

# Effects of a Change to Subject Subsidization of Supplementary Family Child Care on a Rural Region of Switzerland

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## Abstract

Childcare is one of the tools to stimulate the compatibility of work and family. In Switzerland, childcare laws are a task of the 24 cantons, which leads to a broad variety of childcare financing systems. The canton of Bern switched from a mixed form of object and subject financing of supplementary family childcare through daycare centers and in-home based child care to pure subject financing after positive results in a pilot project in an urban setting. This study describes the effects of the change in a rural region which differ significantly from the effects in the city of Bern. Neither the expected increase in supply, the shortened waiting times nor the higher costs for the municipality and the canton have materialized.

## Keywords

Childcare Vouchers, Rural Region, System Change, Subsidy Contribution, Exclusion

## 1. Introduction

Childcare is one of the tools to stimulate the compatibility of work and family. In Switzerland, the demand for childcare is higher than the supply (Banfi et al., 2009) although political efforts show positive impact on part-time employment (Ravazzini, 2018). In Switzerland, childcare laws are a task of the 24 cantons, which leads to a broad variety of childcare financing systems.

In terms of population, the canton of Bern is the second largest canton in Switzerland with 1,043,132 inhabitants as of December 31, 2020 (Swiss Federal Statistical Office, 2020a). In 2019 to 2021, the canton of Bern switched from a mixed form between object and subject financing of supplementary family

childcare through daycare centers and in-home based child care (Canton of Bern, 2009) to pure subject financing. At the same time, the market was liberalized. Parents are free to choose their childcare organization and the focus of subsidization increased on the compatibility of work and family (Health and Welfare Directorate of the Canton of Bern, 2019). Subject funding is provided in the form of childcare vouchers (Betz et al., 2010).

This system change was triggered by the positive experiences of a pilot project in the city of Bern, the capital of the canton. The evaluation report (Ecoplan, 2016) proved that the introduction of childcare vouchers contributed to an expansion of the supply of supplementary family childcare in the city of Bern. Additional childcare places were created and waiting lists and waiting periods decreased.

The Huttwil region is a rural region in the east of the canton of Bern with 12,131 inhabitants as of December 31, 2020 (Swiss Federal Statistical Office, 2020b) and combines nine municipalities. The small town of Huttwil is the economic center of the region with 5009 inhabitants. Scattered settlements characterize the image of the region. Numerous small schools reduce the distance to school for the children. There are no child care programs for school-aged children in the region due to these scattered school buildings.

In the previous financing system, these nine municipalities formed an association that contracted with KIBE Region Huttwil. KIBE Region Huttwil billed the Huttwil municipality, which in turn billed the other municipalities and the canton of Bern. In the new financing system, the municipalities settle their accounts individually with the childcare organizations. There are no more service contracts. The parents can freely choose their childcare organization.

KIBE Region Huttwil is a childcare organization that offers care in a daycare center as well as in in-home based child care. KIBE Region Huttwil has a market share in the region of almost 100%, even if parents are able to choose the childcare organization of their choice.

The new system is linked to a minimum number of job percentages for parents, which was not the case with the previous system. Before the introduction of the new system, KIBE Region Huttwil had pointed out possible negative effects for individual families. This study describes the impact of the system change on supplemental family child care in the region one year after the system change and compares it with the experience of the pilot project in the urban setting.

## 2. Methods

All following figures are taken from the management software of KIBE Region Huttwil.

The contributions of the parents and the subsidy by the municipality and the canton were calculated according to the specifications of the canton of Bern. In the previous system, the canton determined both the number of subsidized care hours (in-home based childcare) and subsidized care places (daycare centers) as

well as the price per care hour or care place and the parents' share based on their taxable income and assets. The municipality and the canton paid the difference between the parents' contributions and the approved costs for care hours and care places, respectively.

With the new system, childcare organizations can set their own prices and the municipality determines the subsidy in the form of a childcare voucher based on the parents' taxable income and assets. The municipalities transfer the approved childcare vouchers to the childcare organization. The parents are charged the difference to the price of the childcare organization.

KIBE Huttwil Region has not made any price changes between 2020 and 2021.

### 3. Results

The results are presented in tabular form in **Table 1**.

**Table 1.** Comparison between key figures before and after the introduction of childcare vouchers (source: management software of KIBE Region Huttwil).

Topic	2020	2021
Number of children cared for	201	180
Total care costs in Swiss Francs	CHF 1,079,336	CHF 1,091,118
Subsidization in %	64%	56%
Subsidy per child in Swiss francs	CHF 3463	CHF 3416

The childcare needs of children and their parents change from year to year. The figures presented are net figures. In net terms, 21 fewer children were cared for in 2021 (minus 10%). The number of children who no longer received care was therefore higher than the number of children who newly received care. The effective turnover rate is between 25% and 30%, annually.

The total costs increased slightly (+1%) despite the reduction of children cared for. Children in care in 2021 triggered care costs that were 13% higher than those for children in 2020, due to care per child, as prices remained unchanged. The higher costs were borne entirely by the parents. In addition, the contribution of the municipality and the canton decreased slightly (−1%), so that the burden for the parents was additionally increased.

The childcare contracts for 13 children (6%) had to be terminated at the end of 2020 because the parents did not meet the admission criteria of the new system.

The introduction of childcare vouchers did not lead to a reduction in waiting times for a childcare solution.

### 4. Discussion

Due to the very high market share of the childcare organization KIBE Region Huttwil, these figures give a representative picture of the situation in the region.

In contrast to the pilot project in the city of Bern, the introduction of childcare vouchers did not lead to an increase in supply, but to a decrease in demand. The decrease is mainly due to the exclusion of children whose parents did not meet the eligibility criteria of the new system. The new system requires a minimum level of professional activity that the previous system did not have. The parents of the affected children do not reach this limit. Statements about the effects on the parents' compatibility of work and family and the development of the excluded children cannot be made on the basis of the available data.

The decrease is also partly due to other reasons such as the impact of the COVID 19 pandemic. The excluded children claimed a lower than average number of care hours or care places. The average therefore increased for children in care. All in all, the care effort for KIBE Huttwil Region was stable, but spread over fewer children. An increase in demand in terms of additional children being cared for cannot be observed. The children in care do not, however, receive more care. Since the subsidies are linked to a job, working parents received more net support than before. No statements can be made about changes in parents' occupation.

The fear that the costs for the municipalities and the canton could increase was expressed both in the evaluation report of the pilot project and in the explanations of the government council when the new system was introduced. For the Huttwil region, this fear has not been confirmed. Both the share of the costs of the municipalities and the canton as well as the average subsidy contribution decreased. The increase in the parents' share (Odd Ratio 1.4) is statistically significant. Based on the available data, no statements can be made about the reasons.

## **5. Conclusion**

The effects of the introduction of childcare vouchers in the Huttwil region differ significantly from the effects in the city of Bern. Neither the expected increase in supply, the shortened waiting times nor the higher costs for the municipality and the canton have materialized. Working parents who cannot demonstrate sufficient combined job percentages are dropped from the system. Whether this has had a negative impact on the parents' occupation, especially the mother's, cannot be answered with the available data. Nor is it possible to make any statements about alternative care solutions such as relatives or neighborhood help. The only possible reliable statement is that these children are no longer in quality-assured, subsidized care solution. The consequences of the parents' increased share of the costs are an undesirable effect of the change of system. This increased share and the exclusion of children need to be investigated. The present results suggest a worsening of the compatibility of work and family in rural regions due to the system change. A clear statement requires an in-depth analysis of all available data and a comparison with other rural regions.

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### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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