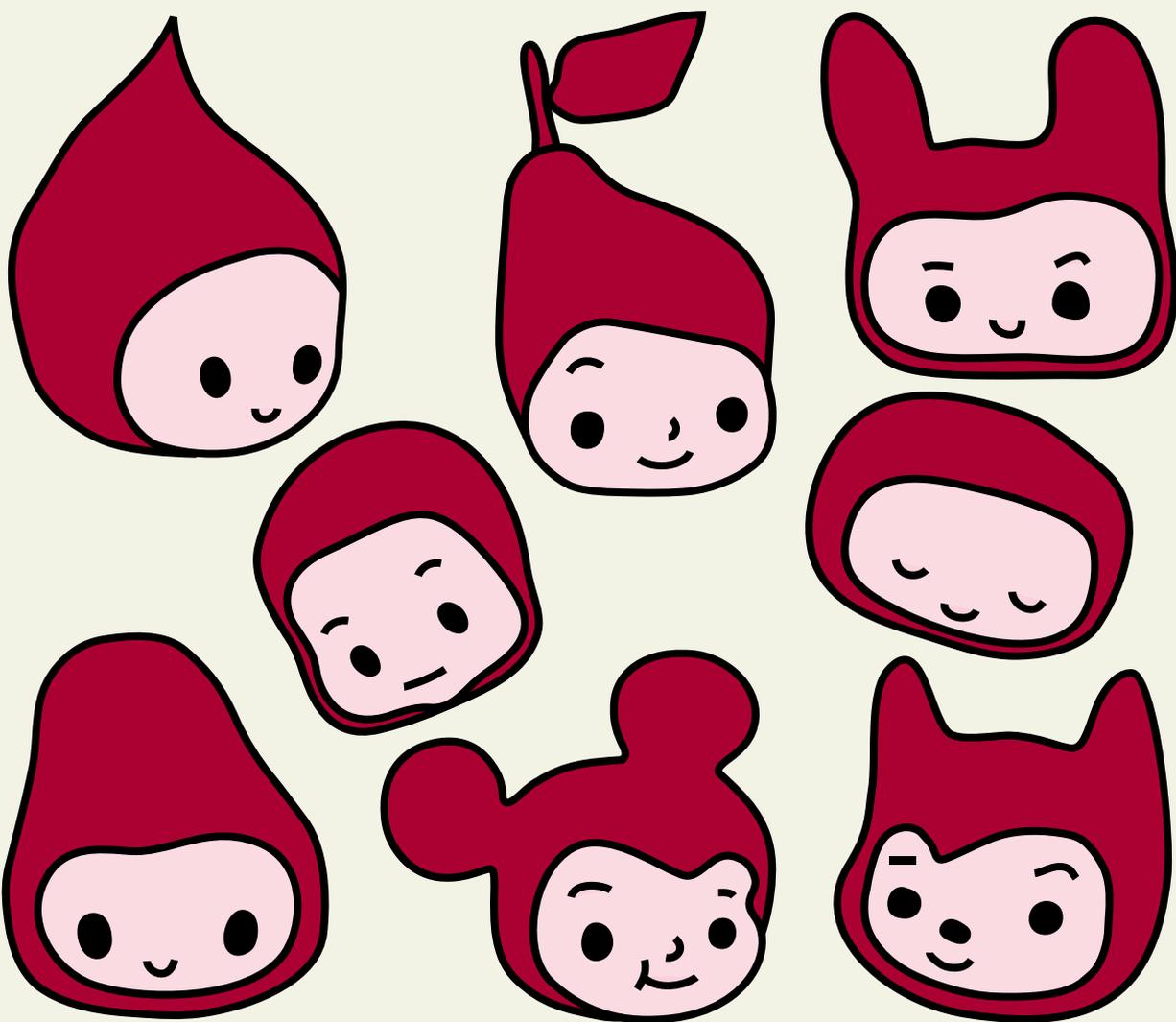


Five year with the maximum fee



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**Five years with
the maximum fee**

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Introduction

A reform of child care in Sweden was carried out between 2001 and 2003. This reform entailed a regulation of child care fees, an obligation for municipalities to offer pre-school activity to certain groups of children and “universal” pre-school for all four- and five-year olds. These measures were intended to increase the availability of pre-school activity and child care for school-age children.

