

***Estimating Government
Expenditure on Children in Ireland***

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1. Introduction

Public expenditure on children represents an important national investment. In the *Better Outcomes Brighter Futures* policy framework the Irish government aims to make Ireland one of the best small countries in the world for growing up and raising families. Obtaining an estimate of government expenditure on children is necessary to inform policy decisions in this area.

This report estimates government expenditure on children (aged 0-18 years) in Ireland. The report proceeds as follows. In Section 2 we discuss the challenges involved in this type of study with reference to some of the existing literature in this area. In Section 3 we outline our methodology and in Section 4 we present our results. Section 5 presents some recommendations for future work.

2. Challenges Involved in Estimating Government Expenditure on Children

Estimating government expenditure on children is challenging due to data limitations. Government departments typically do not allocate expenditure by age group and therefore apportioning expenditure to children is not an easy task. In addition there are conceptual challenges in consistently defining what types of expenditure to include (Isaacs, 2009a).

Cross-country comparisons are notoriously difficult (Isaacs, 2009b). Data availability varies across countries and different systems of reporting expenditure mean that consistent and comparable estimates are not readily available. Sefton (2009) highlights difficulties in comparing expenditure on children across the four countries in the UK due to different accounting conventions and differences in statistical reporting. There are also discrepancies in defining who a child is in terms of an upper age limit. Isaacs (2009a) estimates public expenditure on children in the US and defines a child as any person between 0-18 years of age. However Sefton (2004) cannot apply a consistent definition of children when estimating public expenditure on children in England. This is because health care data groups children up to and including 15 years whereas education data is presented for 3-19 years.

The challenges outlined above limit our ability to carry out any sort of detailed cross-country analysis. However we compare our results with Isaacs (2009a) and Edelstein et al. (2012) who use a similar methodology to estimate public expenditure on children in the US.

We did not find any European based methodologies which are similar enough to our work to provide a reasonable comparison. Little is known about the comparative composition and amount of government spending through the child's life cycle (OECD, 2009)

3. Methodology

The first step in calculating government expenditure on children is to address the conceptual issue of what types of payments to include. Some studies are very narrow in their focus. For example, Pampel (1994) compares expenditure on children across countries but only includes cash benefits paid to families at all income levels and excludes areas like health and education.¹ However our aim is to provide a comprehensive figure which captures total government expenditure on children and as such we employ a broader definition of expenditure. Our methodology is consistent with Isaacs (2009) and Edelstein et al. (2012) who estimate public spending on children in the US. We define children as those aged 0 to 18 years and include in our calculation any programme that meets at least one of the following three criteria.

- 1) The benefits and services are entirely for children.
- 2) A portion of the program benefits children directly.
- 3) A family benefit for which children are a necessary component in order to qualify for payment.

For programmes and services that are entirely for children, such as primary and secondary education, 100 percent of the expenditure is included in the analysis. Other programs are not exclusively aimed at children however a portion of the expenditure benefits children directly. For example disability allowance is not targeted exclusively at children however some of the recipients of the payment are under 18 years and this expenditure is included in

¹ This narrow definition of expenditure on children is primarily driven by data constraints.

the calculation. For payments to families with children, we apportion the childcare component based on the number of adults and children in the family assuming equal benefits per capita. For example if a family of one child and one adult is in receipt of the One Parent Family Payment then half of this expenditure is attributed to children. Child related tax credits are also counted as government expenditure on children. In line with the methodology in comparable US studies, the analysis does not include expenditure which benefits the population at large such as roads, parks and communications.

Data was accessed through a variety of sources. The Revised Estimates for Public Services 2014 provides a breakdown of expenditure for each government department in 2013 as well as estimates for 2014. A variety of other departmental reports were used and there was consultation with public servants in the relevant Government Departments and Agencies. The data appendix provides further details on data sources.

We encountered a number of data constraints.

