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Valencia 8-10 September 2011

## 9th Annual ESPAnet Conference **Sustainability and transformation in European Social Policy**

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### **Stream 19: Children as a “new social risk” – discourses and policies**

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# The changing composition of child benefit packages

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First and incomplete draft, please, do not quote without the permission of the author.

Comments and suggestions are very welcome.

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## Abstract:

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The traditional literature on the social investment state suggests that during the past decade social protection has become increasingly selective. This paper asks whether and to what extent child benefit packages have become more or less targeted in the 2001-2009 period. This paper attempts to shed light on shifts in the composition of child benefit packages, distinguishing between universal child cash benefits, means-tested cash benefits and tax child benefits. It draws on original data for 25 EU countries gathered by the Herman Deleeck Centre for Social Policy of the University of Antwerp. This dataset contains simulations of net disposable incomes of five model families in several income situations (double earner, one earner at average wage, one earner at minimum wage and social assistance) at three moments over the past 20 years (1992 (only EU15), 2001 and 2009). The paper shows the growing importance of child tax benefits across Europe. However, whereas in the 'old' EU member states this shift has contributed to an increase in the selectivity of child benefit packages, in the 'new' EU member states it has been particularly detrimental for the child benefit package of low-income families.

**Stream:**

19. Children as a “new social risk” – discourses and policies

## 1. Introduction

Research questions:

- Have child benefit packages become increasingly selective?
- If so, which components of the child benefit package have been responsible for this shift (income related cash benefits for children, tax benefits or social assistance benefits)?
- How did this shift affect the level of child benefit packages?

Focus: 2001-2009, 25 EU member states, variation between 'old' and 'new' member states

Method: model family simulations for four couples with two children: double earner, one earner at average wage, one earner at minimum wage and social assistance recipients. The variation in child benefit packages across family types is used as an indicator of targeting

Outline of the paper:

2. Data and measurement issues
3. The composition of child benefit packages: cross country variation in the mechanisms used to deliver help for families with children
4. The targeting of child benefit packages: which components of the child benefit package contribute most to targeting; cross country variation in the degree of targeting
5. The development of targeting since 2001
6. The level of child benefit packages
7. Conclusions

## 2. Data and measurement issues

Data: CSB-MIPI data (for detailed description: see Van Mechelen et al, 2011: <http://www.centrumvoorsociaalbeleid.be/index.php?q=node/2579>)

The CSB-MIPI dataset derives from data collection through a network of national experts and contains information on minimum income protection provisions for both workers and people

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at working age not in work. For workers, the focus is on the net income packages of double earner families (both adults working full time, national average male earnings plus national average female earnings), single earner families on average wage (one adult working full time, national average male earnings) and single earner families on minimum wage (or, for countries without a national minimum wage, 50% of the average male earnings). For people not or no longer in work, the focus is on statutory social assistance entitlements or equivalent schemes for able-bodied persons. In all cases full account is taken of taxes, social security contributions, means-tested income supplements (including social assistance and housing benefits) and child benefits.

Though the dataset includes data for a range of model families, we focus here on a married couple with children aged 7 and 14. The value and structure of the child benefit package is assessed by deducting the net income of a childless couple from the net income of a couple with children at the same earnings level. The CSB-MIPI data also include the benefit for families with children provided through the housing allowance system and the social assistance scheme. Note that the assumption regarding the age of the children is quite relevant given that tax and cash benefits for children tend to vary substantially by age.

It is also important to note that part of the benefit package that we observe consists of benefits for additional household members in general, not specifically children. For example, the level of housing allowance in the CSB-MIPI data tends to be higher for families with children compared to families without children. This is partly because of the benefits specifically targeted to families with children in the housing allowance system but partly due to the underlying assumption in the CSB-MIPI dataset that families with children live in bigger and therefore more expensive accommodation than families without children.

### **3. The composition of child benefit packages**

This section first outlines the composition of benefit packages for working families with children within the EU Member states. The focus is on the prevalence of universal cash benefits, income-related cash benefits, tax allowances and tax credits targeted at families with children. Next, we assess the composition of child benefit packages for non-working families, more specifically social assistance recipients. We will show that a considerable part of the child benefit package of assistance recipients often consists of additional financial support for

families with children provided through the social assistance scheme and/or the housing benefit system

