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Child Poverty in France

Report 4

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In order to draft this report, the Cerc referred to a working group that included members from Insee, Ined, Cgp, Drees, Dep, Cnaf and universities, and which organized a conference on "Child poverty in France", in March 2003. The departments of Insee, Drees, and Cnaf conducted the statistical works to supplement the papers presented at the conference.

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Until now, in France, child poverty has not been the subject of in-depth study. Public statistics are far from being systematic, and the results are often highly dispersed. The analysis of the causes and consequences of child poverty is even more deficient. Finally, the objective to reduce child poverty is hardly present in the political agenda.

Could it be that poverty does not strike the children of our country as much? This is obviously not the case, given that the child poverty rate¹ in France is higher than its poverty rate for the general population. It is in fact within the European Community average. However, we are far behind the situation in the Scandinavian countries that manage to maintain not only a low general poverty rate but also an even lower child poverty rate.

The question of child poverty must be considered as vital for two sets of reasons.

Most theories of social justice agree upon the duty for a society to compensate for the inequalities suffered by people who are in no way responsible for the situation they are in. This applies to children more than for any other persons.

The second reason is that poverty suffered in one's childhood increases the risk of being poor as an adult.. Although there has been little research on this theme in France, an impressive number of works from other countries underscore this result. This is only an increase in risk, and fortunately not absolutely deterministic. It is however sufficiently significant for it to be considered in public policies.

By way of example: no one would disagree that leaving school at 17 without a degree is a major handicap for one's professional integration through durable and quality employment. This is the case for 4% of an age class each year in France. However, nearly one third of these young people, 30%, fall within the ten percent of households with the lowest standard of living. This means that within this ten percent, the probability of leaving school at 17 without a degree is three times higher than for the entire population. Half of the young people who leave school at 17 without a degree belong to one fifth of the poorest families. The French republic's objective of equal opportunity is obviously not reached. Besides, the inability to solve the problem of failure in school will, in the long run, affect the economic efficiency of the society as a whole, especially as the trend is towards a "knowledge-based economy".

In its previous reports, the Council had already emphasized the two-fold risk inherent to failure in school, namely wage inequality and overall economic inefficiency. By concentrating on child poverty in this report, the Council highlights the dynamics of reproduction of inequalities, from one generation to the next.

Social justice goes hand in hand with efficiency when emphasizing the importance of the fight against child poverty as far as its outcomes on the child's future is concerned.

(1) Proportion of children living in families whose income is lower than the poverty line.

If the public authorities, and society as a whole, decided to give a higher priority to the reduction of child poverty, three questions must be answered:

- *What do we know of child poverty in France and its consequences on the children's future?*
- *What must be the orientations of public policies?*
- *What improvements must be made rapidly in the observation and analysis procedures?*

CHILD POVERTY IN FRANCE

« By poor we mean people, families or communities whose resources (material, cultural and social) are so limited that they are excluded from the minimal way of life deemed to be acceptable in the member state in which they live. »

This definition given by the European Council of Ministers in 1984 stresses the fact that poverty is above all a relative phenomenon – one is poor within a given society. It also highlights the fact that poverty is a matter of exclusion – poverty can cut the poor off from the rest of society by preventing their access to consumption standards, by creating a feeling of "shame", and by inciting them to remain "among themselves" with its resulting demotivating effects. To this definition we must add, concerning children in particular, that their having inadequate resources may crush their hopes of attaining the acceptable living conditions in the society they will later live in, when they reach adulthood – child poverty must also be studied for the standpoint of its dynamic effects.

Child poverty : a multi-faceted issue

We can measure child² poverty in many different ways, namely low family income (we then speak of "monetary poverty"), deprived living conditions, bad health or school failure due to the family situation or material working conditions, illiteracy, poor network of social relations, etc. Such circumstances are not rare in France.

When extreme poverty drives its victims to homelessness, to living in makeshift shelters, etc., these persons slip out of the general statistics, and are therefore excluded from most of the analyses developed here. Now it is in these "marginal" situations that the most extreme conditions of poverty are found, with long-lasting consequences for the children (in terms of health or access to education). We must however bear in mind that the situations that are omitted are far less frequent than those described in this report, and that they are probably addressed by remedial policies that are more intensive and completely different (although, as in any social field, there is no definite boundary).

(2) The age limit that has been preferred in this report is "under 18 years".

Income

In 1999, about one million children aged under 18, i.e. nearly 8% of the child population, lived below the monetary poverty line³ of 560 euros. Among them, 0.7 million children came from families whose monetary standard of living was between the 450 euros⁴ mark and the poverty line at 560 euros (Chapter II). When we apply the poverty line used by statisticians in Europe (60% of the median standard of living) i.e. 670 euros in 1999, there were nearly two million children who were poor (nearly 16% of all children aged under 18). This points to the dense concentration of poverty conditions (1.7 million children whose standard of living was between 450 and 670 euros per month).

To illustrate the incomes corresponding to the poverty line at 560 euros in 1999, we can first evaluate its value in 2003; by applying the average evolution in income, we obtain a figure of about 650 euros. This threshold corresponds, for instance, to a post-tax monthly disposable income of 1,170 euros for a couple with a child aged under 14, and 1,365 euros for a couple with two children aged under 14 years.

Another angle that can be used for measuring approximately child poverty is to consider families who receive the social minima allowances, especially the minimum income RMI (*revenu minimum d'insertion*) and the single-parent allowance API (*allocation de parent isolé*).

Although the RMI mostly concerns single persons or childless couples (about 60% of the beneficiaries), it also concerns a large number of families, in which we have more than 600,000 children aged under 18.

As for the API, the single-parent families that receive this allowance include 295,000 children under 18 years. In this case, the income of the families concerned is slightly higher than the poverty line (based on the French calculation, but below the poverty line based on the European definition). On the whole, we must underscore the insecure nature of the family resources of these single-parent families, and the high proportion of families who, on exiting this allowance (paid until the youngest child is over 3 years old), become RMI beneficiaries as they are unable to find a job that is sufficiently well-paid.

Persistent poverty

The outcomes of the persistence of monetary poverty conditions over several years are particularly serious – worsening of one's living conditions due to the steady dwindling of one's prior savings, inability to renew capital goods, and progressive accumulation of debt. Besides, it marks the person's removal from the work market or the inability to remedy job insecurity. Several studies abroad have proved that persistent poverty considerably aggravates the risk of a greater negative impact on the child's future, especially if the child is exposed to it in his or her initial years.

(3) This threshold is calculated by assessing the standard of living of households (their disposable income after direct taxes divided by the household size expressed in consumption units (Chapter I)) measured in tax income surveys by Insee-DGI. The poverty line used here is 50% of the median standard of living, such that half the households has a higher standard of living, and half the households has a lower standard of living.

(4) When we use a lower poverty line at 40% of the median income, i.e. 450 euros, there are less than 300,000 children involved (poverty rate of 2.2%).

Few sources of data and studies are available for assessing the magnitude of persistent poverty in France. According to a study (Zoyem, 2002) using the European Community Household Panel and a poverty line at 60% of the median standard of living, four out of ten poor children suffered from poverty lasting for at least three consecutive years in the mid-nineties in France.

Another source that throws light upon the persistence of poverty, is the register of RMI (minimum income) recipients maintained by the French national family allowance fund, Cnaf. It confirms that persistence is widespread – about half of the children from RMI-recipient families at end-2002 were in this condition since at least three years⁵.

Living conditions

Monetary poverty does not always imply "poverty of living conditions", measured in terms of accumulated deprivations, especially if the lack of resources is limited to the short term. Chapter IV studies the various aspects of the living conditions of poor children. Some of these have a deep impact on the children's future.

This is case for housing conditions, especially in the event of overcrowding. In addition, the risk of spatial concentration in underprivileged areas may penalize the children in their acquisition of educational capital and social relations due to an environment that is barely active and not very promising.

Poor families who are tenants in the private housing sector are exposed to more overcrowding, more deteriorated conditions of housing comfort, and a greater financial outlay, than their counterparts in the social housing sector.

The Council was unable to study the questions of housing policy in sufficient depth, in this report. The *Observatoire de la pauvreté et de l'exclusion sociale* (National poverty and social exclusion monitoring unit) will develop this subject in its next report.

School failure

School failure, a factor particularly charged with future problems, mostly concerns children from low-income families. This is recorded at the start of schooling itself⁶. It tends to worsen during the course of the child's schooling. Most of the children who are behind when starting secondary school come from families with low living standards. This holds equally true of children aged 15 who are behind by two years or more. The gap in performance in school widens even more at the end of the compulsory schooling period. At 17, 18% of children in the first decile give up their studies (of which 12% leave without any degree) as opposed to 1%, on an average, for the three most privileged deciles. However, these outcomes are not obtained from the income effect alone. Certain factors that influence directly the children's schooling paths and performance at school, such as the parents' educational level (especially the mother's), also impact the families' income levels. The fight against school failure of children from underprivileged families, therefore, also calls for better-targeted actions.

(5) The last registration of the RMI recipient dates back to more than three years, but there may have been other previous episodes of RMI allowance.

(6) With respect to the start of elementary schooling, the measurements are unfortunately available only in terms of the parents' socioprofessional categories.

Child poverty in France and in Europe

Child poverty is slightly less frequent in France compared to the countries of the European Union⁷ as a whole. Its position is, for instance, more favorable than Italy, Portugal, Germany, Ireland or the United Kingdom. However, we are far behind the situation in the Scandinavian countries that manage to maintain not only a low general poverty rate but also an even lower child poverty rate. By analyzing these comparative performances and the policies adopted to reduce poverty, we can better determine the nature of the problems specific to France.

The measurement of poverty is relative – to be poor is to have a standard of living that is removed from the median. Three factors may, individually or jointly, cause this gap to occur – a high wage dispersion in the lower half of the wage distribution⁸, shorter paid job tenures⁹ (inactivity or unemployment, part-time, etc.), poor redistribution through taxes or social security contributions and transfers.

When the household includes children, we must address the last two points:

- Do the current work organization and social organization make it more difficult for parents of very young children or schoolgoing children to simultaneously hold a job and rear their children?
- Do the transfers granted specifically in favor of children (the child benefits package) adequately cover the "cost of the child" and to what extent does it depend on the parents' employment status?

International comparisons (Chapter VI) actually confirm that each of these different factors plays a part in engendering the very different situation observed in each country.

In the United Kingdom, the generally high poverty rate, and the magnitude of the poverty of children in particular, resulted¹⁰ from an accumulation of different aspects – high wage dispersion, distinct job polarization, i.e. the fact of couples being either bi-active or both inactive, sizeable proportion of lone mothers without employment, small unemployment allowances leading to low replacement rates, very little family benefits per child. Denmark offers the opposite picture in almost all the aspects – low wage inequalities, high employment rate in families, especially single-parent families, partly due to the services offered for reconciling one's professional and family lives, rather generous transfers – an overall poverty rate that is very low and a child poverty rate that is even lower.