- In calculating health expenditure on children we include total expenditure by dedicated children's hospitals. We would also like to include expenditure by paediatric departments in other hospitals. However the HSE was unable to provide this data.
- To calculate the proportion of primary care reimbursement service (PCRS) expenditure that goes towards children we used data on pharmacy payments for which the HSE provides a breakdown of payments by age group. As there is no data by age group for other PCRS payments we use the percentage of pharmacy payments that go towards children as a method for apportioning the child component of GP visits, dentists and optometrists.
- When looking at expenditure by the Department of Justice we include expenditure by the Irish Youth Justice Service which is reported in the Revised Estimates for Public Services 2014. We requested data on how much spending on the courts service goes towards children however the Department of Justice do not record expenditure by age group.
- The Department of Transport, Tourism and Sport could not provide data on how much expenditure on sports and recreation goes towards children. Total expenditure on sports and recreation was €74.6 million in 2013. 24.8 percent of the population in

Ireland is under 18 so we apportion €18.65 million (25%) of sports and recreation expenditure to children.² While this may not be a very precise method for apportioning expenditure, we were unable to access any data to carry out a more accurate apportionment.

² State of the Nation's Children Report, 2012, DCYA, reports that 25% of the population in Ireland is under 18.

4. Results

Total government expenditure on children in 2013 is estimated at €11.89 billion.³ There are an estimated 1,148,687 people in Ireland under 18 years of age.⁴ Therefore total government **expenditure per child is estimated to be at least €10,352.** Table 1 shows the breakdown of expenditure by government department.

Table 1: Expenditure on Children by Programme, 2013

Programme	Expenditure on Children (€000)
Department of Education and Skills	6,513,753
Department of Social Protection	3,658,834
Department of Environment, Community and Local Government	698
Health Service Executive	953,242
Justice and Equality	17,332
Department of Transport, Tourism and Sport	18,650
Child Related Tax Credits	290,250
Department of Children and Youth Affairs	439,106
Total	11,891,865

Cross-country comparisons of expenditure are difficult due to a lack of comparability among estimates. Isaacs (2009) notes that “estimating spending on children is an imprecise art: estimates of credible researchers can differ depending on approach”. As such we need to be cautious in making comparisons. Our methodology is similar to Isaacs (2009a) and Edelstein et al. (2012) who use a similar methodology to estimate public expenditure on children in the US. Isaacs (2009a) estimates public spending on children in the U.S. in 2004 was \$8,942 per child. According to Edelstein et al. (2012) public expenditure on children in 2008 in the U.S. (in 2011 dollars) was \$11,822 per child.

³ Expenditure on children is €11,891,865,000. This figure relates to 2013. HSE age demographic data from December 2012 was used to calculate some items of health expenditure. The latest estimate on child related tax credits and allowances are from 2011.

⁴ DCYA State of the Nation’s Children 2012.

5. Recommendations for Future Work

This paper is a first attempt at estimating total government expenditure on children in Ireland.

Future work could examine spending on children in more detail by breaking down spending by age category. This is done by Edelstein et al. (2012) in the US who show expenditure for children aged 0-2 years, 3-5 years, 6-11 years and 12-18 years. However this type of analysis for Ireland would require improvements and modifications in how Departments record data. It was difficult, and often not possible, to source aggregate data for children age 0-18 years so it is likely that significant moderations in data collection would be required to break down expenditure in any more detail (e.g. by age range/category)

Finally, future work could focus on how expenditure on children compares with expenditure on the elderly. International evidence indicates that expenditure on the elderly is typically greater than spending on children.⁵

⁵ See e.g. Isaacs (2009a) and Pampel (1994).

References

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State of the Nation's Children Report, 2012, DCYA

Data Appendix

Expenditure relates to **2013** unless stated otherwise.