### The 'old' EU Member States

- Eleven out of fifteen old EU member states have *universal child cash benefits*. The main exceptions are Italy, Portugal, Spain and Germany.
- Italy, Portugal and Spain have *income related cash benefits*. Cash child benefits are targeted to low-income families, especially in Spain where one earner couples at average wage are not entitled to cash benefits. In Italy and Portugal even double earner couples at two time average wage can receive cash child benefits, though this benefit makes up only a small portion of their net disposable income. Income related cash benefit schemes also exist in the Netherlands, Ireland and France. However, in these countries means-tested benefit schemes provide supplements to the universal benefits for low-income families. In Ireland the 'Family Income Supplement' is an employment based scheme that gives extra financial support to people on low pay. The 'Allocation de rentrée scolaire' in France is a means tested annual benefit for families with children between 6 and 18.
- Germany replaced its universal cash benefit scheme with an option model of *tax credits* and tax allowances in 1996. Families with children are taxed in the most favourable way, which in most cases is by making use of the tax credit. This model is functionally very similar to universal cash child benefit. Austria too has a tax credit system (on top of universal cash benefits) that shows strong resemblance to universal benefits. Tax credits are non-income-related and fully refundable.
- *Tax credits* for families with children have grown in importance, especially during the nineties (Bradshaw and Finch, 2002). Tax credits are also a substantial element of the benefit package in France, the UK, Belgium, and Greece. Child tax credits in these four countries are refundable and income-tested— except in France. Child tax credits are particularly targeted to low-income families in Greece and Belgium. Here households with at least one member working full time do not benefit from the tax credit system.
- Child *tax allowances* are usually combined with universal cash benefits (Austria, Belgium, Greece) or income-related cash benefits (Spain and Italy).

**Table 1 Elements of the child benefit packages of working families<sup>1</sup>, 25 EU countries, 2009**

	EU 15	EU 10 <sup>2</sup>
<b>Universal cash benefit</b>	AT BE <sup>3</sup> DK FI FR GR <sup>4</sup> IE LU NL SE UK	BG EE HU LV SK RO
<b>Income related cash benefit</b>	IT PT ES NL IE FR	CZ BG LT PL SI RO

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Tax credit	AT BE FR DE <sup>5</sup> GR UK	CZ SK(?)
Tax allowance	AT BE GR ES IT	EE LV LT PL RO SI

<sup>1</sup>Based on the composition of child benefit packages of three model families with 2 children (aged 7 and 14): a double earner couple – two times average wage, a single earner couple – average wage, a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

<sup>2</sup> EU10: Bulgaria, Czech Republic, Estland, Hungaria, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia.

<sup>3</sup>In Belgium there exists no universal child cash benefit as such. However, the employment based benefit scheme and the income related cash benefits are so closely aligned that they are often perceived as forming one universal scheme (Bradshaw and Finch, 2002).

<sup>4</sup> In Greece the child cash benefit system is employment-based. However, persons who receive unemployment benefits for at least two months and persons who are unable to work for 2 months continually can also receive child cash benefits (MISSOC, 2011).

<sup>5</sup> Relatively rich families tend to be entitled to tax allowances rather than tax credits. However, here we only include tax credits as the three model families on which this table is based, receive tax credits but no tax allowances.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

### **The 'new' EU Member States**

- Non-income related child benefits are also popular in the 'new' EU Member states, although less so than in the 'old' EU. Bulgaria, Estonia, Hungary, Latvia, Slovakia and Romania have *universal cash benefits* for families with children. The Czech and the Slovak Republic have *universal child tax credits*. In the Slovak Republic tax credits are non-refundable. In the Czech Republic the child tax credit is only refundable if taxable income is six times above the minimum wage.
- Six out of ten countries provide *income related cash benefits*: Bulgaria, the Czech Republic, Lithuania, Poland, Slovenia and Romania. These benefits are particularly targeted in the Czech Republic where single earner couples at minimum wage are entitled to income-related benefits whereas similar households at average wage are not. They are the least targeted in Bulgaria, Lithuania and Slovenia, where even double earner couples at average wage are entitled to income-related benefits.
- Here too, child tax allowances are always combined with either universal cash benefits (Estonia, Latvia) or income-related cash benefits (Lithuania, Poland, Romania and Slovenia).

## **Mixes of mechanisms**

As the discussion above indicates, state support for the costs of parents caring for children often consists of a combination of tax allowances, tax credits and cash benefits. Table 2 shows the degree to which child benefit packages are mixes of mechanism for delivering help to families with children.

- The child benefit package is very mixed – consisting of three elements or more – in Austria, Belgium, France, Greece and Romania. These countries combine universal cash benefits with either more than one tax benefit for families with children (Austria, Belgium and Greece) or with an income related cash benefit and a tax benefit (France and Romania).
- Four countries combine universal cash benefits with either child tax allowances (Estonia, Latvia) or child tax credits (the United Kingdom, the Slovak Republic).
- Six countries combine income related cash benefits with either child tax allowances (Italy, Spain, Latvia, Poland and Slovenia) or child tax credits (Czech Republic).
- Universal child cash benefits are supplemented with income related cash benefits in the Netherlands, Ireland and Bulgaria.
- The main element of the German child benefit package for the working families in this study is a tax credit (note: higher income families may rather benefit from the tax allowance system instead). However, it also has a rebate which varies the social security contributions for families with children.
- The child benefit package consists solely of either universal or income related cash benefits in Denmark, Finland, Sweden, Luxembourg, Hungary and Portugal.
- We will use the classification of countries that is presented in table 2 later in this paper to assess the combinations of tax benefits and cash benefits for children which are most targeted at low-income families or which lead to relatively generous benefit packages. The advantage of this classification based on the prevalence of tax and cash benefits for children (as compared to classification based on the main component of the child benefit package of one family type or the average benefit package of several family types) is that it allows us to gauge the interaction between instruments of income protection for families with children. The degree of targeting and the level of child benefit packages that mainly consists of universal cash benefits vary with the absence or presence of other instruments like tax allowances and income related cash benefits, as I will show in this paper.