The Swedish National Agency for Education has been commissioned by the Government to follow up and evaluate the reform. This summary is intended to provide a brief description of the reform and its effects.

Background

Practically all child care in Sweden is publicly organised and financed. A high proportion of children are enrolled in these activities. Children aged between 1 and 5 usually attend pre-school, while a smaller proportion attend family day-care homes. In many cases, children aged between 6 and 12 go to leisure-time centres after school.

According to the most recent statistics (2006), 79 per cent of all children aged between 1 and 5 are enrolled at pre-school and an additional 6 per cent of the age group are enrolled at family daycare homes. Leisure-time centres are also used to a great extent, 78 per cent of all children aged between 6 and 9 were enrolled at a leisure-time centre in 2006. However, the proportion was lower for children aged between 10 and 12, 11 per cent.

At the beginning of the 1990s, a considerable amount of public activity was transferred to the municipalities (care, education and social services) at the same time as Sweden was affected by an economic crisis resulting in considerable cutbacks. Follow-ups show that parental fees for child care increased during the 1990s, as well as the variation in the fee level among municipalities. These follow-ups also showed that there were groups of children who risked being temporary or permanently excluded from these activities.

The cutbacks in pre-school activity and child care for schoolchildren resulted in larger groups of children and lower staff density.

During the 1990s, extensive reform work took place in order to further develop and clarify the educational role of these activities. Among other things, the pre-school received its first curriculum in 1998. In 2000, the Government submitted a bill to the Swedish parliament, the Riksdag, on the maximum fee and universal pre-school and related matters. This proposal was intended to increase the availability of pre-school activities and child care for schoolchildren through a number of reforms. According to the proposal, child care has been one of the cornerstones of Swedish family policy and this activity has many tasks to fulfil. In the first place, the activity should provide children with good care and stimulate their development and learning. Secondly, pre-school activity and child care for schoolchildren are considered to be socially important by creating meeting places for children from different groups in the population. This activity can also contribute to evening out differences in the conditions in which children grow up. Thirdly, it is claimed that a well-developed child care system is important for the financial situation of families with children and for gender equality.

It is also noted in the Bill that parents have a high level of confidence in these activities and that the activity is in demand for almost all children. On these bases, it was considered unreasonable that all children should not have the same opportunities to participate in the activity. The Government's view was that pre-school should be for all children regardless of the family's social and financial situation. The earlier link between child care and working life needed to be expanded to include the right of all children to an educationally stimulating activity.

The content of the reform

The Riksdag made a decision to implement the proposals in the Government Bill in November 2000. This reform consisted of three main parts which are presented below.

1. The maximum fee in pre-school activity and child care for school children

The maximum fee was introduced from 1 January 2002 and means that a ceiling is set on the amount of the fee that a municipality can charge parents. Households with an income of over SEK 42,000 per month pay at most the maximum fee, other households pay at most a certain percentage of their gross income. The design of the maximum fee is described in Table 1 below.

Table 1 The design of the maximum fee.

Maximum fee in Pre-school activity (children aged 1–5)		
	Maximum Fee	Per cent of Gross Income
Child one (youngest)	SEK 1,260	3
Child two	SEK 840	2
Child three	SEK 420	1
Child four	No fee	–
Maximum fee in Child care for schoolchildren (children aged 6–12)		
Child one (youngest)	SEK 840	2
Child two	SEK 420	1
Child three	SEK 420	1
Child four	No Fee	–

The maximum fee was designed to be voluntary for municipalities to apply. However, the municipalities that joined the system were entitled to a special central government grant to compensate them for the loss of income. At the same time, an additional special central government grant was introduced for quality assurance measures.