What is France's position compared to these extreme cases?

(7) Each country defines its poverty line proportionately to its median standard of living.

(8) We must nevertheless bear in mind that the analysis of poverty, even relative, is not tantamount to an analysis of all the individual inequalities – it does not consider the aspect of income distribution in the richer half of the population.

(9) As most frequently in couples both are employed, all configurations in which the employment is not "saturated" (i.e. two full-time permanent jobs for a couple, with or without children, or one full-time permanent job for single persons, with or without children) bring the families closer to the condition of poverty, especially in the case of persons with low qualification and wage levels.

(10) Since 1998, the British government initiated a major policy to fight against poverty with the aim to cut down each of these factors. The latest statistics show a sizeable decline in child poverty, although the rate remains far above the European average.

Poverty and employment relationship

As a reminder, France holds an average position in Europe as regards the general poverty rate, but its child poverty rate is higher than the general rate. The main cause seems to be inadequate intensity of employment (in terms of numbers in employment as well as the number of hours worked over the year) in households with children. In fact, wage dispersion is not very intense in France for those in full-time employment, due to the Smic (minimum wage).

Besides, the impact of transfers on the reduction of general poverty is quite high, which explains the high density observed near the poverty line. However, transfers granted in favor of children do not enable to particularly reduce the poverty risk, in comparison with childless households with the same earnings.

Insufficient employment in households is the main cause of poverty observed in France, as emphasized in the studies conducted on the working poor. The employment aid and incentive policies form the basis of the general policy for the fight against poverty (see Cerc's first report on "*Access to employment and social protection*", February 2001). As this insufficiency of employment is particularly marked in the case of families with children, will these general policies suffice, or is there a specific problem in child poverty that calls for specific policies?

In order to reply to this question, we must first take a closer look at the characteristics of poor families with children.

- As in most European countries, the poverty risk is particularly high for single-parent families (14% of children from single-parent families are poor when applying the poverty line at 50% of the median standard of living, 30% if the poverty line at 60% of the median is used). The education level or the socioprofessional category does not seem to be very different between lone parents and parents living in couples. These are clearly not the characteristics of single-parents that explain the distinctly higher risk of non-employment and therefore of poverty, when compared to couples with children.

The difficulty in finding and keeping a job comes from elsewhere. It raises in particular the question of aid to promote employment, namely child care for young children or infrastructures for minding school-going children.

- In families with a couple and one to three children, the child poverty rate is relatively low (about 5% with the poverty line at 50% of the median standard of living), which is lower than the rate for the entire population. Although the poverty risk is low for couples with one to three children, given the frequency of this family type, the majority of poor children are gathered in this category.

- For large families with four children or more, the poverty rate is distinctly higher – 17% using 50% of the median, and 33% using 60% of the median. In this family type, the parents' characteristics are considerably different from those of families with one to three children. These gaps partly explain the high level of under-employment and poverty – about 25% of heads of households with four children or more originate from a non EU-member country, and half of them have no qualification at all.

- In considering all children whose head of household is a citizen of a country other than the EU member states, we have an approach to the correlation between relatively recent immigration (those who have not yet obtained the French nationality) and child poverty.

Of the one million poor children, one out of four belongs to a family whose head of household originates from a country outside the European Union. The child poverty rate in these "non-European Union immigrant families" is considerably higher than in other families.

This situation does not arise merely from the fact that the parents in these families are often less qualified and that the families are often large. This excess risk of poverty also reflects events pertaining to discrimination in the job market – how else can one explain, for instance, that the poverty risk is six times higher for families whose head of household has a *baccalauréat* level of education (end of upper-secondary school) but is an immigrant from outside the EU than for families whose head is a French national or a citizen of an European Union country¹¹?

No doubt, the analysis must go further than these mere observations, as it most likely reflects the difficulty of integrating into our society. Of all the countries in the European Union, France is the country with the greatest difference in the overall poverty risk (for the entire population and not children only) between European Union nationals and non-EU nationals.

The study of the poverty conditions of families with children, resulting from insufficient employment brings forth three facts:

- The set of policies aimed at improving employment (general increase in employment, reduction of job insecurity, improvement in the qualification and thereby, of compensation, reduction of "inactivity traps", etc.) may contribute to reducing poverty in general and child poverty in particular.
- This holds true for policies aimed at promoting the integration of foreign workers in society and in the job market.
- Moreover, it is essential to provide better help for families in reconciling their professional life and family life.

WHICH PUBLIC POLICIES?

As we stressed in the introduction itself, poverty suffered in childhood (in the general sense, which for this report, is up to 18 years) can engender poverty or social exclusion in adulthood, even though the reproduction of poverty from one generation to the next is fortunately not ineluctable, and even if the accidents of life, professional or personal, may sink previously sheltered persons or social categories into poverty. Besides, the commonly accepted principles of social justice urge us to place greater emphasis, in policies tackling poverty, on reducing the poverty of children who suffer from its outcomes without being in any way "responsible" for their condition.

(11) In the case of the *bac* + 2 degrees, the poverty rate is ten times higher.

These two considerations convince us that it is no doubt essential that the fight against poverty and social exclusion, as implemented until now in France, be enhanced. In fact, the theme of child poverty and the children's present or future risk of exclusion is not stated explicitly.

However, after the Lisbon and Nice summits, the European heads of state and government stated that, when defining and implementing the national action plans against exclusion, special attention must be paid to the conditions of certain vulnerable populations, including children¹².

Without going as far as making extreme statements which are therefore somewhat unrealistic, such as the British government's statement in 1998 to "eradicate child poverty within twenty years", it would definitely be useful to define a strategy that is aimed at drastically reducing the risk of child poverty.

We used the term "strategy" intentionally because, as we stated earlier, poverty has multiple origins. The fight against child poverty calls for the use of a vast variety of instruments whose implementation by several actors, both national and local, needs to be coordinated.

This strategy would have three dimensions:

- It should supplement the general policies for the fight against poverty with actions aimed at reducing more specifically the risk of poverty in families with children and combating the damaging outcomes on the children's future, and coordinate the implementation of these actions.
- It also calls for a better knowledge of the pauperization processes and their impacts in the long run on the children's future. This task of amassing knowledge may be fulfilled through a national program of monitoring and research bringing together different disciplines of social sciences, given that poverty itself has many dimensions.
- This also requires a periodic review of the public policies that are set up, so as to evaluate the progress made and reform the policies to remedy any shortcomings that are observed. This task is all the more arduous given that a good number of these policies are or will be decentralized.

With the current knowledge base, the Council for employment, income and social cohesion does not have all the required information to detail the numerous measures that must be taken. The Cerc must however underscore certain key points resulting from the preceding analysis.

Reinforcing the instruments for tackling poverty

In the light of the diagnosis put forward by the Council, the strategy for the fight against child poverty would be based on two main orientations. Finally, a more general question remains concerning the profile of family support through family benefits.

(12) This emphasis is barely noticeable in the two national plans on social inclusion (PNAI/incl) presented successively by France for the 2001-2003 and 2003-2005 periods.

- The focus must be on improving employment – unemployment and underemployment are the root causes of poverty in general and child poverty in particular, given that the parents' difficulty in reconciling their professional lives and their parental duties increases their underemployment. Finding jobs that are sufficiently well-paid and of good quality (long-term, job security) is the "royal" exit path from poverty and its outcomes.
- As pointed out by the persons working directly with poor families, this objective cannot be reached for all concerned. A strategy for combating child poverty must also aim at improving the condition of children in such families. This raises the question of the level of social minima allowances, and in particular, of the increments for children. These two courses of action must not work against each other; this is why it is essential, as the Council underlined in its first report ("*Access to employment and social protection*"), that an entire range of actions be defined to include in-work benefits.
- The level of family benefits associated with the presence of children does not suffice to significantly improve the family standard of living with respect to the risk of poverty. Must these be stepped up substantially, centered on the lower part of the income distribution, by reprofiling the transfer system (benefits and tax credits)?

Promoting employment

From its first report itself, the Council had pointed out the importance of enhancing earned income, especially by improving employment, in the fight against poverty.

The analysis it has just conducted on the poverty conditions of families with children confirms this line of thought. Consequently, the Council draws attention to two dimensions that it had not highlighted until now:

- It is advisable, on the whole, to help families reconcile their family life and their employment. The inherent difficulties are not restricted to the infancy period alone; although they gradually decrease, they cover all of the childhood and pre-adolescence periods.
- The aid and personal support offered to social minima allowance beneficiaries in finding greater autonomy through employment must consider the family structure and the presence of children to a greater extent.

Reconciliation between professional life and family life

The objective of enabling parents to choose freely between holding a job or concentrating on their task of rearing their children for a sufficiently long period, is an important one. Note however, that this choice cannot be totally free, over a long period, in at least two types of situations: single-parent families, and couples whose qualification level does not enable them to acquire a stable and adequate income level without both spouses having to work.

It is wise to ensure that the parent's return to employment, after an interruption to rear the child, is facilitated – the freedom of choice must include a medium term perspective.

Three areas of action are involved:

Maternity leave, paternity leave and parental leave.

The financial aid granted for financing the use of child care arrangements (or child minding facilities for older children).

The availability of these services.

Leave

There are various measures targeted at giving one or both parents the possibility of interrupting their work to rear their children. Some of these do not entail a break in the work contract. This is the case for maternity and paternity leave that entitle the person to daily allowance payment, and the parental child-rearing leave (up to one year, from the end of the maternity leave), for which no benefit is paid out in France.

Another (very different) modality of interrupting one's employment is the parental child rearing allowance APE (*Allocation parentale d'éducation*) that concerns families with at least two children¹³. This monetary benefit, which grants an allowance of half the Smic (minimum wage) until the child is three years old, is not linked legally to the parental leave, but the two forms of leave can be combined. However, about half of the mothers who are APE recipients are not actually in parental leave, and they find it difficult to go back to employment.

Three observations must be considered:

- In the end, the APE incites women, mainly those whose wages were low, not to return to employment after their maternity leave. It is these very women who have the most difficulties in finding a job at a later stage.
- Non-compensated parental leave, on the other hand, is more easily acceptable in more well-off families.
- The necessity to interrupt one's employment for quite a long period may occur beyond the maternity leave period.

Some European countries have defined leave provisions that appear not only to be more flexible but also ensure a better return to employment (see the case of Denmark described in Chapter VI).

Financial aid

Financial aid is aimed at reducing the cost of external paid child care arrangements. They mainly pertain to children up to the age of 3 years (to a lesser extent up to 6 years). Until now, this aid was granted in the form of reductions in collective child care center (*crèche*) prices (calculated according to the family income), the AFEAMA aid to families using the services of a registered child minder (*assistante maternelle agréée*), aid for home-based child care AGED, aid stepped up by tax rebates for hiring a domestic employee.