**Table 2 The mixing of elements in the child benefit packages of working families<sup>1</sup>, 25 EU countries, 2009**

EU 15	EU 10 <sup>2</sup>
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<b>Very mixed (≥ 3 elements)</b>	AT BE FR GR	RO
<b>Universal cash benefit + tax benefits</b>	UK	EE LV SK
<b>Income related cash benefit + tax benefits</b>	ES IT	CZ LT PL SI
<b>Universal + income related cash benefit</b>	NL IE	BG
<b>Tax credit</b>	DE (+rebate)	
<b>Universal cash benefit</b>	DK FI SE LU	HU
<b>Income related cash benefit</b>	PT	

<sup>1</sup>Based on the composition of child benefit packages of three model families with 2 children (aged 7 and 14): a double earner couple – two times average wage, a single earner couple – average wage, a single earner couple- minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

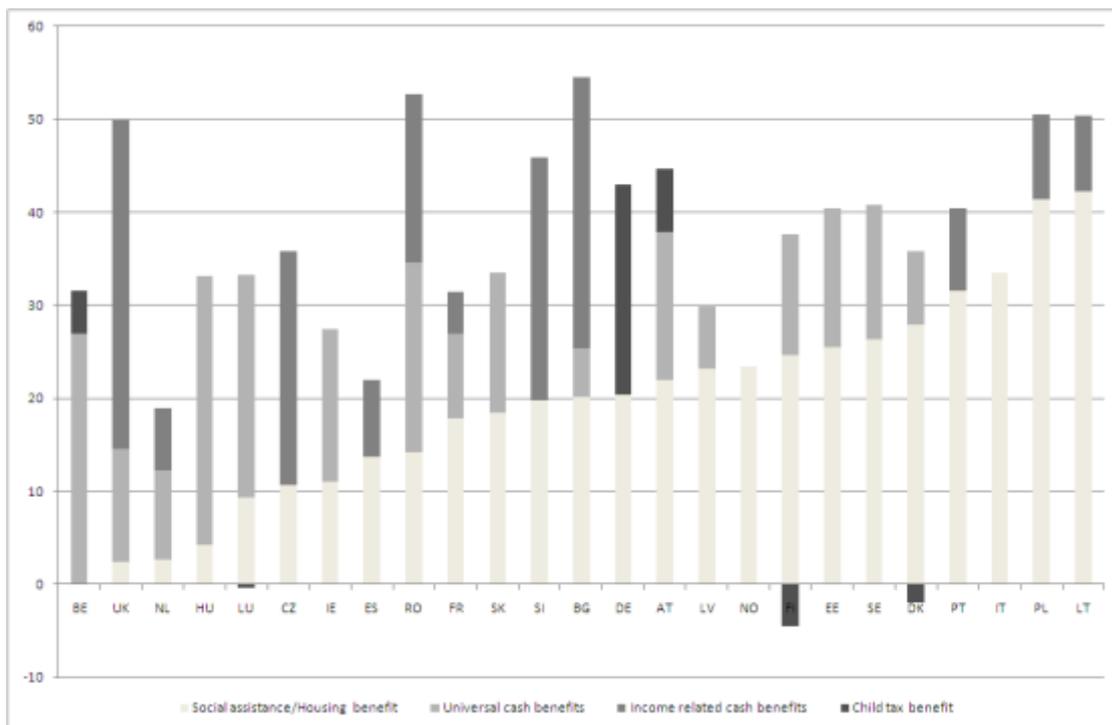
<sup>2</sup> EU10: Bulgaria, Czech Republic, Estland, Hungaria, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

## The child benefit package of social assistance recipients

Discussion of figure 1: to be included

**Figure 1. The composition of the child benefit package of social assistance recipients<sup>1</sup>, couple with two children (aged 7 and 14), 25 EU countries, 2009**



<sup>1</sup> The estimates for Austria, Italy and Spain are based on the social assistance rates prevailing in respectively Vienna, Milan and Catalonia.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