The maximum fee had a very high take-up. Two municipalities of a total of 289 decided to wait before introducing the reform the first year. However, since 2003 all municipalities in Sweden apply a system with a maximum fee.

2. Availability of pre-school activity for children of the unemployed and parents on parental leave

Municipalities were obliged to offer pre-school activity to children of the unemployed and parents on parental leave (with younger siblings). These activities shall consist of at least fifteen hours per week. These provisions are regulated in the Education Act and came into force on 1 July 2001 and 1 January 2002.

3. Universal, free pre-school for four- and five-year olds

Municipalities were obliged to offer free pre-school for at least 525 hours per year (this corresponds to around three hours per day during term-time) for all children from the age of four. Participation in this activity is voluntary. This provision is contained in the Education Act and came into force on 1 January 2003.

The commission

The Swedish National Agency for Education was commissioned by the Government in 2001 to follow up and evaluate the maximum fee reform and the universal pre-school and related matters. Altogether five reports, four interim reports and a final report in April 2007 have been presented.

According to the Government's directive, a number of issues are to be clarified on the basis of the introduction of the maximum fee in pre-school activity and child care for schoolchildren: the impact of the maximum charge, demand for pre-school activity and child care for schoolchildren, the attendance times of children, quality aspects, the municipalities' fee policy and effects on municipal finances and employment and labour supply. Furthermore, the new obligation of the municipalities to offer pre-school activity for the children of the unemployed and parents on parental leave and the introduction of a universal free pre-school are to be followed up. The Swedish National Agency for Education also has the task of administering two central government grants and following up a grant for quality assurance measures in pre-school activity and child care for school children.

Results

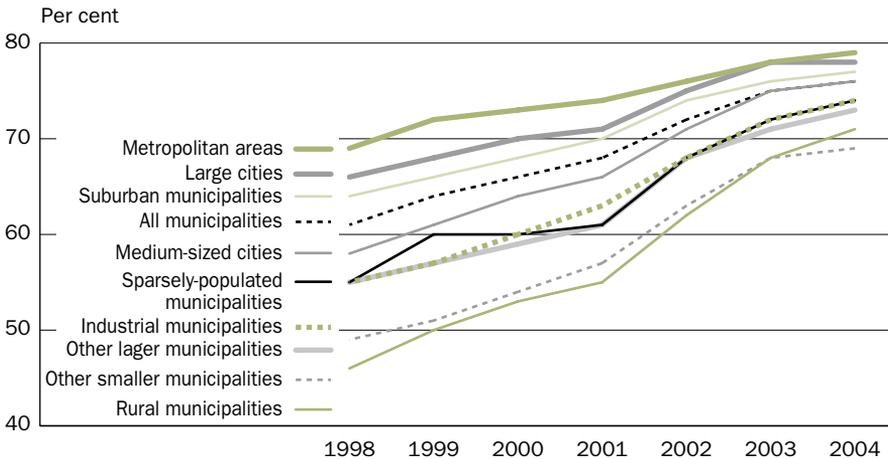
A summary of the results of the Swedish National Agency for Education's follow-ups is shown below.

The proportion of children enrolled in pre-school and leisure-time centres has increased

The proportion of children enrolled in pre-school has increased in all municipality groups during the period in question. This increase has been greater in some municipalities than others, which means that the proportion of enrolled children has become more evenly distributed among Swedish municipalities after the introduction of the reform. The importance of various background factors (for instance, municipality of residence, parents' occupation and foreign background) for participation in pre-school has decreased during the reform period.