The study of the costs of the different paid child care arrangements, and the observation of the characteristics of families that use the different forms of aid, show that there is no real freedom of choice.

(13) May be granted right from the first child as of 2004.

In fact, those in the lower part of the income distribution very rarely use paid child care arrangements, families whose standard of living is close to the median most often use the collective child care center (*crèche*), those whose income exceeds the median mainly use the services of a registered child minder, while home-based child care mostly pertains to the 20% most well-off families.

The reform implemented in early 2004 with the creation of the young child benefit PAJE (*prestation d'accueil du jeune enfant*) expands the financial aid to families by raising the means-testing ceiling. This allowance, that will replace the earlier mechanisms, will approximately cover the wage cost of a child minder if she is paid the full time legal minimum wage. We cannot however anticipate its impact on the use of paid child care arrangements by families with the lowest income levels.

Indeed, these families can rarely use paid child care – at best, they can use the *crèche*. The reform does not modify the *crèche* costs payable by the families, and does not sufficiently step up the families' solvency to enable them to hire a child minder.

Supply of child care facilities

The "freedom of choice" is not just a matter of being able to afford child care; it also depends on whether child care facilities of adequate quality are available locally, near the home, school or workplace as the case may be. Without necessarily looking for "models" abroad to imitate, it would be useful to study the experiences of the Scandinavian countries.

Conversely, it is important to study the difficulties that arise from an inadequate supply, as in the United Kingdom or the United States.

Finally, as regards the study of the supply in quantitative and qualitative terms, our capacity to assess the situation at the field level is highly inadequate.

Regarding young children, we must underscore the key role played by the kindergarten (*école maternelle*) in France not only for the children's socialization but also as a form of child care, right from the age of 3 and at times even from the age of 2. However, it does not in itself suffice to solve all the problems of compatibility between one's work time and parental duties.

Here again, a close analysis of certain experiences abroad in coordinating between school and child minding activities or extra-curricular leisure activities – more successful than what is currently done in France – should give us a basis for experimentation.

Social minima allowances and return to employment

There is another area in which the presence of children is not adequately considered, namely the policies aimed at facilitating the "return to employment"¹⁴ for the recipients of social minima allowances.

First of all, the various reforms of the RMI in the recent years were aimed at making access to employment synonymous with a net gain in the disposable income of the beneficiaries.

(14) Note that a lot of the RMI allowance beneficiaries are in employment – their problem is not necessarily access to employment, but rather the difficulty in acquiring jobs that are sufficiently stable and well-paid to give them financial autonomy.

But the reforms that have been implemented have not, until now, broached the matter of the specific problem of child care costs for families.

Where help from family members or neighbors is not available, the presence of children at home remains a major obstacle in the return to employment. The new minimum activity allowance RMA (*revenu minimum d'activité*) does not remedy the problem¹⁵.

Besides, in general, the integration efforts and aid targeted at facilitating return to employment must pay greater attention to the care (modalities and funding) of young children.

Secondly, forward thinking must be organized on the subject of the single-parent allowance API.

In the case of the API, especially the "long-term API" that the mother can receive until the child turns three, there is no well-defined procedure to help the mother find a job at the end of the allowance period (training, assistance in finding child care facilities, personalized addressing of problems, etc.¹⁶).

Faced with the lack of assistance for their return to employment, at the end of the eligibility period, several API-recipients, not surprisingly, become RMI-recipients. This entails a severe drop in their income levels and keeps their children in extended periods of poverty.

Stepping up aid to social minima beneficiary children

A strategy for the fight against child poverty must also consider the fact that certain social minima allowance recipients are not likely to return to employment. The only way to improve the material status of those who have children is by stepping up aid. But this move must not work against the overall objective to favor the return to employment (and to encourage it). An increase in the child-based increment will not modify the financial incentive to return to employment for a majority of the RMI recipients. It will however reduce the expected gain from the return to employment for families with children, which implies that the aid to families with children having a low earned income (working poor) or modest earned income must also be increased.

Since the housing allowance and habitation tax reforms, and following the introduction of the in-work benefit called "premium for employment" (*prime pour l'emploi PPE*), several factors that reduced the monetary gain of a return to employment by an RMI beneficiary, were corrected.

Nevertheless, the monetary gain remains low in families with a single child (be they single-parent families or couples) when the child is above 3 years. The RMI allowance is increased for the first child; however, a household with a single child, which is not a social minima allowance beneficiary, does not receive family benefits.

(15) The question of reconciliation between professional integration and family duties is not raised in the bill on the decentralization of the RMI and the creation of the minimum activity allowance, RMA.

(16) We refer to the type of action conducted routinely in the United Kingdom as part of the specific program for the parent's return to employment, the New deal for lone parents.

The creation of a family allowance (means-tested or not) paid for the first child would not only reduce the risk of poverty of these families, it would also not penalize the return to employment of social minima allowance recipients for financial reasons. The Council had emphasized this point in its first report "*Access to employment and social protection*".

Furthermore, an increase in the per-child supplement within the social minima scale calls for a proportionate increase in the disposable income of low-wage earners.

This can be done without increasing the budgetary outlay, by defining another profile for the employment premium (PPE) centered on the working poor who have children. When this instrument had been created, the Council had pointed out that it concerned a wide income range; the Council would have given preference to a profile centered more on low-income working households and the "working poor". This is the path (partly taken by the Budget for 2003), to step up the incomes of working families with children, by changing what is largely an individual premium at present, into a more family-oriented one.

Must we increase redistribution through child-related transfers?

At a given level of earned income, the presence of a child (in 2003) entitled the family to a total benefit amount (all allowances included) of about 200 euros per month (Chapter II), i.e. approximately the poverty line amount (650 euros) multiplied by the weighting of the child (if he or she is under 14) expressed in terms in consumption units (0.3 CU).

If the objective of reducing the child poverty rate noticeably below the general poverty rate is maintained, the benefits in favor of low income¹⁷ families must be stepped up to a great extent.

The financing may be partially ensured by reprofiling the overall family support. In the current system, the transfers in favor of children are, on the whole, neutral in terms of income redistribution, due to the family allowances that are paid out without means-testing, and the impact of the dependents' allowance set against income tax (*quotient familial*) (Albouy and Roth, 2003)¹⁸.

In order for the increase in benefits to effectively improve the future of the children, various paths may be explored. For example, a sizeable increase in the housing allowance granted to families with children may contribute towards cutting down the overcrowding in poor families' homes, in view of the negative impact it has on the children's performance at school.

(17) The most we can expect from the previous objective of improving income by increasing employment in families with children would be that these families' earned income is not less than that of childless households with the same characteristics (qualification level, etc.); it would be unreasonable to expect more.

(18) In this report for the High council for the population and the family, the authors do not include the increments of the housing allowance and the social minima allowance granted in favor of children, in the child-related transfers.

Combating the negative outcomes of child poverty

A strategy for combating child poverty and its outcomes must also aim at combating the negative consequences on the child's development. Reducing the parents' poverty would undoubtedly have a positive effect on the future of the children, but it would not fully wipe out the effects of the factors underlying the parents' poverty and having a direct incidence on the children's future, such as school failure, for example.

There are four guidelines that seem particularly important. Firstly, we must stress upon the importance of an early action, be it for health, schooling, or even socialization, as the positive or negative processes are highly cumulative and strongly affect the child's development. Secondly, the external intervention must deeply respect the primary responsibility of the parents who must be encouraged and aided in their duties to the young child. As the children grow up, it must help them gradually develop their own responsibility for their future. Thirdly, we must stress the importance of the action being continual; at present the external actors are often called upon to tackle a particular "age group"¹⁹. Finally, the coordination between the various actors is essential.

These four rules apply when defining and implementing any policy in favor of children. It seems to us that they must be abided by in particular when children of underprivileged families are concerned.

In at least three specific areas, the Council deems it advisable to develop the specific compensatory actions that are detailed below.

- The first of these pertains to the fight against failure in school. Various measures have already been taken or are being tested in this field: priority education zones ZEP (*Zones d'éducation prioritaires*) and, far more recently, halving the number of pupils in the first grade classes. We must also mention the networks of specialists providing help to children with learning difficulties (RASED).

Apart from these rather general provisions whose efficacy sometimes falls short of the hopes they inspired, it could be worthwhile to change the tactics used by heavily concentrating on children with proven learning difficulties²⁰, at a very tender age (right from 1st grade), and sustain these efforts until these children "catch up with the others". In fact, in certain cases, this effort cannot be limited to the child and schooling alone, and must also encompass assistance to parents and consider other persons involved in addition to the teachers.

Special attention must in fact be paid to children from immigrant families – in this case, the combat against the children's failure in school must be coordinated with the policies aimed at favoring the integration of the parents, including within the school itself.

The fight against discrimination for job seekers of immigrant origin is vital in order to assure them that their success in school will better their future.

(19) For example, the continuity between the monitoring of children in the mother and child care units PMI (*Protection maternelle infantile*) and school medical care must be organized.

(20) Regardless of the family or geographic context.

The second area is health and prevention. The Council is in agreement with the report presented by the Defender of Children on the importance of mother and child care (*Protection maternelle et infantile*) and health care at school (Chapter IV), as also her wish to enhance the means available for them and to coordinate their action to monitor children in difficulty.

The existence of an additional health insurance is a deciding factor for seeking medical care. The creation of the universal sickness coverage CMU has certainly had a positive influence²¹. It would be useful to determine, for families with children in particular, whether the mechanism adequately generalizes the additional health insurance, for those families who are just above the income ceiling applied.

- Finally, there is the question of the housing aid system that should contribute to furthering social mixity: overcrowded housing and the frequent concentration of poor children in the same areas and the same schools have, as highlighted in several studies, negative effects on the performance at school of all the children in these schools, and needless to say, on the social integration of those whose families are most underprivileged.

PROGRESS TO BE MADE IN OBSERVATION AND ANALYSIS

Although information describing the condition of poor children in broad outline is not lacking in France, it must be acknowledged that there is still a long way to go as concerns observation and analysis, and in studying the outcomes, in the long run, of the poverty of children on their future. In the area of observation and analysis, France lags behind several European countries (and even further behind the North American countries, the United States and Canada).

First, when the information does exist, it is highly dispersed. The seminar organized by Cerc with Insee, the National planning office, Drees and Cnaf grouped together the existing information and called for fresh contributions. It would be necessary to develop a permanent mechanism for disseminating information and studies.

Secondly, the coordination between statistical information gathering and analyzing on the one hand, and sociological observations and analyses on the other, is insufficient in France, in this field as in many other areas. Yet it is indispensable to refine the diagnosis.

Special care must be taken to improve our knowledge of conditions of such deprivation that the persons suffering from them do not approach institutions, and thus slip out of the monitoring range.