#### 4. The targeting of child benefit packages

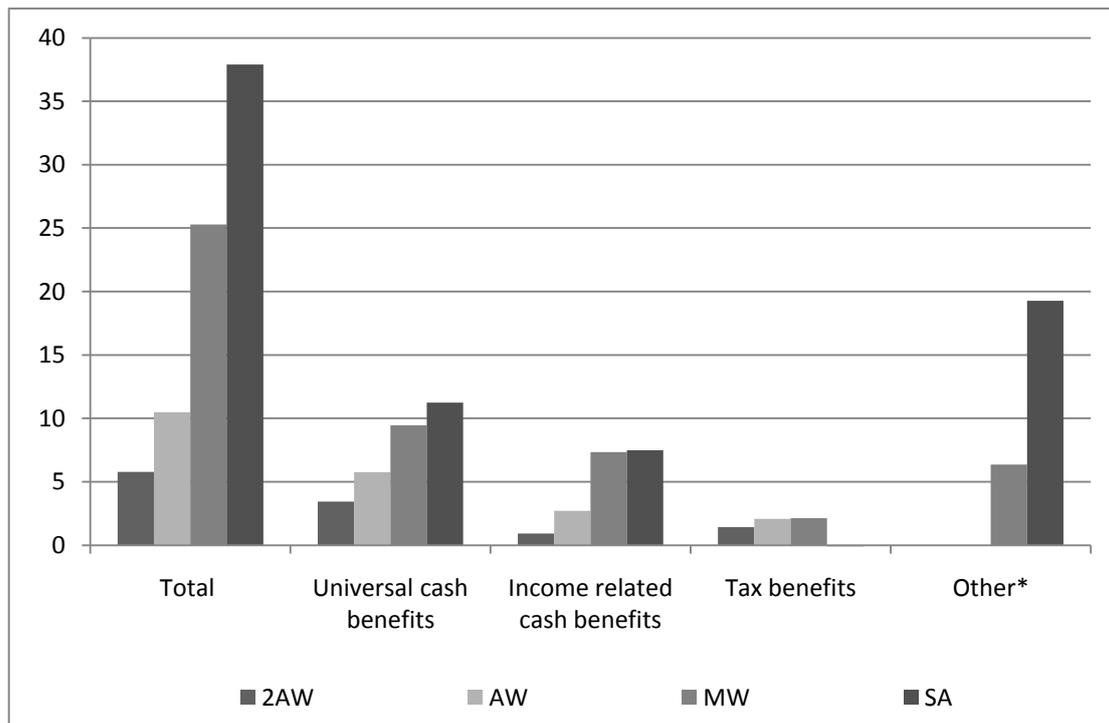
- Figure 2 gives an indication of the targeting of child benefit packages by comparing child benefit levels as a proportion of net disposable income between four model families: a

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double earner couple at two times average wage, a single earner couple at average wage, a single earner couple at minimum wage and a couple on social assistance. In most countries the child benefit package rises relative to net income as we move down the income distribution. The only exceptions to this are Latvia (where in relative terms the child benefit package of a single earner on minimum wage is below that of a single earner on average wage) and Portugal (where in relative terms social assistance recipients may receive lower child benefit packages than minimum wage earners).

- The degree of targeting varies with the component of the child benefit package. Universal cash benefit schemes typically provide the same amount to all families regardless of earnings (though amounts may vary by the number or age of children). This means that as a proportion of net income, the importance of the benefit package rises as net income decreases. Not surprisingly, targeting is stronger for income related cash benefits: income related cash benefits are 8 times higher for social assistance recipients than for double earner couples (for universal benefits this ratio is 3.3). Targeting is most narrowly for the category 'other' which consists predominantly of benefits for families with children provided through social assistance or housing allowances. This is quite evident given that both schemes only provide benefits to low income households. Tax benefits for children are the least targeted. This category contains tax allowances as well as tax credits. The picture in figure 2 is largely determined by the operation of tax allowances and non-refundable tax credits: assistance recipients – and in a number of countries also single earner couples on minimum wage – do not benefit from tax benefits simply because they pay no taxes. Of the model families observed here, average earners benefit the most from tax allowances.

**Figure 2. The targeting of child benefits: child benefit packages as % of net disposable income for four model families<sup>1</sup>, two children (aged 7 and 14), 25 EU countries<sup>2</sup>, 2009**



<sup>1</sup> 2AW: a double earner couple – two times average wage; AW: a single earner couple – average wage; MW: a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE); SA: a couple on social assistance (no earnings).

<sup>2</sup> All EU member states, except Cyprus and Malta. No data available for average wage earners in Luxembourg and social assistance recipients in Greece.