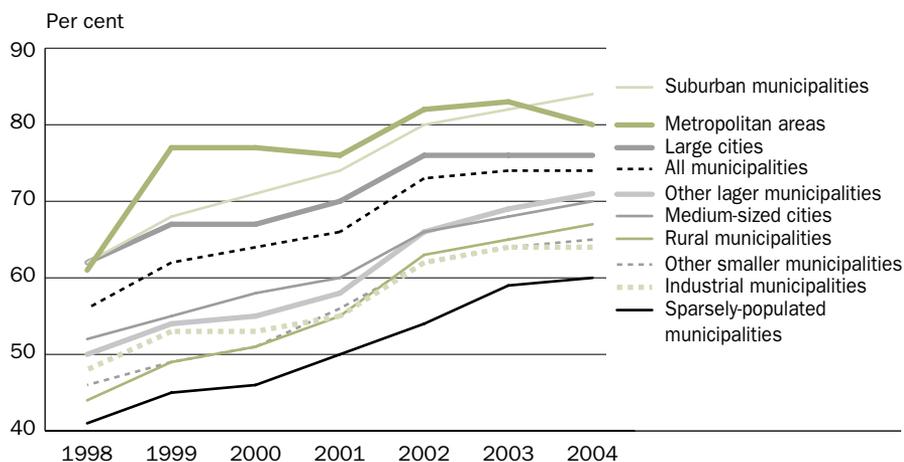
Figure 1 illustrates the increase in the proportion of children enrolled in pre-school for all municipal groups during the reform period.

Figure 1 Pre-school, proportion (%) of children aged 1–5 enrolled by municipality groups during the period 1998–2004.



The proportion of children in leisure-time centres has increased during the period although the variation between municipalities of the proportion of children enrolled has not decreased in the same way as for the pre-school. However, it can be noted in Figure 2 below that the proportion of children enrolled increased in all municipality groups between 2001 and 2002 when the maximum fee was introduced.

Figure 2 Proportion of children aged 6–9 in leisure-time centres by municipality groups during the period 1998–2004.



As regards the family daycare home, both the proportion and the number of children have decreased. This development has been in process for a longer period, and the average rate of decrease has not increased during the years that the reform was introduced. There are considerable variations between municipalities as regards the proportion of children enrolled in family daycare homes.

The increased availability has been made use of

The reform has above all led to an increase in the availability of pre-school for children whose parents are on parental leave with younger siblings, but also for children whose parents are unemployed. Use is particularly high for four- and five-year olds, who are covered by the universal pre-school. Less than five per cent of all four- and five-year olds in Sweden did not participate in public organised pre-school activity in 2005.

The reduction of fees in child care for schoolchildren seems to have had a clear effect on the number of children enrolled, which can also be seen in Figure 2 above. However, the leisure-time centres were not covered by the parts of the reform that entail increased availability for the children of unemployed parents and those on parental leave. The increased availability of leisure-time centres has therefore mainly applied to children whose parents are working or studying. In the case of children whose parents are not working or studying – for example, children of unemployed parents or parents on parental leave – the municipalities have instead become more restrictive about offering places during the reform period.

Parents more satisfied after the reform

The Swedish National Agency for Education has made a questionnaire survey on two occasions (1999 and 2002) addressed to parents with children aged between 1 and 12. A similar questionnaire was made in 2005 although with a smaller population than previous surveys. This questionnaire contained some background questions about the family (number of children, occupation, etc.), questions about the child's form of childcare and about how many hours were used and whether the parent(s) were satisfied with the child care provided. The result from the parental surveys shows that the proportion of parents desiring different childcare for their children than the care provided had diminished. This reduction is independent of the form of child care and the occupation of the parent.

Table 2 Pre-school activity for 1–5-year olds. Proportion of parents who have or want a place for their child, by main occupation. Comparison between 1999 and 2002.

Main occupation	Employment/ studies	Unemployed	Parental leave	Long-term illness	All
Year 2002					
Have place	95	83	52	86	85
Do not have but want a place	1	6	3	3	2
Year 1999					
Have place	90	67	30	73	77
Do not have but want a place	1	10	10	7	4

The result for 2005 shows that there has been a further increase in the proportion with a child care place among all groups and a total of 94 per cent of the parents who have answered the questionnaire have a place. Only one per cent state that they do not have a place.

