

April 27, 2006

“Childcare Insurance” to Fight the Falling Birthrate ~ An Effective Response to Demand for Expanded Daycare Too ~

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One factor cited for the historic plunge in Japan’s birthrate is the difficulties that wives encounter in continuing to hold down jobs while bringing up children. The calls to build more daycare centers have been vocal for some time now, but under the current system, in which public funds bankroll 90 percent of the cost of such facilities, few of the nation’s cash-strapped municipalities are digging deep into their pockets to find the needed outlays. One possible solution lies in the introduction of so-called “childcare insurance,” the cost of which would be borne, as is the case with the current nursing care insurance system, across the populace at large. There is even the potential, at the computed cost of per-capita monthly premiums of a mere 400 yen, that the latent demand for daycare from families who don’t even bother applying for the severely limited openings in such centers might also be resolved once and for all.

Sagging Incomes Mean Fewer Children

Japan’s declining birthrate knows no end. While the nation’s total fertility rate in 2004 leveled off at the previous year’s mark of 1.29 children born to each woman of childbearing age, the actual number of births in 2005 fell by 40,000 babies from the year before. Since the “1.57 shock” of 1989 that drew keen attention to the falling birthrate (1.57 children per woman) for the first time, the government has trotted out idea after idea to halt the drop in newborns. Unfortunately, none of these efforts have been fruitful.

One factor behind the plummeting birthrate is the falling income levels of young Japanese families from the 1990s on (Oishi, 2005). In this cause-and-effect relationship, paltry take-home pay makes it tough to cover the costs of raising children, which in turn discourages couples from planning families. With the withdrawal of wives from the labor market to give birth puts a major drain on household income more frequently these days. In view of this reality, there is the good chance that helping women resolve the conflicts between work and childrearing could help get the birthrate back on the right track.

Share Childcare Costs Across Society

Today, there are simply not enough authorized daycare centers available at reasonable prices. Yet viewed through the eyes of the municipalities, for which 90 percent of their expenses are paid with tax money, fiscal restraints make it tough to expand childcare

services for young children under the age of one. Youngsters of this age require the largest outlays – namely, around 280,000 yen per child each month.

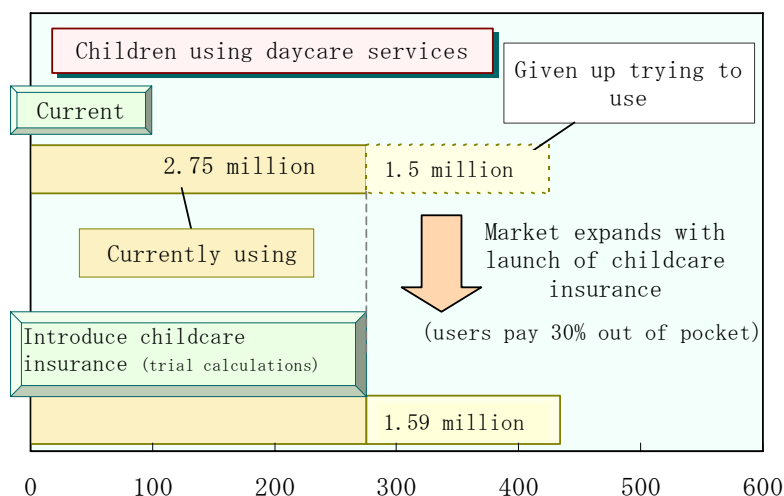
“Childcare insurance” is a brainchild that has emerged in recent years to deal with this dilemma. The idea is to use premiums collected from society at large to expand childcare services – effectively creating a “childcare edition” of this country’s current nursing care insurance system. By asking users to pay out of pocket to a certain degree, while using the accrued premiums to cover one part of the costs, this would also be effective in halting today’s swelling fiscal burden.

To help clarify the issue, we conducted an independent questionnaire survey of married women currently raising children, with their replies used to estimate daycare service demands. Based on that data, we performed trial computations of the fiscal scale and premiums needed in the event of introducing “childcare insurance” (Yashiro, etc., 2006). In the questionnaire, two types of daycare services were postulated. The first was extended-hour daycare necessary for parents to work outside the home. The second is short-term daycare targeting children under the age of three as a “parenting anxiety countermeasure” (use of daycare centers by families raising their children at home of about half a day each week). Incidentally, the daycare centers envisioned under this plan are “unauthorized” facilities run by private sector operators. We then asked the mothers what fees they would feel comfortable paying for such services. Under these trial calculations, hypothesizing the childcare fees at 30 percent of the overall cost of services, the combined users of extended hour and temporary services came to 4,341,000 persons. This represents an increase in demand for daycare services equivalent to 1.59 million potential users (children).

Premiums of Only 400 Yen/Month

In this case, what will be the scale of the total cost of both operating daycare centers and the fiscal support required? Calculating on the premise of continuing the major cuts in conventional use rates and other considerations for low-income families, we find that the additionally needed operating costs would be 980 billion yen, while the daycare fees collected would come to 480 billion yen. That means that public funds would be needed to cover this

Daycare Demand for 1.59 Million Kids



980 billion yen, while the daycare fees collected would come to 480 billion yen. That means that public funds would be needed to cover this

gap of 500 billion yen. If these additional expenses were shared by all Japanese age 20 and over (102.14 million persons) as “childcare insurance premiums,” we found that the per-capita cost is around 400 yen per month. While this fails to include the cost of building new daycare centers, it should be possible to curb spending on that front by converting existing facilities or renting other viable properties.

The number of children in households who say that they would like to use daycare centers but have given up trying is said to be over 1.5 million (Cabinet Office, 2003). If daycare center facilities were expanded through the use of “childcare insurance,” the problem of these latent “waiting list kids” would be solved.

Clearly, whether or not to start a family is a matter of free choice by the individuals involved. However, in cases when the desire to have children takes a backseat to solely financial concerns, society needs to step in and lend a helping hand. In current-day Japan, almost all social security benefits are channeled to senior citizens. If the government is serious about devising full-fledged measures to reverse the decline in children being born, a bold plan along the lines of “childcare insurance” would be a good place to begin.

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