Table 2: Department of Education and Skills

Programme	€000	Source
First, second and early years education	6,131,453	Revised estimates for public services 2014
Building, equipment and furnishing of schools	382,300	Revised estimates for public services 2014
Total	6,513,753	

Table 3: Department of Social Protection

Programme	€000	Source
Exceptional needs – prams	489	DSP statistics report: Table C17
Exceptional needs – children’s clothing	197	DSP statistics report: Table C17
Exceptional needs – cots	491	DSP statistics report: Table C17
Domiciliary care allowance	104,272	DSP statistics report: Table A3
Back to school clothes & footwear	47,976	DSP statistics report: Table A3
School meals	36,775	DSP statistics report: Table A3
Child benefit	1,899,922	DSP statistics report: Table A3
Guardian’s payment	16,091	DSP statistics report: Table A3
Family income supplement	261,758	DSP statistics report: Table A3
Widowed or surviving civil partner grant	6,583	DSP statistics report: Table A3
Disability allowance	18,604	DSP. 1,903 under 18’s
One parent family payment (OPF): parent under 18	1,496	Table C11 stats report. 153 @ €188 per week
OPF over 18 and 1 child	203,297	DSP statistics report: Table C12
OPF over 18 and 2 children	156,644	DSP statistics report: Table C12
OPF over 18 and 3 children	63,744	DSP statistics report: Table C12
OPF over 18 and 4 children	21,077	DSP statistics report: Table C12
OPF over 18 and 5 children	6,094	DSP statistics report: Table C12
OPF over 18 and 6 children	2,313	DSP statistics report: Table C12
QCI – state pension (non-contributory)	789	DSP statistics report: Table F13
QCI – state pension (contributory)	3,068	DSP statistics report: Table F13
QCI – state pension (transition)	249	DSP statistics report: Table F13
QCI – widow/er’s or surviving civil partner contributory pension	17,149	DSP statistics report: Table F13
QCI – death benefit pension	166	DSP statistics report: Table F13
QCI – jobseeker’s allowance	234,589	DSP statistics report: Table F13
QCI – supplementary welfare allowance	21,625	DSP statistics report: Table F13
QCI – farm assist	12,071	DSP statistics report: Table F13
QCI – pre-retirement allowance	154	DSP statistics report: Table F13
QCI – jobseeker’s benefit	18,876	DSP statistics report: Table F13
QCI – deserted wife’s benefit	1,010	DSP statistics report: Table F13
QCI – health and safety benefit	24	DSP statistics report: Table F13
QCI – back to work allowance	5	DSP statistics report: Table F13
QCI – back to work enterprise allowance	12,326	DSP statistics report: Table F13
QCI – back to education allowance	13,136	DSP statistics report: Table F13
QCI – community employment programme	19,173	DSP statistics report: Table F13

Programme	€000	Source
QCI – rural social scheme	2,505	DSP statistics report: Table F13
QCI - TÚS	5,688	DSP statistics report: Table F13
QCI – disability allowance	36,857	DSP statistics report: Table F13
QCI – blind pension	488	DSP statistics report: Table F13
QCI – carer’s allowance	28,395	DSP statistics report: Table F13
QCI – illness benefit	22,527	DSP statistics report: Table F13
QCI – interim illness benefit	198	DSP statistics report: Table F13
QCI – partial capacity benefit	534	DSP statistics report: Table F13
QCI – invalidity pension	15,646	DSP statistics report: Table F13
QCI – injury benefit	323	DSP statistics report: Table F13
QCI – disablement pension	382	DSP statistics report: Table F13
QCI – carer’s benefit	843	DSP statistics report: Table F13
Carer’s allowance (caring for children component)	73,125	DSP
Supplementary payments - creche	1,030	DSP
Supplementary payments – diet supplement	89	DSP
Administration of after school child care scheme	14,000	DSP
Rent supplement (child component)	107,202	DSP
Access payment	315	DSP
Maternity benefit	146,299	DSP statistics report: Table A3
Adoptive benefit	155	DSP statistics report: Table A3
Total	3,658,834	

Notes: QCI is qualified child increase. OPF and rent supplement is allocated to children based on equal benefits per capita.