The Swedish National Agency for Education has interpreted the results as meaning that more parents have the child care they wish to have after the reform and that parents who stay home with children do so to a greater extent of their own choice, and not due to other factors, such as the cost of child care. The proportion of parents who are satisfied with the child's child care form has also increased during this period.

Attendance times

The average attendance time for children in pre-school fell slightly from 31 hours in 1999 to 30 hours in 2002. The average attendance time at pre-school and family daycare home has continued to decrease slightly to 28 hours per week in 2005. The attendance time has also decreased in the corresponding period in private pre-school as well, where the average attendance times are generally higher than in the municipal pre-school. Average attendance times per child in family day nursery and child care for schoolchildren have also decreased between the years 1999, 2002 and 2005.

The decreased attendance times in pre-school and family daycare home are explained to a great extent by the increased availability for children of the unemployed and parents on parental leave. Many municipalities restrict the attendance time to 15 hours per week for these groups, which reduces the average attendance times. The average attendance time for children of employed and studying parents fell marginally from 32 hours per week in 1999 to 31 hours per week in 2005.

The average attendance times have also fallen between 1999 and 2002 in leisure-time centres. The average attendance time in leisure-time centres for children aged between 6 and 9 with employed or studying parents was 20 hours per week in 1999 and fell to 15 hours per week in 2005.

During the same period as attendance times at leisure-time centres have decreased, the proportion of children enrolled has increased and fees have been reduced for a large proportion of households. It would be reasonable to assume that the introduction of the maximum fee and an increased proportion of children enrolled would also lead to an increase in the average attendance time but this accordingly seems not to have been the case.

Children of unemployed parents and parents on parental leave

In autumn 2006, 90 per cent of the municipalities only offered the statutory 15 hours a week for pre-school activity for children of unemployed parents and parents on parental leave. The increased availability and the increased proportion of “fifteen-hour” children have in certain cases led to markedly changed conditions for the activity of the pre-school. There are considerable variations between and within municipalities, and it is therefore difficult to give a general picture of the effects in this respect. However, certain factors seem to be important for how the attendance of the “fifteen-hour” children is perceived by the staff, for instance factors such as the resource distribution system, group sizes, timetabling and the staff’s method of approach. There seems to be an increased need for organisation and planning due to there being more children with shorter attendance times in the activities.

Universal pre-school

The right to universal pre-school for four- and five-year olds initially led to a relatively small increase in the number and proportion of children. The reason for this is because a high proportion of four- and five-year olds were already enrolled in pre-school activity before the provision on universal pre-school came into effect. In autumn 2002, 83 per cent of all four- and five-year olds were enrolled at the pre-school. In the following autumn, the proportion had increased to 88 per cent, which was a slightly higher increase than the previous year’s average increase of 3.5 per cent. Almost all municipalities have stated that there are four- and five-year olds who only use the free part of pre-school although this often only involves a few children per municipality. A follow-up made in 2006 shows that around eight per cent of four- and five-year olds in pre-school only used the free part.

Universal pre-school is mainly organised as an integrated part of the pre-school. However, in some municipalities, four- and five-year olds who were not previously enrolled in pre-school activity and who do not have any additional need of child care, are placed in special groups.

Quality issues

According to the Government’s commission, quality aspects – for instance, staff density, group sizes and the educational level of the staff – should also be followed up.

The average staff density has also changed marginally during the reform period in the pre-school, which is shown in Table 3 below. The variation in staff density between municipalities has, however, decreased. The number of children per family child minder has decreased slightly and the number of children per annual employee has increased at the leisure-time centres.

Table 3 Average number of children per annual employee in child care activities during the period 1998–2005.