More specifically, the lack of longitudinal observation (panels or cohorts) creates a shadow zone in the study of the long term outcomes, for the children, of the poverty conditions that their families are in. We are very far behind in this field.

Finally, it is no doubt advisable to go down to the questions of the actual measurement of poverty. Various criticisms (Chapter I) are directed at the fact that the cost of the child (weighting in consumption units) is probably underestimated in single-parent families and in families with modest income levels. As a result, the child poverty rate may be underestimated.

(21) There are few assessments available concerning its impact on children.

These four subjects could be analyzed further by the National council for statistical information (Cnis) so as to obtain more structured proposals.

In keeping with its mission, the Council must insist on four points that it deems essential.

- A monitoring of cohorts of children right from birth, and over the longest possible period until they reach adulthood, must be implemented.

The wealth of information that can be obtained from these sources need no longer be demonstrated, in the light of the American and British works. Various countries have already embarked upon this path (Ireland, New Zealand, for example), whereas the French statistical system has not yet undertaken to develop this aspect sufficiently to meet the requirements.

- Moreover, given the importance of the schooling path on the child's future, it is necessary to step up the monitoring of cohorts (from the start of schooling) by the Ministry for National Education. In the existing panels, information on key factors affecting the path (family status and evolution, composition, breaks, employment, income, etc.) remains highly inadequate. It is particularly essential to make an effort to match the characteristics of students and their performance against the characteristics of the families. This would enable creating a longitudinal basis for study²².

This move to improving the knowledge base calls for a considerable effort by the French national education authority, while abiding by deontological requirements.

- The knowledge of the local diversity of situations is as yet highly inadequate, and there are too many shortcomings in the information gathering process.

This holds true, in particular, for housing, social aid to families with children, and availability of child care arrangements (and their quality), in order to increase the compatibility between professional life and family life.

- Better information gathering locally, on the actions of the local authorities and family allowance funds (CAF), and the centralization of this information, appear to be essential.

Finally, the assessment of the impact of public actions on the children of the concerned families is highly insufficient. As an example, there is practically no study on the children of families who are social minima allowance recipients.

(22) Could it be possible, for instance, to reconcile the data from the student panels with the permanent demographic sample on the one hand, and the income information received from tax statements on the other? The provision for reconciling Employment survey data and tax statements, which is the basis of the Tax income survey, does not enable a longitudinal monitoring exceeding two years. This is why we propose setting up a longitudinal monitoring based on the permanent demographic sample.

These "black holes" in the knowledge base (or, at any rate, in data gathering and analyses) are all the more accentuated when these policies are implemented in a decentralized manner, for example, the actors involved in the child welfare service (*Aide sociale à l'enfance*) or the mother and child care units (*Protection maternelle et infantile*). This problem should be solved given the current decentralization move²³.

CONCLUSION

To conclude its analyses, the Council wishes to stress upon the following points:

- While the problem of child poverty is not as serious in our country as for some of our neighbors, it is only a matter of social justice to undertake to reduce it significantly and, in the long run, meet the republican objective of enhancing equal opportunity.
- All the examples abroad confirm that this is a long-term endeavor calling for concerted effort by several actors and the use of a huge palette of instruments.
- The main effort must be aimed at improving employment for the most endangered categories. Jobs must be of adequate quality in terms of compensation level and stability, and compatible with one's parental responsibilities that are vital to the development of children and young people.
- However, a policy that gives priority to employment cannot ignore the fact that certain persons, no doubt among the most underprivileged, cannot reach this objective. An attempt must be made to step up the income of families with children who would remain dependent on welfare income.
- Finally, specific policies must be targeted at alleviating the impact on the children, of the factors that contribute to the poverty of the parents, but which also directly affect the children's future. This is at least the case for the fight against failure in school and discrimination due to one's origins.

Preparing the future is at the heart of public debates. There can be no better investment in the future, in terms of both solidarity and efficiency, than the one that offers all young French people the possibilities of personal fulfillment and active participation in the forward march of society.

(23) Certain countries, in choosing to decentralize the management of social welfare policies, avoided this problem. This is notably the case for the United States, in its Welfare reform of 1996. As the law hands over the management to the States themselves and grants them full flexibility as to the precise definition of their programs, the States in return are obliged to transmit detailed information to the Administration and federal Congress, and conduct assessments based on the specified methods. Moreover, the States are subjected to a federal assessment and monitoring process (Dollé, 2002).

In the summary, the Council stated two reasons why a specific study and a political action must be conducted on the subject of poor children : being almost entirely dependent on adults, and on their families in particular, they suffer from the consequences of a poverty that they have no control over; as future adults, the consequences of their poverty increase the risk of their being poor as adults.

This is why the Cerc included "The future of children from underprivileged families" as a theme in its work program, and set up an inter-institutional¹ work group. It consequently organized a **seminar² on "Poor children in France"**. This seminar led to new contributions, especially from statisticians³, and stimulated the work of sociologists.

Child poverty is however not a new theme. Without having to go back to the XIXth century and the analyses on the links between poverty and child labor (Villermé), we can see that in these past years, this theme has constantly appeared in both statistical publications, such as the study by Herpin and Olier on "Family poverty, child poverty", and the more general analyses of child poverty. We can cite in particular, the volume "*Enfants pauvres, pauvres enfants*" (Poor little, poor children) brought out in 1999 by the magazine Informations sociales, which proposed reversing the perspective of poverty analysis by taking as the starting point the position of the children (Cnaf, 1999).

The focus on child poverty is however seen more frequently in the works of international organizations (especially Unicef's research center, Innocenti) and in certain countries such as the United States, Canada, United Kingdom, Belgium, etc. It is also included in the objectives of national plans against exclusion, developed in Europe following the Lisbon and Nice summits.

However, the difficulties in defining child poverty and the limitations of information systems, and also the difficulties in describing and measuring its consequences are immense. **This is the theme of this chapter – it attempts to define the scope of the analyses developed in this report, the stakes involved in terms of knowledge and to some extent, definition of public policies.** It proposes successively, an analysis of the very concept of child poverty, a discussion on the measures that are used, and a critical overview of the available sources.

POOR CHILDREN: WHAT ARE WE TARGETING?

Poverty

"The poor are persons whose resources (material, cultural, social) are so limited as to exclude them from the minimum acceptable way of life in the member state in which they live." This definition given in a decision of the European Council of Ministers in 1984 as a guideline for the European community statistical works, can serve as the starting point of our analysis.

First, it underscores the fact that **poverty is a relative phenomenon** – one is poor within a given society⁴. It also highlights the fact that poverty is a matter of exclusion :

(1) Insee, Ined, CGP, Drees, Dep, Cnaf and universities.

(2) Papers are posted on Cerc's Web site at www.cerc.gouv.fr.

(3) Some of these contributions have since been published by Insee or Drees.

(4) Although the concept of "absolute poverty" is used, a critical analysis of its meaning brings forth its relativity in terms of space and time.

Poverty can cut the poor off from the rest of society by preventing their access to consumption standards, by creating a feeling of "shame" at times, and by inciting them to remain "among themselves" with its resulting demotivating effects.

Secondly, this definition, which reflects a consensus widely shared among researchers as well as field workers, attempts to not restrict poverty to merely low monetary income but consider all the aspects of "resources" that place the have-nots in conditions deemed unacceptable.

The three conventional approaches to poverty

Statistical works use three rather conventional⁵ approaches for measurement purposes:

- Monetary poverty which is the fact of earning an income that is lower than a given threshold;
- Poverty of "living conditions", which is the lack (not due to a deliberate choice of a way of life) of a number of consumption elements that are sufficiently common among the French and considered by them as elements of consumption, living environment or comfort that one must "normally" have;
- "Subjective poverty" representing, for example, the feeling that survey respondents have of "not being able to make ends meet".

The populations affected by each of these different facets of poverty are often partly distinct from each other. This point is amply documented for France (Lollivier and Verger, 1997, and Ponthieux, 2003) as also for other countries. S. Ponthieux, for instance, classifies the households used in a given survey, either by their monetary standard of living or based on a condensed indicator of living conditions, and studies the households included in the 10% poorest in each criterion. The results show that about one of four persons considered poor based on one category is also poor by the other criterion.

Child Poverty

Against this backdrop, can we consider child poverty to be of the same nature as adult poverty? Not at all, as *children are an evolving population – poverty in their case is not the mere lack of immediate resources, it also handicaps their capacity to evolve* and to build up future non-monetary assets such as knowledge and skills, as also cultural, social and health assets. The consequences of this handicap may last for their entire lives, and particularly when they enter adulthood, or embark upon their professional or family life, and alter their ability to develop an autonomous personality.

Children, more than any other persons, are poor not only when they do not have immediate resources but also when they are unable to build the resources required for their future life, and in particular, what some call human capital⁶ (Becker, 1964).

This should help supplement the common approaches to poverty developed in statistical studies with the intention of obtaining different measurements of poverty.

(5) Herpin and Verger, 1997.

(6) Gary Becker defined investment in human capital as "activities that impact people's future monetary and psychological income by increasing the resources they have at hand", Gary Becker, Human Capital: A Theoretical and Empirical Analysis with Special References to Education, New York, Colombia University Press, 1964, p. 36.

To take the child's point of view, we must consider the following three factors:

- The child is a person
- The child is in a dependent condition (dependent on the family, environment at school, the locality, etc.)
- A child is an evolving person

The theme of child poverty must be studied under these three dimensions.

Concerning the first point, we must consider not only the child's material conditions but also whether his or her identity and rights⁷ are respected. The analysis of situations in which the children's rights are not respected⁸ must be included in the scope of the study on child poverty. This report barely touches on this subject, but it is however the topic of several successive works and reports by the "Defender of Children", 2001 and 2002.

The second dimension is the main subject of the report. We are often led to studying poverty conditions of families in order to represent child poverty, but this correlation must be argued upon.

The third dimension, the child's evolution in the future, cannot be studied in depth in France especially as long-term longitudinal follow-up from childhood to adulthood is lacking. We can however use the results of studies conducted abroad to outline what needs to be analyzed and assess the stakes involved (see insert).

The consequences of poverty on the child's evolution in school, one of the vectors of the consequences of poverty on the child's future, will be specifically studied (Chapter V). We must also analyze the effects of poverty on the building of the child's personality, cultural and social capital, etc. Lack of education or, in general, a very low level of initial schooling⁹ is an essential factor of "poverty dynamics".

(7) See the International Convention on the Rights of the Child signed in 1991 under the aegis of the United Nations, ratified by 191 countries.

(8) The law for the fight against all forms of exclusion lays emphasis on the actual access to these rights.

(9) Certain works especially by international organizations, directly use performance at school or knowledge test results as poverty rate indicators, among other indicators. See Micklewright, 2003 or Innocenti Research Center, 2000.