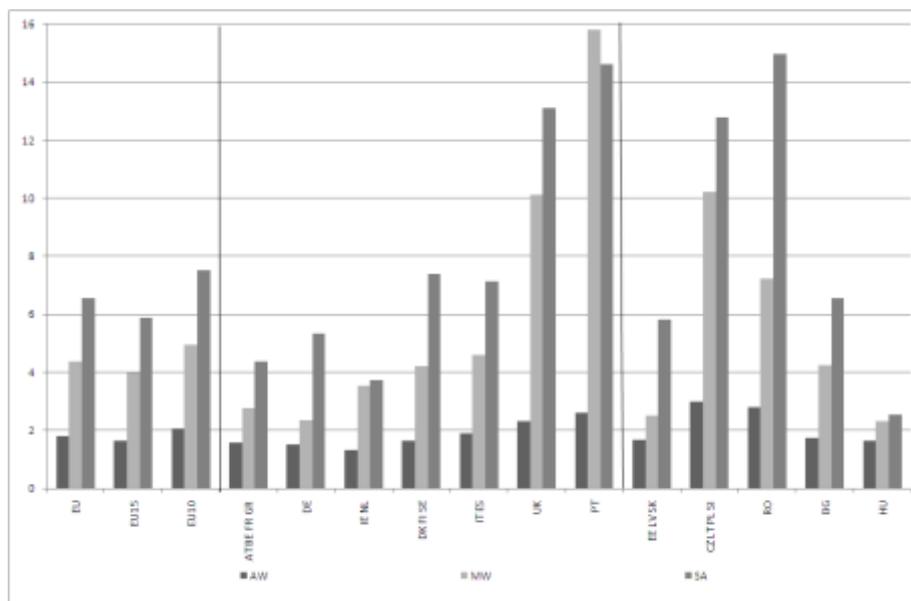
<sup>3</sup> Other: local property taxes and other non-income related taxes, housing allowances, social assistance top up benefits.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

- Figure 3 shows the degree of targeting for the classification of countries presented in table 2. The ratio of the child benefit package of single earner couples and social assistance recipients to the child benefit package of double earner couples is used here as an indicator of the degree of targeting.
- First, it shows that child benefit packages are generally less targeted in the ‘old’ EU member states than in the ‘new’ member states. This is due to the high prevalence of both income related cash benefits and social assistance benefits for children in the EU10.

**Figure 3. The targeting of child benefits: the ratio of the child benefit package of three model families on low income<sup>1</sup> to the child benefit package of a double earner**

**couple (two times average wage), two children (aged 7 and 14), 25 EU countries, 2009**



<sup>1</sup> AW: a single earner couple – average wage; MW: a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE); SA: a couple on social assistance (no earnings).

<sup>2</sup> All EU member states, except Cyprus and Malta. No data available for average wage earners in Luxembourg and social assistance recipients in Greece.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

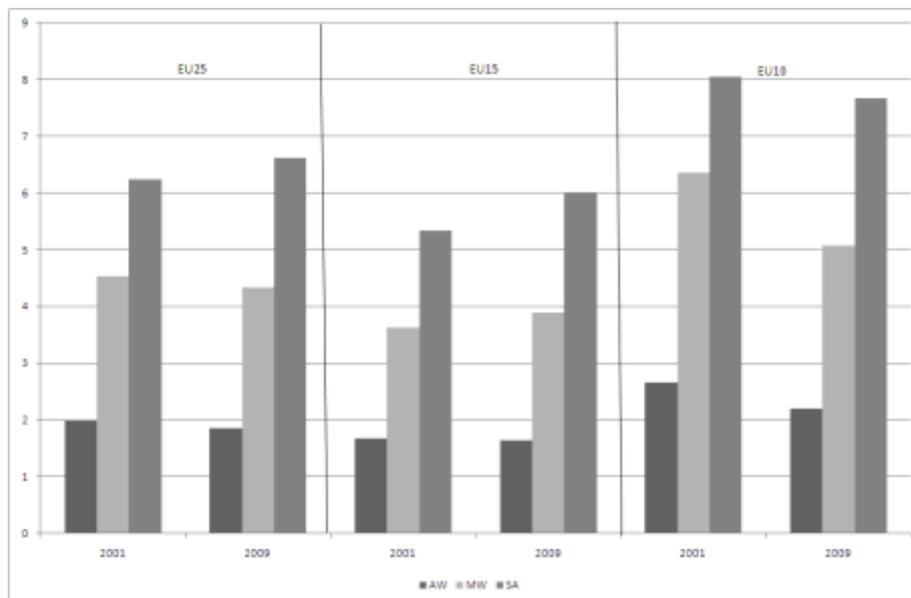
- In the EU15 the ratio of the child benefit package of social assistance recipients to that of two earner couples varies from below 6 per cent in Austria, Belgium, France, Germany, Ireland and the Netherlands to above 10 per cent in the United Kingdom and Portugal. Countries where the degree of targeting is low are those that provide universal child cash benefits combined with tax allowances and/or income related cash benefits (except for Germany that has an option model of tax credits and tax allowances). The United Kingdom also combines universal benefits with tax benefits. However, the tax benefit system here is solely based on income-related refundable tax credits which are functionally equivalent to income related cash benefits, as figure 3 clearly demonstrates.
- In the EU10, the degree of targeting is comparatively low in countries like Estonia, Latvia and the Slovak Republic whereas it is relatively high in the Czech Republic, Lithuania, Poland and Slovenia. The former group of countries provides benefits for children through a combination of universal child benefits and tax benefits (mainly tax allowances), while the latter has income related child benefits and tax benefits (mainly tax allowances).
- In sum: we see that, as one would expect, the degree of targeting of *universal cash* benefits is fairly modest. Moreover, when combined with tax allowances or income