Table 4: Department of Environment, Community and Local Government

Programme	€000	Source
Schemes to support national organisations		
Barnardos	57	DECLG
Breaking Through	66	DECLG
Children in Hospital Ireland	94	DECLG
Children’s Rights Alliance	94	DECLG
Foróige (NFTE)	38	DECLG
National Association for Youth Drama	33	DECLG
National Youth Council of Ireland	47	DECLG
Funding scheme for social partners		
Children’s rights alliance	19	DECLG
National Youth Council of Ireland	19	DECLG
Funding for young social innovators		
	231	DECLG
Total	698	

Table 5: Health Service Executive

Programme	€000	Source
Children's University Hospital	81,125	HSE
Our Lady's Hospital	118,891	HSE
Coombe	24,770	HSE
National Maternity Hospital	21,849	HSE
The Rotunda	22,316	HSE
University Maternity Hospital	9,442	HSE
Children & family services	541,321	Revised estimates for public services 2014
Tallaght Hospital (children's)	58,778	HSE
GMS cost of medicines	51,745	PCRS statistical analysis
Payments to GPs	19,326	PCRS statistical analysis
Payments to dentists	2,543	PCRS statistical analysis
Payments to optometrists/ophthalmologists	1,136	PCRS statistical analysis
Total	953,242	

Notes: The latest data available for the user profile of primary care reimbursement services is from December 2012. GMS pharmacy payments (cost of medicines) are broken down by age group. The proportion of expenditure on under 18's as a percentage of total GMS pharmacy payments is used to allocate GP visits, dental expenditure and optical expenditure. Half of expenditure on maternity hospitals is allocated to children. Dedicated children's hospitals are included. For Tallaght Hospital, expenditure on the children's component is based on the ratio of child to adult inpatient cases. Data for individual paediatric departments in acute hospitals has not yet been made available by the HSE so the total figure is likely to be an underestimation.

Table 6: Department of Justice and Equality

Programme	€000	Source
Irish youth justice service	17,222	Revised estimates for public services 2014
Central authorities (child abduction, child protection and maintenance debtors)	110	Revised estimates for public services 2014
Total	17,332	

Table 7: Department of Transport, Tourism and Sport

Programme	€000	Source
Sports and recreation services	18,650	Revised estimates for public services 2014

Notes: The Department of Transport, Tourism and Sport could not provide details on the amount of expenditure on sports and recreation that goes towards children. Total expenditure on sports and recreation was €74.6 million in 2013. €18.65 million was apportioned to children based on a census adjustment – State of the Nation's Children 2012 reports that 25% of the population of Ireland is under 18.

Table 8: Child Related Tax Credits

The latest estimates on tax credits and allowances are from the Revenue Commissioners Statistical Report 2012 and relate to credits and allowances in 2011. A conservative apportionment approach was used which is based on the assumption of one child per adult tax credit. For example the value of the additional personal credit for lone parents in 2011 was €144 million. Assuming one child per parent and taking the equal benefit per capita approach means that half of this figure (€72 million) is attributed to children. Therefore *the calculations below may represent an underestimation of the total expenditure.*

Tax Credit / Allowance / Exemption	€000	Source
Additional bereavement credit to widowed parent	2,750	Revenue commissioners statistical report 2012
Additional personal credit for lone parent	72,000	Revenue commissioners statistical report 2012
Additional credit for incapacitated child	20,950	Revenue commissioners statistical report 2012
Exemption from tax: child benefit	178,000	Revenue commissioners statistical report 2012
Exemption from tax: foster care payments	16,100	Revenue commissioners statistical report 2012
Exemption of income arising from provision of childcare	450	Revenue commissioners statistical report 2012
Total	290,250	

Table 9: Department of Children and Youth Affairs

Programme	€000	Source
Children & family support programme	102,667	Revised estimates for public services 2014
Sectoral programmes for children & young people	320,264	Revised estimates for public services 2014
Policy and legislation programme	16,175	Revised estimates for public services 2014
Total	439,106	