Children per annual employee for respective form of activity 1998–2005								
Pre-school	1998	1999	2000	2001	2002	2003	2004	2005
Municipal pre-school	5.6	5.3	5.4	5.3	5.3	5.4	5.4	5.2
Private pre-school	5.7	5.7	5.5	5.6	5.5	5.5	5.4	5.3
Family daycare home	1998	1999	2000	2001	2002	2003	2004	2005
	5.6	5.5	5.5	5.3	5.3	5.2	5.2	5.1
Leisure-time centre	1998	1999	2000	2001	2002	2003	2004	2005
Municipal leisure-time centre	–	–	–	–	–	–	18.0	18.4
Private leisure-time centre	–	–	–	–	–	–	20.9	21.0
All leisure-time centres	15.3	17.8	17.5	17.4	18.4	18.2	18.2	18.6

Group sizes at pre-school have changed marginally during the period and are at around 17 children per group. Information about group sizes was collected by sample surveys between 1999 and 2002, which affects comparability over time. Information about average group sizes provides an overview of development over time, although in reality group sizes vary considerably both between and within municipalities and over time. Children of unemployed parents and parents on parental leave often, for instance, attend pre-school during the morning, which means that groups can be large during parts of the day.

Table 4 Average group sizes in pre-school and leisure-time centres 1990–2005.

Year	Child/group in pre-school	Child/group in leisure-time centre
1990	13.8	17.8
1995	16.7	23.7
1996	16.9	24.1
1997	16.9	26.2
1998	16.5	29.4
2001¹⁾	17.5	.
2002²⁾	17.4	34.1
2003	17.2	30.1
2004	17.2	31.0
2005	17.0	30.6

¹⁾ The figures for 2001 and 2002 are based on sample studies.

²⁾ No information available on average group size.

The proportion of staff with teacher training from higher education in pre-school has varied marginally (between 52 and 54 per cent) between 2000 and 2005. In the case of leisure-time centres, the proportion of staff with teacher training from higher education decreased from 68 per cent in 1998 to 57 per cent in 2002. The proportion has subsequently increased slightly to 59 per cent in 2005. As regards the educational level of staff, there have been large variations between municipalities both before and after the reform. The greatest variations are in leisure-time centres.

Despite the pre-school in some cases having been expanded considerably as a result of the reform, the average group sizes and staff density have changed relatively little during the years in question. In the case of group sizes, there are, however, some indications that they are tending to become so high (in particular during parts of the day) that it is becoming difficult to carry out the activity as intended.

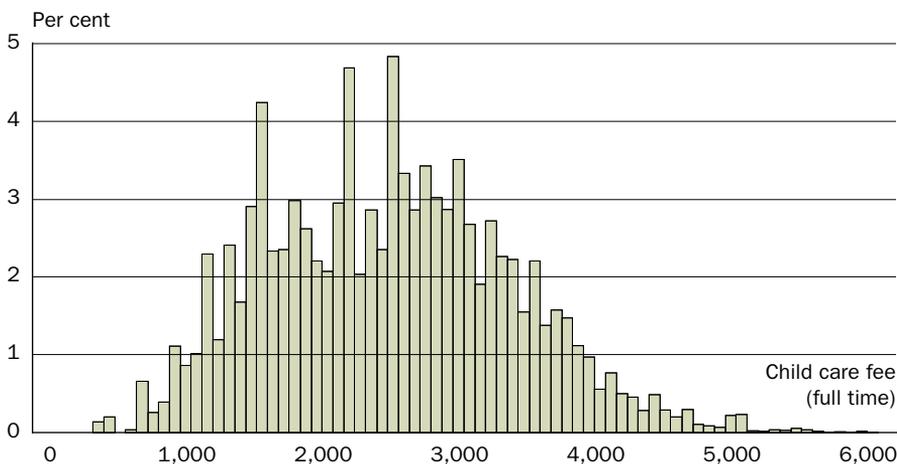
The maximum fee has led to lower fees

The maximum fee has led to a more uniform regulatory system and the differences in the fees systems between municipalities are now relatively small. Since the maximum fee was introduced, many municipalities have abandoned the time-related fee system and apply to an increasing extent a uniform fee per month, which is independent of the child's attendance time. Many municipalities have also increased the number of months charged for from eleven to twelve months a year.