related cash benefits for children universal cash benefits are usually even less selective, except in Romania. By contrast, *income related cash benefits* for children are usually well targeted to low income parents, except when they are used as supplementary benefits on top of universal cash benefits, like in Ireland, the Netherlands or Bulgaria. The degree of targeting of *tax credits* largely depends on how they are designed. In Germany, where the tax benefit system for children shows strong resemblance to universal cash benefits, they are not specifically targeted at low income households. By contrast, in the United Kingdom the variation by income group is very strong due to a tax credit system that resembles an income related cash benefit.

## 5. Towards more targeting?

- Figure 4 shows a clear shift towards more targeting, but only for the 'old' EU Member states. In the EU15 the ratio of the child benefit package of a one earner family on minimum wage to that of a double earner family on two times average wage increased from 3.6 in 2001 to 3.9 in 2009. The similar ratio for a couple on social assistance rose from 5.3 to 6.0. By contrast, in the EU10 both ratios decreased. In the EU10 the dominant trend was towards less targeting.

**Figure 4. The development of targeting: the ratio of the child benefit package of three model families on low income<sup>1</sup> to the child benefit package of a double earner couple (two times average wage), two children (aged 7 and 14), 24 EU countries<sup>2</sup>, 2001-2009**



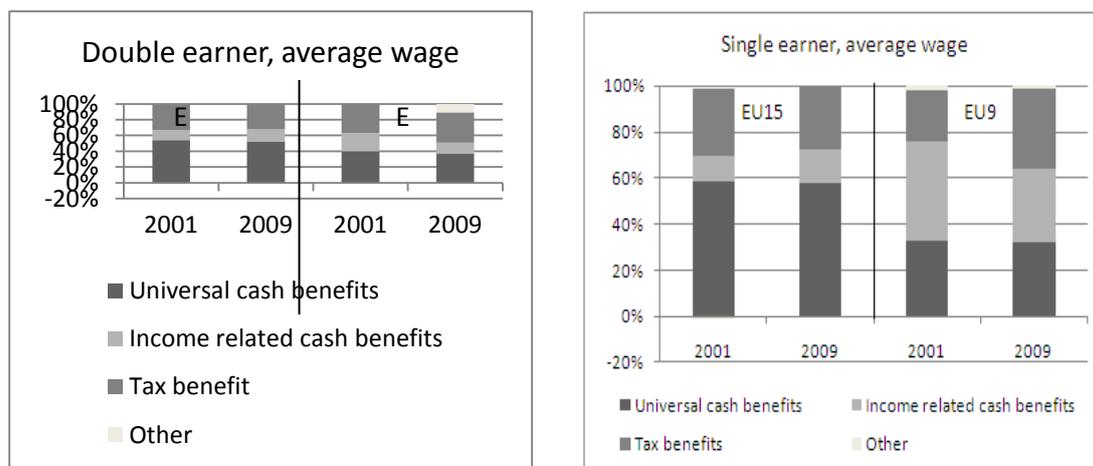
<sup>1</sup> AW: a single earner couple – average wage; MW: a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE); SA: a couple on social assistance (no earnings).

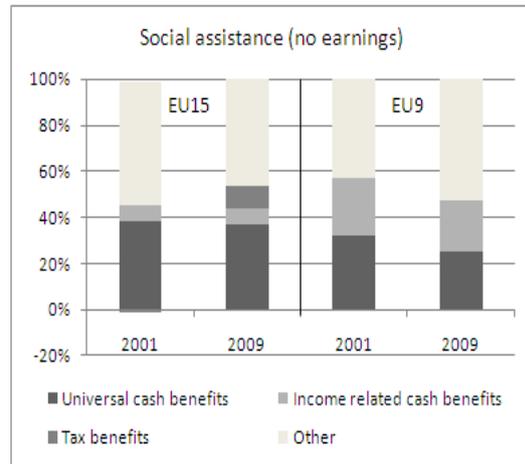
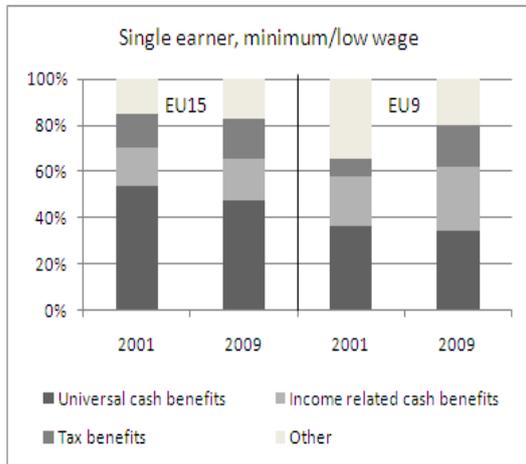
<sup>2</sup> All EU member states, except Bulgaria, Cyprus and Malta. No data available for average wage earners in Luxembourg, minimum wage earners in Austria and social assistance recipients in Greece.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