Child poverty and its consequences on the children's future The main teachings of studies abroad

France has not studied child poverty extensively until now, but this does not hold true of other countries. International research centers, public or university organizations, associations or foundations wishing to defend populations with problems, and children in particular, have initiated numerous in-depth studies and research, often cited in this report. Appendix 2 gives a list (partial, undoubtedly) of these research centers and the networks they set up, in which France is unfortunately rarely present.

From all these works (refer in particular to the literary review by Bruniaux and Galtier (2003) on the teachings of the Anglo Saxon studies), we gleaned several major lessons that partly directed certain developments in this report.

The first of these is that poverty is an extremely complex phenomenon in its manifestation and its outcomes – this is all the more true in the case of child poverty than of poverty of the population as a whole (better documented in France).

Secondly, poverty often directly stems from low (or lack of) income from work, be it for the "working poor" or the "work poor"¹⁰ (Sweeney, 2000). Besides, if certain conditions that enable reconciling one's professional life and parental duties are not met, the parent's return to employment may worsen the children's poverty conditions. This is one of the major points of the debate in the United States on the consequences of the Welfare reform on children. Certain countries seem to handle this matter particularly well, especially the Scandinavian countries (Chapter VI).

Thirdly, studies confirm the hunch that undergoing long-term poverty (persistent poverty) or suffering from frequent bouts of poverty (recurring poverty) has greater consequences on the evolution of children in the long run, as compared to children who suffer from shorter periods of poverty. The effects are more marked when persistent poverty occurs in the children's initial years rather than their teen years.

Finally, the factors driving certain families into poverty (low education level of parents, ethnic background and discrimination against certain communities, etc.) also directly impact the children's evolution to the future. For instance, the parents' low education level is often a major factor, not only because it often leads to low family income (unskilled jobs, unemployment or temporary employment), but also because the parents' help in their children's studies is a key ingredient for the children's success at school. Reducing the parents' poverty rate by mere social transfers does not help to do away with the lack of equal opportunity that the children suffer from.

Besides or beyond low disposable income, "poverty of living conditions" and "subjective poverty" are also particularly important aspects, not only for studying the children's present conditions, but also for assessing in the long run, their future life. Housing conditions, health, local environment, the stress of holding an insecure job, or the feeling of "not being able to make ends meet" naturally weigh individuals down, regardless of their age; in the case of children, they have a greater impact as they can have long-lasting effects on their development.

Poor children or children of poor families?

What extension must we give to the concept of the Poor Child?

First of all, a child coming from a poor family can clearly be considered poor. A child is poor if he or she is dependent on a poor family, be it a case of monetary poverty or "poverty of living conditions".

(10) Based on an expression used by Sweeney (2000), "Pro-employment policies and child income poverty", St Patrick's College, Drumcondra.

The condition of children may differ from that of their parents (or their siblings) due to an attempt to shield the children from suffering too much from family problems¹¹ (or, on the contrary, due to "neglectful" behavior). These events are not easily observed, especially in the data gathered for surveys¹². Moreover, the distinction is of little use for deciding upon the approaches to implement in public policy, unless it concerns interventions in response to an event that is reported (refer to the actions by the Child welfare service ASE, *Aide Sociale à l'Enfance*).

This is obviously not enough to narrow down the field of investigation. Children may be "without a family" and live in poverty. One does not find street children only in towns of poor countries (Tessier, 1999); the pre-teen or teenaged runaway children or undocumented immigrant children (*sans papiers*) are other "faces of child poverty". Due to the difficulty in observing these conditions, a specific analysis could not be developed in this report.

The concern for the child as an individual at the present time and the concern for his or her future evolution should also lead to the analysis of special situations such as children with a parent in prison (apart from the increased difficulties in meeting material needs, these children are largely deprived of family relations due to way prisons are run, as emphasized for example, in the reports by the Defender of Children).

Likewise, children whose relationship with or within the family "puts them in danger" may also be considered as suffering from poverty – children under the care of the Child welfare service, ASE (*Aide Sociale à l'Enfance*, especially children placed partially or completely away from the family) and by the Judicial protection of youth, PJJ (*Protection Judiciaire de la Jeunesse*), be it for a short or long time. Such children are dependent upon a family condition that puts them in danger (at least, the view of the situation from this angle justifies the intervention of institutions). Based on each case, they may remain within their families but are put under educational programs, or they are removed from their family circle and placed in foster homes or institutions. These cases are discussed in Chapter IV but the information available is quite scarce.

Poverty and extreme poverty

Going by the definition of poverty given earlier, what is the extent of lack of resources that determines the "poverty line"?

The common poverty jargon includes a host of terms representing a continuum of conditions, as also breaks. We speak for instance, of low income or humble living conditions, being in need, destitution, etc. On the other hand, we sometimes pit extreme poverty that goes hand in hand with exclusion against poverty that is closer to modest incomes. The term poverty takes on a different meaning depending on the readers or the actors.

(11) Roudil, 2003, in her observations on the youth from the inner city of La Castellane underscores the fact that, either spontaneously or due to peer or social pressure, and judging by their clothing or pocket money for extra-curricular activities etc., youngsters often had "richer" "living conditions" than what could be expected given the income and living conditions of their families.

(12) We could however attempt to measure the extent of the importance given to children, using the family budget surveys conducted by Insee.

Besides, the varying degrees of poverty often call for different remedial methods and public policies.

- It is therefore necessary to fix the conventions used for determining the "thresholds" below which we can speak of poverty, but also to consider, to the extent possible, the intensity of poverty (see the insert on monetary poverty).

Monetary poverty lines and intensity

The preferred threshold for monetary poverty in European studies is 60% of the median income per consumption unit, although some studies also use the 50% and 40% thresholds. France generally uses 50% of the median income.

In a way, the more this threshold is lowered, the more we concentrate on deep poverty – there is a wealth of information obtained by studying the characteristics of the persons between the different thresholds¹³.

Another way of addressing this question is to calculate a poverty intensity index, by calculating, for instance, the deviation of the average income of the poor from the poverty line, with respect to the poverty line amount. We can calculate other poverty intensity indicators that represent the weighting that we wish to attribute to the most underprivileged conditions (aversion to poverty); see for example Jeandidier et al. (2003).

We must however bear in mind the limitation of the analyses resulting from the quality of the survey data. These poverty rate or intensity calculations are made in the tail end of the income distribution curve, and the results (especially intensity indexes) are more sensitive to measurement errors.

- Extreme poverty conditions also cause the persons concerned to be left out of ordinary surveys (homeless persons, those living in community homes, or in makeshift shelters). In a way, the statistical observation method addresses the question of extreme poverty and exclusion with difficulty.

Consequently, this report on child poverty, like most other works on poverty, does not describe the most severe conditions. They are however far less in number than those in the analysis given. For instance, although monetary poverty measured for the "Tax income" survey concerns about one million children if we use the Insee threshold, the number of homeless children was calculated to be less than 20,000.

Two errors must be avoided, namely associating with the term "child poverty" (the one or two million children whose case is studied here) the images of children living in conditions of deep exclusion; and considering that, because the worst situations are not described, the analyses are of no interest.

(13) By way of example, we could refer to an ancillary study of the national plan of action against exclusion 2001-2003 in Spain which classifies all poor people into four categories, namely extreme poverty with less than 15% of the average income, severe poverty between 15 and 25%, moderate poverty between 25 and 35%, and lack of basic security (*précarité*) between 35 and 50% of the average income. This study brings to the forefront, the major differences in the sociodemographic characteristics of the households involved, based on the intensity of poverty.

A child up to what age?

Up to what age must we consider a person as being a child? The answers given in the law, in surveys and in studies vary.

The age of civic majority is 18 years, but the legal majority age is lower. However, a young person is considered dependent on his or her family up to the age of 25 years as concerns the eligibility for the job seeker's minimum income, RMI¹⁴ (as also for belonging to the tax household if he or she is a student), but family allowances fix the age limit at 20 years¹⁵.

For public statistics (for example the Employment survey or the Tax income survey) a "child" in a household¹⁶ is any person, regardless of his or her age, having a filial relationship with the head of household (reference person) or the spouse – natural filiation, through adoption, marriage (son-in-law, step-son, etc.), including children under tutelage. Thus, one third of the households classified as single-parent families do not have children aged under 18.

This diversity of definitions reflects a reality that is all the more complex given that, at present, the stages of the "entry into adulthood" (starting employment, stopping cohabitation, starting a couple relationship, etc.) take place much later than before, and that is even more obscure than it used to be.

For this report, we have taken a child to be any person aged under 18 (although certain studies cited consider persons aged under 16), but we shall endeavor to distinguish between certain results based on age. It is essential to distinguish between the young child and the teenager or the pre-teen as they do not have the same needs or the same way of life, and are affected differently by poverty; although, here again, the limits remain conventional. Also, according to studies conducted in various other countries, the earlier the onset of poverty, the greater its impact.

MEASUREMENTS OF POVERTY

A diversity of approaches

Given that there are several dimensions to poverty, and furthermore, that the populations suffering from the different aspects of poverty are partially disjointed, what strategy of measurement or observation must we adopt?

Is an indicator synthesizing the various dimensions of poverty required?

We could put the spotlight for example, on those who suffer simultaneously from these different aspects of poverty – this is the approach used by the Irish government in its poverty reduction program, in which it stated its objective to significantly reduce the numbers of the "consistently poor"¹⁷ – this would reduce the scope to a great extent (Cerc, 2002). We could, on the contrary, consider as poor, any person suffering from one or other form of poverty, which would lead to an extensive definition of poverty. In fact, the sources do not always allow for such refined analyses, and we often have to juxtapose the analyses based on one or the other aspect.

(14) Unless the person is head of family.

(15) Provided that the young person earns less than 55% of the Smic (minimum wage).

(16) Bearing in mind that a household is composed of a set of persons living in the same accommodation.

(17) An overview of this concept and its use by the Irish government is given in Cerc's study "Assessing the recent evolution of poverty", September 2002.

Specific measures of child poverty?

These standard questions are supplemented by the questions arising from the analysis of the specific case of children.

The point of view differs depending on whether we consider adults or children. Adults living in poverty suffer from "not being like all the others", the others being all adults, whether or not they have children. Poor children however are faced with other children each day at school, in the locality where they live, on television, and so forth. The social distance that they note stems from the fact that they have little or no access to the clothes, games and leisure activities of children whose parents have more resources. It is less a question of the standard of living or consumption behavior of the adults as a whole. When studying the consequences of poverty of children on their evolution to the future, and when measuring poverty relative to a median condition, would it be more apt to define the monetary poverty line based on the median standard of living of children alone (by including only households with children in the population)? Where monetary poverty is concerned, this change of benchmark does not bring forth significant differences: the monetary poverty line in France is slightly lower, thus resulting in a slightly lesser number of poor children. The characteristics of the children and their families barely differ (Chapter II). Therefore the reference restricted to families with children will not be used in this report.