During the reform period, the Swedish National Agency for Education has carried out a fee questionnaire on a number of occasions, which has been targeted on all municipalities. The results show that the importance of fees for explaining differences in consumption resources¹ has decreased and consumption resources have increased for most of the typical families² in the questionnaire. The ceiling for the maximum charge has been at the same level since 2004, which means that an increasing number of households are paying a fixed maximum charge which is not related to income.

Figures 3 and 4 below show the variation between municipalities as regards what households paid in fees (the proportion of gross household income) in 2001 and 2003 respectively. This data is based on all families with children with two adults, with at least one child aged between 1 and 9 in 220 municipalities in 2001 and 2003 respectively.

Figure 3 Fees in pre-school and leisure-time centres, 2001.



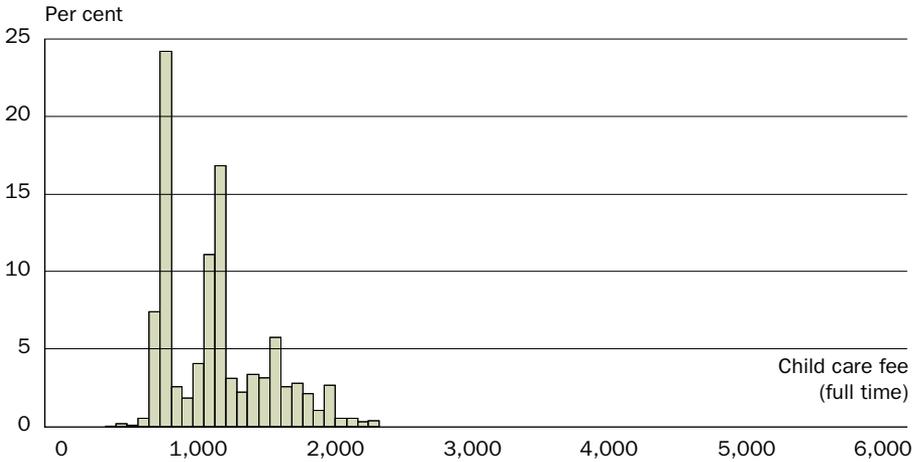
In 2001, the fees varied a lot between households, and certain households paid a fee of almost SEK 6,000 per month. The corresponding distribution for

¹ The income calculation is based on work income and child support which together make up gross income. Positive and negative transfers, for instance, child allowance and tax are added to this. The total of these items is household disposable income. The amount remaining after the necessary expenses have been deducted (rent, electricity, clothing, etc.) is referred to as the residual consumption resources.

² In the questionnaire, which was addressed to municipalities, questions have been asked about the child care fee per month for a number of "typical" families, which differ, for instance, with regard to income, number of children and attendance times.

2003 shows a considerably smaller variation between households with no household paying more than SEK 2,280 per month.

Figure 4 Fees in pre-school and leisure-time centres, 2003.



It should be noted that the scales are different between Figures 3 and 4. Figure 4 above shows that the distribution of the fee level is considerably less than in 2003, that is after the maximum fee has been introduced. Fees have been increased for a few households, but the great majority of households pay less than they did before the introduction of the maximum fee.

Effects on municipal finances

The average attendance times have previously been described as only being marginally affected by the reform. The differences in attendance time observed depend on the charge system that municipalities had before the reform. It is primarily in the municipalities that previously had time-related fees where the changes in fees have been most important for the attendance time.