- Figure 5 shows the drivers behind the targeting shifts by comparing the composition of the child benefit package in 2001 and 2009. In the EU15 the increase in selectivity has gone accompanied with both a decrease in the share of universal child cash benefits and an increase in the use of child tax benefits. The relevance of universal cash benefits has declined in countries like Belgium, France and the United Kingdom. In the Netherlands universal cash benefits for children have even declined in real terms. The relative decline in Belgium, France and the United Kingdom has been due mainly to the intensified use of tax credits. In these countries the fiscalisation of the child benefit package has clearly contributed to a narrowing of targeting benefits on low-income families.

**Figure 5. The development of the composition of child benefit packages, for 4 model families<sup>1</sup>, two children (aged 7 and 14), 24 EU countries, 2001-2009**





<sup>1</sup> The single earner couple on minimum/low wage estimate is based on the statutory minimum wage except for DE, DK, FI, IT, SE (where half average wage has been used).

<sup>2</sup> All EU member states, except Bulgaria, Cyprus and Malta. No data available for average wage earners in Luxembourg, minimum wage earners in Austria and social assistance recipients in Greece.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

- Child tax benefits have also become increasingly important in the 'new' EU Member States. However, the fiscalisation of the child benefit package here has not gone hand in hand with more targeting. The main reason is that EU10 countries like the Czech Republic, the Slovak Republic and Lithuania have introduced non-refundable tax credits or tax allowances to which social assistance recipients are not entitled. Estonia has increased its tax allowance for families for children. However, neither social assistance recipients nor single earners on minimum wage pay taxes and have been able to benefit from this policy change. It is important to note however, that there have also been some movements towards more selectivity in the 'new' EU member states. For example, in Poland the richest case that we have collected data has lost its entitlement to income related child cash benefits, while lower income cases have not. In the Czech Republic and Lithuania too the importance of income related cash benefits for one earner families has increased since 2001. In addition, the implied equivalence scales in social assistance schemes have risen considerably in countries like Estonia, Latvia and Poland. This means that the treatment of social assistance recipients with children vis-à-vis claimants without children has become increasingly generous.

## **6. The level of child benefit packages**

### **1) Which combinations of mechanisms are associated with relatively high/low levels of child benefit packages?**

#### ***The 'old' EU Member States***

- Child benefit packages are consistently (i.e. for both high and low income families) below the EU15 average in Italy and Spain, where financial support for families with children is provided through income related child benefits and tax allowances. Both in Ireland and the Netherlands child benefit packages are comparatively low for social assistance recipients. Both countries deliver help to families with children through universal cash benefits and income related supplements. For working families child benefit packages in these countries tend to be around the average in the old EU member states.
- In Germany child benefit packages are considerably above the EU15 average (except for the single earner couple at low wage (50 % of average earnings)). Austria and Belgium too provide child benefits well above the EU15 average, but only for those earning average wage, not for the low income cases. As already seen, Germany combines an option model of tax credits and tax allowances with child rebates. Austria and Belgium combine universal cash benefits with tax allowances and tax credits. [Note however that the pattern in other countries with very mixed child benefit packages like France and Greece is very different than the one observed in Austria and Belgium. French benefit packages

tend to be fairly average for most model families, whereas the Greek ones are usually somewhat below the EU average.]

- In Portugal and the UK the picture is very mixed due the income related component of the child benefit package. Relative to net disposable income, child benefits for double earner households are comparatively low. However, for low income households the child benefit package tends to be well above the EU15 average.
- Countries where the entire child benefit package consists of universal cash benefits, like Denmark, Finland, Sweden and Luxembourg tend to have child benefit levels towards the average in the EU15.
- In sum, countries with universal child cash benefits may have relatively generous child benefit packages but only if combined with tax allowances (which tend to favour the better off: cf. Austria and Belgium) or tax credits (which can also be targeted at low income families: cf the UK). Countries where child benefit packages are targeted to low income families through income related cash benefits may provide relatively generous benefits to one earner families at minimum wage or to social assistance recipients (e.g. Portugal) though not necessarily (e.g. Italy and Spain).