As regards the aspects of living conditions, special attention must be paid to certain aspects that specifically concern children, either at this point of time, or due to their impact on the future of the children. Overcrowded housing (Chapter V) affects the possibility of success in school (doubtless more than other aspects of living comfort used, in general, to determine the poverty of living conditions for households); this is probably true of the possibility of going on vacation.

In addition, specific aspects warrant their inclusion among the children's "poverty of living conditions" indicators¹⁸: for example, the adults' having adequate time for their parental duties, in different ways depending on the age, or the difficulty in obtaining and paying for quality child care for young children or equipment and facilities for teen-agers' leisure.

It may be necessary that a set of studies focus on defining the specific indicators of children's "poverty of living conditions", which would list the situations in which certain forms of deprivation valid for the entire population and others specific to the condition of children add up.

Finally, for children in particular, we must consider the poverty of schooling capital through illiteracy, failure or exclusion in school, or early dropout (Chapter V).

(18) Certain countries also include among the poverty condition indicators, teen pregnancies that quite often drive the young mothers to poverty conditions in adulthood and bog down the future of the children; this event is not extensively studied in France, possibly as it occurs relatively rarely in this country.

Monetary poverty and cost of the child

The definition of poverty indicators tailored to analyzing the condition of children, and if possible, the adaptation of our statistics information system to feed these indicators could be useful topics of forward thinking¹⁹ by the CNIS (National council for statistical information).

Considering the importance given to monetary poverty in this report (for reasons detailed later), we must clarify and debate upon certain conventions of calculation. First and foremost, by standard of living (monetary) of a household, we mean its disposable income (after direct taxation) divided by the size of the household expressed in "consumption units" (insert).

Household size and consumption units

By integrating the size factor, we can compare the monetary resources of households with different configurations. This size is not merely the number of members of the household, because we must take economies of scale into account when calculating consumption needs – for example, housing (a household needs only one kitchen, regardless of its size), durable possessions, etc. Each member of the household is assigned a "consumption unit" weighting. According to the scale used at present by Insee, the first adult is counted as 1, the second adult as 0.5, and children are counted as 0.3 if they are aged under 14, and 0.5 if they are 14 years and older. For instance, a couple with a 7-year old child and another aged 15 would count for 2.3 ($1+0.5+0.3+0.5$). This scale was defined based on the works carried out on surveys tracking the expenditure of households (Hourriez and Olier, 1997). The Oxford scale used earlier gave a higher weighting to the second adult (0.7) and young children (0.5). The choice of the equivalence scale modifies the standard of living of families, especially for those with children as opposed to childless households.

Certain factors that determine the number of consumption units are particularly sensitive in the results given in this report:

- The age-based increase in the weighting of a child is doubtless justified, but does the cut-off point at 14 years represent this event adequately and accurately? Note that family benefits are stepped up for children aged over 11, and again for children aged over 16.
- The presence of a child aged under 3 in a single-parent household increases the number of consumption units from 1 to 1.3. Is this sufficient? Must the weighting of the first child be the same for a couple and a single parent?

The calculation of the number of poor persons (and poor children in particular) therefore depends largely on the computation choices made, which is why the debate on scale equivalency is not purely scientific, but also a matter of policy, for example, for family associations.

However, the matter of numbering set aside, the questions regarding consumption units or poverty lines (set at 50 or 60% of the median standard of living) have less importance.

In fact, it would appear that the nature of the diagnostic of the factors leading to (monetary) poverty in children is not modified if we were to use different conventions (this is discussed in Chapter II).

(19) Chapter VI gives an example of the forward thinking conducted in the United Kingdom to define suitable indicators for tracking the effects of the child poverty reduction policy implemented over the past few years.

Insufficient sources of data

The orientation of public policies aimed at reducing child poverty and its consequences on the child's future evolution is barely dependent on these choices. Of course the results may be more or less spectacular (or the costs more or less high) depending on whether or not we opt for conventions that increase the number of poor children.

What sources of information do we have at hand for our endeavor to study child poverty? We have considered mainly sources that enable drawing a methodical picture and ignored field surveys with a sociological²⁰ or monographic angle. The first observation is that, in France, there are no surveys that directly focus on child poverty.

As concerns the monetary approach, we have only general surveys on the income or living conditions of households (insert).

There are several issues that must be pointed out.

First, the income declaration methods differ from one source to the other, and poverty indicators (poverty line, poverty rate, poverty intensity) vary between sources. We must take care not to directly compare results from different sources.

The second problem is that some elements that are essential for measuring the impacts of poverty of children are often lacking.

Using the Tax Income surveys²¹ based on Insee's Employment surveys, there is barely any information on children under 15, and we cannot study, for example, their position in the schooling system (schooling orientation, failure, etc.) based on the socio-demographic characteristics of their families and their standard of living (Chapter V) prior to this age. Unfortunately, this shortfall is not made up by the French national education sources whose mapping of the parents' socioprofessional condition is irregular and sketchy, and who have no information on their living standards and conditions.

Thirdly, while the persistence of the poverty condition (or its frequent recurrence) has understandably a greater impact on the future evolution of children than transient poverty, the French statistics system is not geared to identify persistent poverty situations.

The European panel is the only source that can put forth some information, but only for short periods of observation with a considerable lack of precision due to the phenomenon of attrition (gradual loss of the individuals followed up by the panel) and to the uncertainty of the income declaration by the households themselves that may lead to abnormal variations from one year to the next.

(20) Note however that these surveys are far less frequent and less organized than the American surveys on the same subject.

(21) This is most precise source of assessment of monetary poverty.

Insee surveys that enable approaching child poverty²²

Four main sources can be mobilized:

Family budget surveys (1979, 1984-85, 1989, 1994-95, 2000-01).

Tax income surveys (1970, 1975, 1979, 1984, 1990, 1996, 1997). They are conducted yearly as of 1996.

The European household panel (the sample drawn in 1994 was followed up for eight years, up to 2001).

Permanent surveys on living conditions of households (known by the French acronym EPCV), with three surveys per year since 1997.

Besides, all surveys on households conducted by Insee now have income data as their common denominator. This is the case of the Housing survey (Chapters II and IV) in particular.

The surveys vary not only in the size of their samples (with the Tax income survey having the largest sample at present), but also in the area they cover:

- The Tax income survey does not cover tax households that do not file tax statements; these are estimated at about 2% of households, although those that do not file tax statements are mostly young households and possibly those suffering from acute exclusion. The households that receive benefits from institutions often need to produce their tax statement as proof of their resources.
- More essentially, the surveys do not consider persons living in community homes (be it a senior citizens' home, a young workers' home, or a prison), the homeless, or those who live in temporary facilities.

The nature of the income considered also differs:

- For the "Family budget" survey, direct taxes are those paid over the year, based on the previous year's income, whereas for the "Tax income" survey, the taxes taken into account are those paid on the current year's income (paid in the following year). Also, in certain surveys such as the EPCV (permanent surveys on living conditions), the income is declared in brackets, and using the statement, its value is estimated econometrically. This carries risks of errors especially in the lower rungs of the tax declaration, leading to greater uncertainty as to the poverty rate.
- All the surveys underestimate non-commercial income and income from securities or real estate, etc. by varying degrees. Although this income is generally modest for low-wage earners, two types of errors may occur while measuring the poverty rate: the median standard of living is underestimated and consequently the rate of poverty, and conversely, persons living on only such types of income come across as unduly poor.
- Non-taxable income (the majority of social benefits excluding replacement income) must be represented in the tax table or allocated econometrically in the Tax income surveys.

Furthermore, the list of income from transfers has changed over time with an increasingly extensive coverage, inducing an evolution bias in this type of survey that may be marked (Syntheses 28 and 47, etc.). The need to allocate or represent income from certain transfers is also a pertinent issue for surveys in which the income is declared by the households and certain transfer payments are not declared accurately (for example, the European panel).

(22) Refer to the Cerc study on *"Assessing the recent evolution of poverty"*, 2002, cited earlier.

Finally, we must point out the absence of mechanisms for the tracking of cohorts over long periods, in France. Therefore, it is not possible to analyze the consequences of the poverty suffered in childhood on the future evolution of the children, whereas various instruments exist in other countries (especially in the United States and the United Kingdom), and various other countries such as for example New Zealand and Ireland have recognized the importance of these tools and have started to set them up (Micklewright, 2003). Only a few surveys (on the possession of assets, on "transfers within the family", etc.) throw some light on the intergenerational transfer of underprivileged conditions²³, although with considerable uncertainty of measurement, given that it is based on information gathered from memory.

Alongside the surveys conducted on households, administrative sources could help study child poverty – information on recipients of the social minima allowances, namely job seekers' minimum income RMI and single-parent allowance API, in particular. About 900,000 children come from families that receive these two allowances (bearing in mind that for the RMI, a child is an individual aged under 25). Few studies have used this database²⁴ to characterize poor children, be it only in terms of their family's characteristics known to the source (Nicolas, 2003).

As concerns "poverty of living conditions", there are no surveys that attempt to define the components of the conditions and patterns of living from the child's viewpoint (be it for their present well-being or the impact of their current living conditions on their future evolution). This also holds true for the experience of poverty ("subjective poverty").

These shortcomings undoubtedly reflect the low importance given to child poverty on the political agenda and the lack of definition of a specific strategy for the fight against child poverty and its consequences in the long run.

CONCLUSION

Whatever be the angle from which we define poverty, it is clear that poverty of children needs thinking about its specific aspects. Child poverty must be analyzed from the three dimensions that characterize children: individuals at this moment, individuals dependent on their families, their environment, and institutions, especially the school, and individuals currently building their future. This subject of thought is only outlined in this report that was limited due to the lack of existing works to back it. It would be useful to establish a program to coordinate research and data gathering, especially statistical data, in order to better describe child poverty and its repercussions. France is not the European country that has made most progress in this domain.

The emphasis that the chapters that follow lay upon child poverty measured through the yardstick of family income, is not only due to the greater abundance of sources using this criterion. It is quite often the main information that administrative actors have at hand to define the scope and strength of the public policies to be implemented in the fight against poverty.

(23) The Professional training and qualification FQP (*Formation et Qualification Professionnelle*) surveys that allows analyzing intergenerational reproduction from other viewpoints than income.

(24) We must however mention the lecture by Nicolas (2003) at the colloquium on "Child poverty".

Appendix 1 Statistical difficulties in detecting certain situations of poverty

The main surveys used for this report (Employment – Tax income survey, Housing survey) are conducted using occupants of ordinary accommodation, which excludes people living in collective facilities, in makeshift shelters or mobile housing, and homeless people. Besides, over and above the problem of the coverage of the surveys, there lies the problem of the lack of response that affects the far ends of the distribution to a great extent, and alters the pertinence of the remedial measures taken.

