attendance in the same way the broader public education system does.

The most expansive legal guarantees cover children from a very young age, usually as early as six to 18 months. These policies typically coincide with the end of parental leave (or begin not long after), helping to minimize the gap in childcare that can arise when parents need to return to work.

As of 2019, eight European countries—Denmark, Estonia, Finland, Germany, Latvia, Norway, Slovenia, and Sweden—had legal guarantees to childcare beginning during the ages of six to 18 months. Eight additional countries (Belgium, Czechia, Spain, France, Luxembourg, Hungary, Poland, and the United Kingdom) had government guarantees to childcare beginning around age three, while several others had similar measures coming into effect in the final one to two years before the start of primary school. (In Europe, kids usually begin primary school around the age of six).

In countries with legal guarantees coming into effect the earliest, local governments are often responsible for making good on the childcare pledge. Strategies for doing so differ by country and locality. Some local governments operate public daycares themselves, while others employ a mix of strategies, including subsidizing some degree of private-sector provision. Legal guarantees to childcare are often accompanied by public subsidies for users. In Sweden, for example, public daycare fees are capped at 3% of income per child, with the cap declining for each subsequent child a family has.³ Denmark meanwhile caps public daycare fees at 25% of the centers’ operating costs, with the remainder covered by public funding. Some countries also have more targeted supports for lower-income families, including further reductions in fees or the right to a certain number of daycare hours for free.

Not all guarantees are for 40 hours a week. The average guarantee in Europe typically covers about 20 to 30 hours of daycare a week, although some countries guarantee full-time coverage (30+ hours per week) or have no specific limitations regarding hours of use (e.g., Estonia and Norway).

A key feature of legal guarantees is that they give parents the option to enroll their kids in childcare—and aim to ensure the availability of a spot when needed⁴—without requiring participation in facility-based childcare services. Parents are generally free to stay at home with their children themselves or to choose an alternative arrangement, such as a private childminder (e.g., a nanny) or a more customized set-up involving a grandparent, other relative, or friend.

Attendance requirements for ECEC services typically only come into play during the preschool years, around ages four to six. As of 2019, most European countries guaranteed the right to at least one year of ECEC services during these years, with a little less than half making participation mandatory for at least one year (typically the year preceding entry into primary school). In many countries, the final year of preschool is often free of charge, with at least some portion of the programming designed to prepare kids for their upcoming transition to the primary school system.

Affordability

Government financial support for childcare generally takes the form of direct financial assistance or tax-related support and can be targeted at either the families using these services or the childcare providers themselves. As of October 2021, of the 95 economies included in the World Bank’s Women, Business, and the Law project’s childcare legislation database, 41 had policies providing some form of government financial support for childcare services with the goal of increasing their affordability ([Sakhonchik, Elefante, and Niesten, 2023](#)).

Support for families includes things like child allowances, as well as subsidies, reimbursements, and/or vouchers for childcare. Many of the Nordic countries—including Denmark and Sweden as mentioned earlier—offer reduced or capped childcare fees, often to varying degrees based on factors such as family size and household income. In the Czech Republic, parents receive a government allowance to help cover the cost of nursery school. Some countries offer broader, direct payments to families, which do not necessarily need to be spent on childcare, but help to defray the overall cost of raising children. In Canada, for example, the direct payments (called the [Canada Child Benefit](#)) are means-tested and paid out to families at varying rates depending on their income.

Governments can also offer direct support to childcare providers, whether they are private-sector daycare centers or employers offering these services themselves. Examples from the World Bank database include Mauritius, which offers one-time grants to independent providers in order to help fund service upgrades, and South Korea, which offers subsidies to employers that provide in-house daycare options for their workers.

The final category is tax-related support. Like child allowances, this support is generally broader, but instead of an explicit cash benefit, it involves reducing a family’s tax burden, typically through credits or deductions, in order to compensate for childcare expenses. Tax policy can also be aimed at independent providers or employers, for example, incentivizing them to meet certain supply or service-quality goals.