**Table 3 The composition and average level of child benefit packages<sup>1</sup>, 25 EU countries, 2009**

Average level (as % of net disposable income)	2AW	AW	MW	SA
EU	5,79	10,50	24,57	37,90
<i>(Standard dev.)</i>	<i>(2,74)</i>	<i>(4,39)</i>	<i>(12,28)</i>	<i>(9,74)</i>
EU15	5,85	9,57	22,15	34,40
<i>(Standard dev.)</i>	<i>(2,32)</i>	<i>(3,38)</i>	<i>(11,95)</i>	<i>(8,59)</i>
IT ES	3,84	7,31	17,67	27,41
<b>(Income related + tax all.)</b>				
IE NL	6,25	8,24	22,13	23,20
<b>(Univ. + income r. cash)</b>				
DE	8,08	12,12	18,85	42,98
<b>(Tax credit/all. + rebate)</b>				

<b>AT BE FR GR</b>	8,21	12,89	22,56	35,90
<b>(Mixed)</b>				
<b>PT</b>	2,73	7,06	43,14	39,84
<b>(Income related)</b>				
<b>UK</b>	3,81	8,77	38,64	49,95
<b>(Universal+ credit)</b>				
<b>DK FI SE LU</b>	4,74	7,80	19,89	34,98
<b>(Universal)</b>				
<b>EU10<sup>2</sup></b>	5,70	11,80	28,19	42,80
<b>(Standard dev.)</b>	<i>(3,38)</i>	<i>(5,43)</i>	<i>(12,47)</i>	<i>(9,49)</i>
<b>EE LV SK</b>	5,92	9,93	14,80	34,37
<b>Universal + tax ben.</b>				
<b>CZ LT PL SI</b>	3,57	10,61	36,42	45,63
<b>Income related + tax ben.</b>				

<sup>1</sup>Based on the composition of child benefit packages of three model families with 2 children (aged 7 and 14): 2AW: a double earner couple – two times average wage; AW: a single earner couple – average wage; MW: a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE); SA: a couple on social assistance (no earnings).

<sup>2</sup> EU10: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia.

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

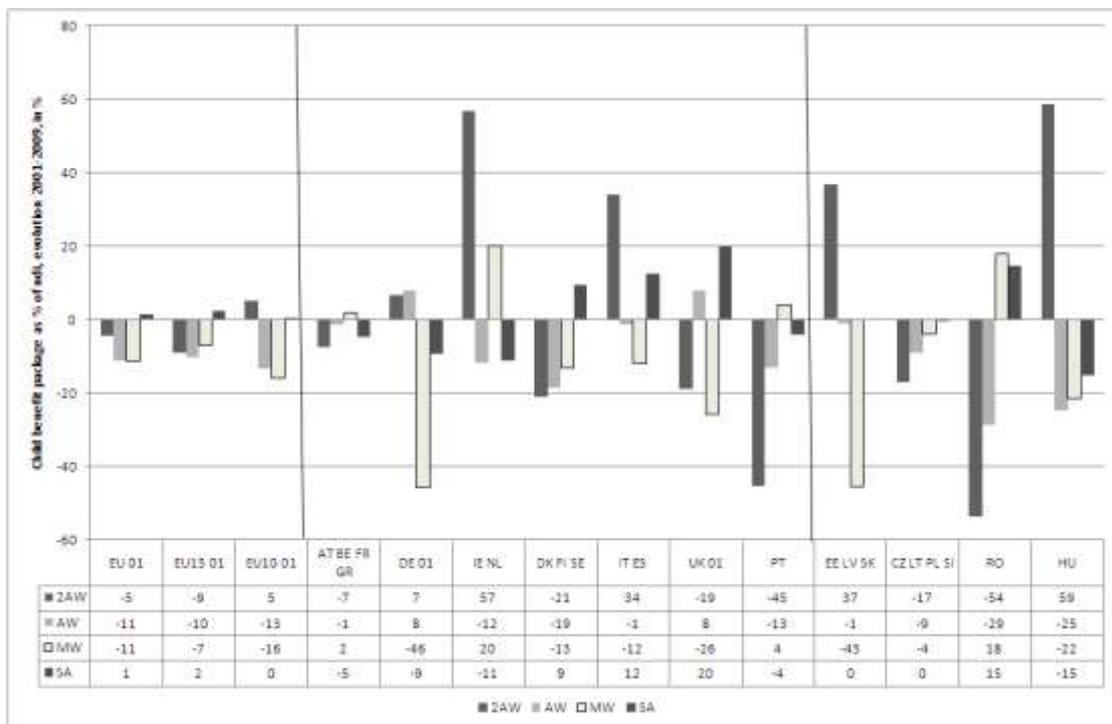
### The 'new' EU Member States

- In Estonia, Latvia and the Slovak Republic child benefit packages of low income families are below the EU10 average. Low income families are particularly disadvantaged since tax benefits here are reserved for those who actually pay taxes.
- In the Czech Republic, Latvia, Poland and Slovenia low income families usually receive comparatively generous benefit to assist parents with the costs of raising children. Low income families here receive income related cash benefits to compensate for the fact that they do not benefit from the tax allowance system.

### 2) Have the targeting shifts gone accompanied with either rise or decline in child benefit package levels?

Discussion of figure 6: to be included

**Figure 6. The development of the level of child benefit packages, 4 model families<sup>1</sup>, two children (aged 7 and 14), 24 EU countries, 2001-2009**



Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

## 7. Conclusions

To be included

