

## CHILDCARE PROVISION AND LABOUR MARKET PARTICIPATION

This written evidence focuses on the questions regarding to which extent the current childcare provision system supports parents, particularly mothers, to enter, remain and progress in employment. This memo also tries to answer questions regarding the coronavirus pandemic and how the childcare provision has been affected by the pandemic.

To understand how preschools and other forms of childcare provisions support parents, particularly mothers, to enter, remain and progress in employment one needs to first understand women's position in the labour market. The Swedish labour market is largely constituted by both men and women, but it can be characterized as gender segregated. On average men work a bit more and women are to a larger extent part-time employed<sup>1</sup>. The policy focus has shifted towards the establishment of foreign-born women in the labour market, because of structural obstacles for the group to enter the work force. However, an overall high level of female participation in the labour market and women's financial contribution to the family has been a central goal for the Swedish gender equality policies over decades. Policies like abolishing joint taxation, expansion of the welfare state, the parental leave system, which by and large is gender neutral, and an extensive publicly funded preschool system are all vital policy initiatives that have paved the way for women joining the labour market.

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<sup>1</sup> Employment amounted to for men, 20-64 years, reaches 79 % and 78 % for women in 2020. Labour force participation amounted to 86 % for men and 84% for women.

## Childcare provision in Sweden

All children from the age of one have a right, to at least partially, partake in public preschool, subsidised by the government and with a payment ceiling. The right to childcare provision extends to the end of the spring semester the year a child turns 13<sup>2</sup>. As a norm, children from the age of six must attend school. After school hours children are offered care provision through the age of 13.

Preschool can be limited to three hours per day or 15 hours per week if parents are on parental leave or unemployed<sup>3</sup>.

## Preschool and childcare effect on employment

Sweden has a well-developed preschool system where a large majority of children are enrolled. In 2020, 85,4 % of children between the age of 1-5 were enrolled in the system, which is an increase from 2010, when 82,7 % of children were enrolled, even though Swedish-born children attend preschool to a larger extent than foreign-born children<sup>4</sup>. The development of the preschool system has been central policy for promoting both gender equality and increasing labour-market participation for both men and women. Studies and inquiries have shown that the Swedish preschool system has had a clear positive effect

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<sup>2</sup> This right can also be extended for children with disabilities.

<sup>3</sup> Some municipalities offer more than 15 hours per week for unemployed parents and parents on parental leave.

<sup>4</sup> Statens skolverk. Official Statistics of Sweden.

on labour market participation for both men and women, which also translates into a net positive effect on the national economy<sup>5</sup>.

The preschool system has gradually evolved from single-mother households to today's system with an extensive right to childcare provision. As unemployed parents were added into the system it had a direct effect on unemployment of women. Vikman<sup>6</sup> has shown that the reform increased the likelihood of unemployed women to get a job if the child went to preschool. The probability increased even more if the mother had two or more children. Largest effects were seen among women with primary school education and women with university level education (2+ years at university). No effects of the reform were found for unemployed men.

In the evaluation of the subsidies and payment ceiling, no clear effects were found on employment and labour market participation<sup>7</sup>. However, this was explained through the already large participation in preschool activities by children of employed parents (which also supports the aim of the preschool system to facilitate parents' labour market participation). However, a study conducted in Oslo concluded that free preschool had a positive effect on

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<sup>5</sup> Se i.e. SOU 2020:67. Förskola för alla barn – för bättre språkutveckling i svenska.; Prop. 1999/2000:129. Maxtaxa och allmän förskola m.m.; Gunnarsson, L., Korpi, B. M., & Nordenstam, U. (1999). *Early childhood education and care policy in Sweden: Background report prepared for the OECD thematic review*. Ministry of Education and Science in Sweden [Utbildningsdep.], Regeringskansliet.

<sup>6</sup> Vikman, U. (2010). Hur påverkar tillgång till barnomsorg arbetslösa föräldrars sannolikhet att få arbete?. *Arbetsmarknad & Arbetsliv*, 16(4), 45-54.

<sup>7</sup> Skolverket. 2007. Rapport 294. Fem år med maxtaxa: Uppföljning av reformen Maxtaxa och allmän förskola m.m.

employment for foreign-born mothers<sup>8</sup>. Even though, Sweden has an income-related preschool payment system, this is an interesting result because of the policy focus on increased establishment of foreign-born women in the labour market. Together with accessibility to preschools in close proximity to the home, which has shown to be an important factor<sup>9</sup>, the cost of enrolment can become an obstacle for these groups of women.

### **Cash for care system**

Sweden has in the past, both introduced and discontinued a cash-for-care system directed towards parents, on a part time basis, as an alternative to full-time preschool. In this regard Sweden differs from the rest of the Nordic countries which currently have different forms of cash-for-care-systems. The main reason for discontinuing the system has been its negative effects on female participation in the workforce. Last time the system was used in Sweden, only 7,9 % of the applicant parents were men and a similar uneven distribution can be found in both Norway and Finland<sup>10</sup>. Research on cash-for-care systems has shown that for women, especially women with low education or foreign-born women, who already have a weak connection to the labour

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<sup>8</sup> Drange, N. (2018). Promoting integration through child care: Lessons from Norway. *SNS Analys*, nr 50.

<sup>9</sup> Vandenbroeck, M., Lenaerts, K. & Beblavý, M. (2018): *Benefits of Early Childhood Education and Care and the conditions for obtaining them*. EENEE Analytical Report No. 32.

<sup>10</sup> Försäkringskassan 2013:5. Vårdnadsbidrag: En översikt av systemen i de nordiska länderna och sammanfattning av forskningen kring dess effekter.

market, this creates an obstacle for entering the work force<sup>11</sup>. Similar findings have also been recorded in the parental leave insurance.

## **Childcare provision and the Corona pandemic**

Sweden did not have a general lockdown, nor did preschools and other childcare facilities have a general closing during the pandemic. If a preschool closed it related to staffing issues, i.e. a large proportion of the staff infected with covid-19. Only 3,100 parents have used the special insurance within the temporary parental benefit system which was put into place to handle school shutdowns during the pandemic<sup>12</sup>. Instead, the Swedish strategy was based on maintaining childcare provision for parents to keep working and for social reasons and stability for the children.

Instead, recommendations were made to preschools to guarantee the safety of staff and children. These recommendations included not to partake in preschool activities if you had any symptoms. They also included extending the withdrawal period, which in turn increased temporary parental care. These policies were made possible mainly through a temporary parental benefit system which serves to temporarily compensate parents for loss of income (up to 80 % of income) when they care for a sick child. During 2020 this system was used to an extent that has not been seen before<sup>13</sup>. However, the pandemic and the increase in use of this system has placed additional constraints on

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<sup>11</sup> Försäkringskassan 2013:5; Segendorf, Å. O., & Teljosuo, T. (2011). Sysselsättning för invandrare: En ESO-rapport om arbetsmarknadsintegration.

<sup>12</sup> Försäkringskassan. Socialförsäkringsrapport 2021:1. Socialförsäkringen och coronapandemin: En översikt av nyttjandet av socialförsäkringen under coronapandemin 2020.

<sup>13</sup> Ibid.

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parents, especially single parent households (mainly mothers), with low incomes. During 2020 there has therefore been a drastic increase in number of households with a low income standard, which has broken the previous positive trend<sup>14</sup>.

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<sup>14</sup> Försäkringskassan 2021. Barnhushållens ekonomi: Resultatindikatorer för den ekonomiska familjepolitiken 2021.