Do these problems particularly affect the counting of poor children's numbers? Are their poverty conditions particularly serious, and to what extent?

Population living outside ordinary households

	thousands			
	All	0-14 years	15-19 years	0-19 years
Young worker's home	151.0	1.4	6.7	8.2
Student's hostel	153.1	0.6	22.5	23.2
Retirement homes	425.1	0.3	0.0	0.4
Long-term hospital stay	116.5	3.0	2.1	5.2
Religious community	54.6	0.4	0.2	0.6
Rescue centers	74.1	20.9	14.4	35.3
Other community facilities	86.9	5.0	5.1	10.1
Mobile housing	140.9	41.0	12.3	53.3
Other cases	92.3	2.0	8.9	11.0
Population of the communities	1,294.5	74.7	72.4	147.1

Source: Insee, 1999 population census.

Among the situations that may exclude children from the scope of ordinary statistical surveys, there are, for example, the case of children placed in children's homes by the Child welfare service ASE (*Aide sociale à l'enfance*) or the Judicial protection of youth PJJ (*Protection judiciaire de la jeunesse*) (Chapter IV). Some of them, however, when sufficiently autonomous, live in groups in ordinary accommodation, under the responsibility of the ASE. These children do not all come from families that are "poor in the monetary sense of the term", even though a difficult economic situation often goes hand in hand with the family malfunctioning due to which the child was placed in care.

Other children live in community housing with their parents, often due to the latter's financial status – there are an estimated 10,000 children living in accommodation and social re-integration centers CHRS and 6,000 children in mother and child care centers. There are however other community accommodation facilities that are lesser known than the CHRS and on which there are practically no statistics, except those of the census.

Some infants live in prison with their mothers who are serving sentence, while minors are incarcerated, mostly on remand (800 minors on December 31, 2002); here again, there is no systematic link with poverty.

Street children or those that live in places that are not meant for accommodation also slip "out of scope". The "Homeless" survey conducted by Insee in January 2001 on 4,000 homeless adults who used the community accommodation services and soup kitchen, reveals that none of these persons had slept on the street the previous night or in places that were not meant for living with children. This does not mean that no child ever sleeps in the street along with one or more adults. However, such occurrences remain rare and last only for a few days.

Of the 86,500 adults who used a community accommodation service at least once and ate at soup kitchens during a week in January 2001, 24% lived with children (Brousse, de la Rochère and Massé, 2002a). 8% received the single-parent allowance API, and 16% received family benefits (Avenel and Damon, 2003; Avenel, Kesteman and Damon, 2003).

A majority of them lived in ordinary housing obtained through associations. Three-fourths lived in apartments and the others were put up in centers where they could stay during the day such as the mother and child care centers, or a hotel room (Brousse, de la Rochère and Massé, 2002b). The former are included in the ordinary households survey conducted by Insee. However, there may be an increased risk of their not responding to surveys (protection measures concerning battered women, no names on mailboxes in short-term accommodation, housed by associations). Those who receive social benefits may need to add their tax statement in their application as proof.

Some young people may live on the street unaccompanied by adults, either upon leaving their parents' home or their community home, or on arriving in France in the case of young people from other countries. There are some organizations that are dedicated to their case. They may be excluded from the Insee survey conducted on homeless people who are 18 years and older; but some of them may doubtless be declared by their parents in the ordinary Insee surveys.

The "Homeless" survey does not provide any information on persons who do not use the community accommodation services or the soup kitchen, either by choice or due to the lack of information, or because they live in a region where this kind of service does not exist, mainly in rural counties and towns with less than 20,000 residents²⁵. The survey conducted by Ined in 2002 on a population of about a hundred homeless people aided by itinerant services shows that 17 persons had never used any of the services under survey by Insee and of these, ten slept in the street since a long time. None of them had children with them (Marpsat, Quagli and Razafindratsima, 2004).

Finally, yet another type of population slips out of the reach of Insee's ordinary surveys, except for the population census, namely the population whose accommodation is too mobile to be surveyed, such as gypsies. This population includes a relatively large number of children (previous table), and a part of this population undoubtedly suffers from poverty.

This panorama of situations that cause persons to be excluded from ordinary surveys leads to several conclusions.

- If the number of poor children from the monetary viewpoint is underestimated, this number is not considerable. That said, it most often concerns circumstances of great monetary and material problems.
- These different categories of children may certainly be considered poor, if we use a definition of poverty that is not strictly monetary. Special attention must be paid to the detection of such occurrences, not so much to include them in the count as to assess the actions that may be used to address the problem.

(25) In these localities, according to the 1999 census, the persons living in temporary constructions or makeshift shelters transformed into accommodation (agricultural buildings, sheds on construction sites, grounded caravans) totaled 24,000.

Appendix 2

Research institutions and information networks on child poverty

A great number of research centers or lobbying organizations are important resources. The subject of child poverty is sometimes their sole object, or only one of the components of the area of analysis.

On the international front, Unicef's [Innocenti](#) Research Centre at Florence heads the list.

We must also mention networks such as:

- The [Luxembourg Income Study](#) (LIS) that collects data on households for several countries and conducts coordinated research actions; see for example the conference on Child well-being in rich and transition countries, held September 30 - October 2, 1999, organized in collaboration with Innocenti.
 - The [European Panel Analysis Group](#) (EPAG).
 - The European Anti-poverty Network ([EAPN](#)), the European network of associations fighting against poverty and social exclusion.
 - The Comparative Research Program on Poverty ([CROP](#)), University of Bergen Norway
- and centers conducting numerous comparative studies such as:
- The [Centre for Analysis of Social Exclusion](#) (CASE) at the London School of Economics and Political Science that produces several international comparative analyses on the subject.
 - The [Townsend Centre for International Poverty Research](#) at the university of Bristol (UK).

We must sadly note that France is rarely present in these international research networks.

As concerns the works conducted on the United Kingdom, we must mention the [Social Research Division](#) at the Department for Work and Pensions (equivalent to the Department for social affairs, labor and solidarity) that developed a major research program on poverty and especially child poverty, as part of the fight against child poverty, a program undertaken by the Labour government, and which is analyzed later. Among the academic research centers we have, in particular, and apart from CASE that has already been mentioned, the [Institute for Social and Economic Research](#) (ISER), the [Centre for Research in Social Policy](#) at the University of Loughborough and the [Institute for Fiscal Studies](#) (IFS). Another useful source is the [Poverty.org](#) produced by the [New Policy Institute](#) with the help of the [Joseph Rowntree Foundation](#).

In Ireland, Economic and Social Research Institute [ESRI](#) and the government agency [Combat Poverty Agency](#) play a vital role in studying poverty.

In the United States, the academic research centers, think tanks and foundations oriented towards the fight against child poverty are particularly numerous; and to mention only a few of the research centers or think tanks, we have [Child Trends](#), [Institute for Research on Poverty](#) in Wisconsin University, the [Joint Center for Poverty Research](#) (JCPR) in Northwestern University and Chicago University, the [National Center For Children In Poverty](#) at the New York Columbia University, the [Institute for Social Research](#) in Michigan university and depending on the following foundations, namely [The Future of Children](#), supported by the David and Lucile Packard foundation, the [Children's Defense Fund](#), and the [Foundation for Child Development](#). In recent years, these various institutions have been particularly active in the area of research on the welfare reform and its effects on child poverty.

In Canada, which is conducting a child poverty reduction program since 1989, we must mention the [Human resource development centers](#).

The analysis of child poverty must, first and foremost, be conducted using the most obvious criterion – low family income.

The first part of this chapter gives an overview of the main descriptive data of the population of poor children (number, family structures, and age). To do so, it uses the most recent data¹ (1999 and 2000) available from surveys, sufficiently detailed to enable an in-depth analysis. The second part analyzes the role of social transfers granted for children to determine their impact on reducing child poverty. The analysis focuses on lead cases describing the governing legislation in 2003. It is only in the next chapter that we deal with the impact of work income and the parents' employment status on the poverty of their children.

The 1999-2000 period marked a reduction of poverty, albeit slight, due to improvements in the employment area. This decline in the poverty rate as compared to the mid-nineties was observed not only for the entire population but also for children. It is possible that the deterioration in the economic situation between 2001 and 2003 caused a rise in the poverty rates. Nevertheless, these changes are not such that the structural characteristics described later are affected measurably by the changes in economic climate.

Note finally, that this chapter deals only with metropolitan France given that the Tax income surveys – the main source of observation – are limited to this area.

ONE MILLION POOR CHILDREN... OR TWO?

The choice of defining poverty in a relative manner (Chapter I) is crucial to the measurement of the magnitude of child poverty.

If we define the monetary poverty line for the year 1999 at 557 euros per month (50% of the median disposable income per consumption unit of households² measured by the Tax income surveys), there were about 3.7 million poor people in France³ (poverty rate of 6.5%) including one million children aged under 18. The child poverty rate (7.8%) is therefore higher than the adult poverty rate.

We must point out the relatively high concentration of incomes close to the poverty line used above: by increasing it by 110 euros (to a poverty line at 60% of the median standard of living, based on a definition similar to the one used for Europe by Eurostat), we have 2 million poor children aged under 18 (poverty rate of 15.7%).

When we use a lower poverty line at 40% of the median income, i.e. 450 euros, there are less than 300,000 children (poverty rate of 2.2%), reflecting the fact that 0.7 million children live in families whose standard of living falls between the 450 euros mark and the poverty line at 560 euros.

(1) This chapter uses in particular the results presented by Dell and Legendre, (2003a and 2003b), and Dell, Legendre and Ponthieux, (2003) for the years 1998 and 1999; they were supplemented and revised for the years 1999 and 2000 by the Cerc.

(2) If we consider the number of poor children based only on households with children (Chapter I), the poverty line would be at 530 euros and 0.8 million children would be poor. This variant in counting does not appear to contribute any other information, and is not used later.

(3) The “ordinary households” that came within the scope of the Tax income survey did not include families living in community housing or in conditions of lack of security, or the homeless, or households whose reference person was a student, or those that declared negative income.

Child poverty based on the family type

In order to illustrate what poverty represents for a child, we have given below the incomes of the families based on their size.

Table 1 - **Disposable income of families on the poverty line (in 1999)**

in euros

Family type	Monthly income after taxes	
	Threshold at 50 %	Threshold at 60%
1 child aged under 14, and a single parent	724	869
1 child aged 15, and a single parent	835	1,002
1 child aged under 14, and a couple	1,002	1,202
1 child aged 15, and a couple	1,114	1,337
2 children aged under 14, and a couple	1,170	1,404
4 children, of which 3 aged under 14, 1 aged over 15, and a couple	1,615	1,938

Reminder: the post-tax disposable income includes any housing aid received.

