

Subsidizing Early Childhood: Israel in a Cross-National Comparative Perspective

Roni Holler¹ and John Gal¹

This article compares the Israeli early childhood care subsidy model to that in Australia, the United Kingdom, Germany, Finland and Spain. The Israeli model is primarily a “quasi-market” in which the state subsidizes the settings, while the operation is carried out by non-profits. Subsidies are realized through parental fees. In Finland there is a “public” model in which the state funds settings and is responsible for operating them. In Australia there is a “voucher” model while in the UK a “tax” model dominates by which the state subsidizes the cost of the setting through a refund of income tax. In terms of effectiveness, it was found that Israel is similar to a group of countries in which parental contribution to the cost of subsidized settings is very high. The findings indicate that the participation rates of Israeli children in formal daycare settings are higher than in all of the surveyed countries but the use of recognized and subsidized settings is only a little above Australia and Germany, which have the lowest utilization rates. Supply and setting costs are related to an additional main finding which is the very significant gaps in participation rates of children in subsidized settings in the Jewish and the Arab sectors. These gaps can be explained by the small supply of subsidized settings in the Arab sector and by the cost of these settings for parents with a low income.

This study examines the impact of the models on labor market integration of mothers and on child welfare. It finds a negative relationship between the cost of the daycare settings and the lack of sufficient daycare supply, and labor market integration of mothers of young children. The study also shows how various models influence the quality of childcare settings.

¹ Paul Baerwald School of Social Work and Social Welfare, Hebrew University, Jerusalem.