The municipalities' costs per child in municipal pre-school have not been significantly changed by the reform. However, there are certain differences which depend on the type of fee system the municipality had before the reform. The same applies to tax withdrawals where municipalities which previously applied time-related fees have a high municipal tax rate after the reform, in comparison with municipalities that applied income-related fees.

The special central government grant which has been paid in connection with the maximum fee and universal pre-school, etc. has had different effects on municipal tax rates and the cost per child.

The central government grant for quality assurance measures is distributed on condition that the grant is used for staff reinforcements or measures to increase competence in pre-school activities and child care for school children. This grant has had a clear effect on the municipalities' cost per child; an increase in the grants of one krona per child increases the municipalities' costs per child in pre-school by approximately 90 öre.

The grant that has been paid to compensate the municipalities for the loss of fee income in conjunction with introduction of the maximum fee has counteracted tax increases in the municipalities. The effects of the grant on the municipalities' costs is, however, uncertain, which has been interpreted as the municipalities opting to make use of this grant in a number of different ways.

The maximum charge has not led to parents increasing their supply of labour

In connection with the reduction in fees for pre-school and child care for schoolchildren, the marginal effects for families with children decreased. The reduced marginal effects could conceivably led to increased participation in the labour market for families with children. The evaluations that have been made show, however, that the fee reductions have by and large not had any effects on the labour supply of parents.³ The probable explanation is that the activities were well developed and subsidised before the reform so that the effects were therefore small.

Central government grant for quality assurance measures

As from 2002, a special central government grant was introduced for quality assurance measures in child care for municipalities that apply the maximum charge. Around SEK 500 million per year has been distributed to the municipalities.

The follow-ups show that the grant has been used in the first place for staff reinforcements at pre-school. The proportion of the grant which has been used for staff reinforcement in pre-schools (grant years 2002–2006) has varied between 75 and 79 per cent of the total grant amount. In addition, around 10 per cent has been used for measures to increase competence at pre-school, and

³ More information about the evaluation on labour supply is available at IFAU's (The Institute for Labour Market Policy Evaluation) website at <http://www.ifau.se/upload/pdf/se/2007/wp07-02.pdf>

the remaining ten per cent has been used for child care for school children. Studies of the effects on municipal finances have as before shown that the grant has been used for the intended purpose. Municipalities have moreover to a great extent invested their own funds to ensure the quality of activities in connection with the reform.

Effects of the reform

The maximum fee and universal pre-school etc. were introduced in a system which was already well-developed and highly subsidised. However, both fee levels and availability varied among municipalities. One explicit intention of the reform was to increase availability and reduce variations in, among other things, fees. A clear effect is that the variations in fees have decreased considerably, and that the municipalities' fees systems have become simpler and more uniform after the introduction of the maximum charge. The reform has also led to a higher proportion of children enrolled, in particular in pre-school. Availability of pre-school is very high, while the availability of leisure-time centres still varies among municipalities.

Follow-ups have shown that conflicts can arise between different quality requirements. The municipalities have, for instance, been responsible for offering places in child care without unreasonable delay, that is within 3–4 months after the person with custody has requested a place. At the same time, there are other demands on the activity, for instance, according to the Education Act, there shall be staff with a sufficient education and training and experience to meet the child's needs for care and a good educational activity. Child groups shall also have a suitable composition and size and the premises are to be fit for their purpose.

Different strategies, temporary or more permanent, are applied by the municipalities to handle the demands made on the activities. These strategies can be larger child groups, temporary activities, special morning groups and so on.

The Swedish National Agency for Education has noted that the effects of the reform accord in many ways with the existing goals and intentions. However, it is important to safeguard quality issues. The expanded availability of pre-school activity is not intended to take place at the expense of the quality of the activity or of children's need for a secure environment.

A reform of child care in Sweden was carried out between 2001 and 2003.

The Swedish National Agency for Education was commissioned to follow up and evaluate the reform.

This summary is intended to provide a brief description of the reform and its effects.