Costs of childcare policies vary depending on scope of services

The OECD tracks public spending on early childhood education and care as a share of gross domestic product (GDP) for its member countries. It defines public spending as “all public spending (in cash or in-kind) toward formal day-care services ... and pre-primary education services (including kindergartens and day-care centres which usually provide an educational content as well as traditional care for children aged from three to five ...).” (For more details, see the [OECD family database](#)).

The average OECD country spends 0.8% of GDP on ECEC services (excluding parental leave, which is not accounted for in these cost estimates). This ranges from as low as 0.3% of GDP in some countries to well above 1% in Iceland, Sweden, Norway, France, Denmark, and Finland. Each of those higher-spending countries has a legal guarantee to childcare beginning at a relatively young age or, in the case of [France](#), multiple years of compulsory, publicly subsidized preschool.⁵

Accessible childcare generally associated with higher maternal employment and labor force participation

Many studies have found a positive link between affordable, accessible childcare and maternal labor market outcomes, such as employment rates and labor force participation (e.g., [Halim et al., 2023](#); [Landivar et al., 2024](#); and [Morrissey, 2016](#)). [Adema, Clarke, and Thévenon \(2020\)](#) observe that maternal employment rates are generally “highest in countries like Denmark, Slovenia, and Sweden, where extensive public ECEC policies allow both parents to return to work after a few months of paid leave.”

The Canadian province of Quebec provides an interesting case study of its own. In 1997, the Quebec provincial government adopted a universal childcare model, aiming to provide publicly subsidized care to young children for as little as \$5 per day. In the 17 years after the universal childcare model was launched (1998–2014), Quebec saw its maternal labor force participation rate (measured as the participation rate of women ages 20–44 with a child under five) rise by 13 percentage points, while the rest of Canada—for which there was no similar, national initiative—saw an increase of just 4 percentage points ([Fortin, 2017](#)).

Conclusion

Public policy can play a variety of roles in helping parents navigate childcare responsibilities for their under-school-age children. In many countries, leave policies give mothers and fathers the ability to care for their infant children themselves, often with a cash benefit equal to some fraction of their employment wages. After leave is over, early childcare policies can be aimed at increasing daycare access and helping to defray the cost of childcare services for families and providers.

Access to affordable childcare can be a major factor in a parent's decision to continue working after having a child. Studies show that places with greater access to ECEC services tend to have higher maternal employment or labor force participation among mothers of young children. Quebec's experience offers a recent example.

Overall, the policies discussed in this article are just some of the ways that governments are addressing childcare issues for their residents. Each country is unique, and the right mix of policies will necessarily vary depending on the economy and citizens' values, priorities, and willingness to put public dollars toward these uses.

Notes

¹ The World Bank, for example, has compiled excellent resources on government financial support for childcare legislation in 95 economies around the world, while the European Union has compiled similarly excellent resources on the leave policies of its 27 member states, as well as the structure of their early childhood education and care systems.

² There are exceptions. Spain, for example, offers paternity leave of 16 weeks with full income replacement for the average income earner.

³ The cap declines for each additional child in a family attending ECEC services, with the second child's fees capped at 2% of income, the third at 1% of income, and all additional children attending for free.

⁴ Although the legal guarantees are technically designed to ensure an available spot in a daycare facility, in reality there have been varying experiences on this, particularly in places that transitioned to universal childcare policies more recently. In Germany, for example, there have been continued reports of insufficient childcare spots in some regions of the country, despite a 2013 law guaranteeing the right to a daycare spot beginning at age one ([VanOpdorp, 2020](#); [Deutsch Welle, 2023](#)).

⁵ Iceland's statutes broadly outline the right to childcare but provide no specific age at which the guarantee begins. Even so, the country has one of the highest rates of participation in ECEC services in all of Europe, with a 95% participation rate among two- to three-year olds in 2019 ([European Commission](#)).

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