Source: Cerc estimation.

To obtain an assessment in euros for 2003, we must increase the amounts by about 15%. This is the growth in per capita average income between 1999 and 2003 based on the national accounts, and approximately that of the median standard of living.

This concentration is most probably due to the standard of living figures used for calculating the various social minima allowances which, although not defined explicitly based on a poverty line, were most likely chosen with respect to this type of approach.

This high concentration below the poverty line also reflects a rather low poverty intensity (measured by the relative gap between the average standard of living of poor children and a poverty line at 50% of the median income), representing about 20% or 110 euros in 1999. To illustrate this result, we can consider that, all other factors remaining constant, to push all poor households with children just over the poverty line, we would need to increase their income (by increased work income or benefits), which would represent an overall cost of less than two billion euros.

As the poverty line is defined in a conventional manner, must we use 50% or 60% of the median standard of living as its cut-off point? Although the numbers are obviously different, the diagnosis of the characteristics of children, their family, etc. would scarce differ. For example, the distribution of poor children based on their family type is barely modified, whereas the poverty rates in each structure is nearly doubled. Likewise, the characteristics based on poor children's performance in school (Chapter V) are barely modified between either threshold. In order to be closer to the data generally published in France, we have preferred to apply 50% of the median in this report.

We must bear in mind, through the course of the analyses, that the opposition between the poor and the non-poor is a little artificial⁴: only just crossing the poverty line does not essentially modify the data pertaining to child poverty issues.

(4) This is why Chapter IV sometimes compares poor children against those whose families are placed at the top of the standard of living distribution.

Persistent poverty

Few sources and studies are available for assessing the magnitude of persistent poverty⁵ in France. A study (Zoyem, 2002) using the European Community Household Panel and a poverty line at 60% of the median standard of living proffers that, in the mid-nineties in France, four out of ten poor children suffered from poverty lasting for at least three consecutive years.

Another source that throws light upon the persistence of poverty, is the register of RMI (minimum income) recipients maintained by the National Family Allowance Agency, Cnaf. It confirms that the phenomenon of persistence is widespread - about half of the children from RMI-recipient families at end-2002, were in this condition since at least three years⁶.

Poverty and the child's age

The rate of child poverty in France grows with the children's age (Dell and Legendre, 2003a). For example, in the 1998-1999 period, the child poverty rate increased from about 5 to 6% for children who were 1 or 2 years old, to 10-11% for children in the 16 to 17 year bracket. Lapinte (2002) states that this result holds true for several European countries.

Table 2 – Age-based distribution of poor children (poverty line at 50%)

		as a % age
	Structure	Poverty rate
0 to 2 years	10	6.2
3 to 5 years	14	6.4
6 to 10 years	28	7.7
11 to 15 years	32	8.2
16 to 17 years	16	10.5

Reading note: 10% of the children are aged 0 to 2 years, and of them, 6.2% are poor.

Scope: excluding student or retired persons' households; households with positive or null declared income, and positive disposable income.

Sources: Insee-DGI, Tax income 1999 surveys, Cerc calculations.

There is a combination of several effects to explain why poverty rate grows as the children grow older (insert).

This result however raises the question of whether transfer policies should be stepped up for older children. This can be debated from two angles. In a static approach of plain equity, social policies may lean towards reducing child poverty uniformly according to the children's age; this argument would tend to increase the benefits in favor of older children. On the other hand, if we focus on the consequences of poverty on the children's future, the viewpoint would doubtless be different.

Although there are as yet few studies for the case in France, according to several Anglo Saxon studies, the fact of being subjected to poverty earlier in childhood is more damaging in the long run than being exposed to poverty in one's youth (Bruniaux and Galtier, 2003). From this angle, the explicit or implicit choice of "doing more" for younger children would be a wise move.

(5) The analysis of persistent poverty and its consequences will be presented in further detail in Chapter VI.

(6) The last registration of the RMI recipient dates back to more than three years, but there may have been other previous episodes of RMI grants.

Growth of poverty rate with age
A combination of several effects

Firstly, the child's age is a direct factor for calculating the monetary standard of living. For this calculation, the disposable income is divided by the size of the household expressed in "consumption units". Due to the existence of economies of scale in consumption (a two-person household usually has only one bathroom, etc.), the same weighting is not assigned to each individual in a household. The consumption of a child is less than that of an adult, but increases with age. When calculating the number of "consumption units", we assign a value of 0.3 for a child aged under 14, and 0.5 from the 14 year and beyond (this is the same weighting assigned to the adults in a household except for the first adult who has a weighting of 1). The age of this specific age is debatable, as it could introduce an artificial jump in the poverty rate from ages 13 to 14, but the increased "cost of the child" with age must nevertheless be taken into account in one way or the other.

There are various factors that may have the reverse effect. First of all, earned income generally increases with age, at least during the period of full activity (before 55 years, i.e. the age at which the activity rate and employment rate plummet in France). In addition, in families with relatively older children, it is more frequent to see both parents working, or the single parent working full time, as it is easier to reconcile one's professional and family life (Chapter III).

The third point is the importance of social benefits that are effectively distributed, and which vary according to the children's age. Family benefits are increased progressively with age; however, certain benefits are granted only for young children aged under 6 (see below).

On the whole, the frequently observed growth in work income with the parent's age does not seem to offset the increase in the cost of the child (based on the child's higher weighting in terms of consumption units).

**CHILD POVERTY AND
FAMILY STRUCTURES**

The child poverty rate is highest in two types of families: single-parent families on the one hand, regardless of the number of children, and couples with four or more children.

The poverty rate of households consisting of a couple with one to three children is not very different from the poverty rate of all households (it is in fact slightly lower). However there are far more families comprising a couple with one to three children than single-parent families or large families with four or more children. Due to this fact, despite a lower risk of poverty among the former, there are, on the whole, as many poor children in these types of families as in single-parent families or in families formed by a couple with at least four children.

It is therefore essential to study child poverty by distinguishing between three large classes of family structures, namely single-parent families, couples with four or more children, and couples with one to three children. The parents' own characteristics (such as their educational qualification, citizenship, etc.) may possibly differ from one family structure to another; the parents' reconciliation between their family and professional lives may probably be handled differently; finally, social transfers depend on the family structure.

Table 3 – Distribution of poor children based on family type

as a % age

		Structure	Poverty rate
Single-parent families		23	14.6
	with 1 child	5	10.2
	with 2 children or more	18	16.8
Couples	1 child	10	4.8
	2 children	24	5.0
	3 children	17	5.8
	with 4 children or more	26	17.3

Reading note: 23% of all poor children aged under 18 come from single-parent families, and of all children from single-parent families, 14.6% are poor.

Note: in this case, the size of the family is calculated based on the number of children aged under 25, living in the household. In a household of a given size, there may therefore be fewer children aged under 18 than what the figures for the category suggest.

Scope: excluding student or retired persons' households; households with positive or null declared income, and positive disposable income.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Two family types deserve a closer investigation of the parental characteristics that may explain (excluding the extent of social benefits received – a point that is studied later) a higher poverty rate, namely single-parent families and families with four or more children.

Poor single-parent families

Single-parenthood has progressively increased in France but remains less frequent than in the Anglo Saxon or Scandinavian countries. In 1996, single-parent families represented 14% of families with children in France, compared to 19% for instance in Finland, and 23% in the United Kingdom (source: European Community Household Panel). Like in the Anglo Saxon countries, but not in the Scandinavian countries, it carries greater risks of child poverty than the average for households.

Single-parenthood may concern three types of situations – mothers who have never been married, single widowed parents (most often, the mother), divorced or separated parents. It does not seem that in France, these different forms of single-parenthood lead to very different risks of poverty (child poverty rates), except that they are slightly higher in the case of widowhood.

It is possible that the risk of poverty inherent to single-parent families is underestimated due to the conventions used for calculating the standard of living (insert).

What are the factors that differentiate poor single-parent families from other single-parent families the most?

Two-thirds of the single-parent families have only one child aged under 18⁷. In poor single-parent families, the average number of children aged under 18 is only slightly higher. Besides, single-parenthood is relatively rare among persons of non-EU origin (about 6% only). It occurs slightly more frequently in poor families (13%) than in non-poor families (5% – see Table 2).

(7) As a reminder, this report studies only children aged less than 18 years, even if the family includes other children aged from 18 to 24 years. Single-parent families (poor or not) having only one child aged between 18 to 24 years are "out of scope" of this analysis in terms of child poverty.

These factors therefore do not greatly distinguish poor single-parent families from non-poor ones.

Definition of consumption units and underestimation of poverty in single-parent families

The conventions adopted for calculating consumption units make no distinction in the case of single-parent families: the adult is assigned a weighting of 1, any child aged under 14 is assigned 0.3, while a child aged 14 or above is assigned a weighting 0.5. Therefore a single-parent family with a teenager of 15 years is the same size in terms of consumption units as a couple with no children. The accommodation needs are obviously different and higher for the single-parent family. The Family budget survey data clearly illustrates the differences in spending structure, with incomes and other socioeconomic characteristics remaining constant, for housing for example, and education (Herpin and Olier, 1997).

If we increase the weighting of children from single-parent families to account for this fact, we reduce the standard of living thereby increasing the poverty rate. If we were to raise the consumption units of each single-parent family by 0.2, we would inflate the poverty rate of single-parent families by more than 50% (Dell and Legendre, 2003b).

The differences in job situations are considerably more marked. The activity rate of all single mothers is high – it is higher in France as compared to practically all European countries (Whitten, 1998; Chambaz, 2000), and is also higher than that of mothers forming a couple. However, poor single-parent families are conspicuous by their low activity rate (Table 4), and a very high unemployment rate (one third of the heads of poor single-parent families). On the whole, among poor single-parent families, the **proportion of employed persons is very low** – less than one-third – whereas it is three-fourths for the non-poor.

Table 4 – Work activity and employment status of single-parent families

	as a % age		
	All	Non-poor	Poor
Work activity and employment status			
Activity rate	83.8	86.3	67.4
% unemployed	14.5	11.6	32.4
% full-time employment	51.6	57.7	13.0
% part-time employment	17.7	17.0	22.0
Socioprofessional category and degree of the reference person			
% routine white collars and blue collar workers	67.2	65.3	83.0
% without a degree	32.1	28.2	57.3
Nationality of the reference person			
Citizen of an EU country	94.2	95.3	87.2
Citizen of a non-EU country	5.8	4.7	12.8

Note: single-parent families with children aged under 18.

Scope: excluding student or retired persons' households; households with positive or null declared income, and positive disposable income.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

It is not the frequency of very young children that causes a higher child poverty rate in single-parent families, due to the parents' giving up their job⁸ either out of choice or because they are forced to (see below) in order to raise a child of that age. In fact, the proportion of children who are less than 3 or 6 years old is lower in single-parents families than in all couples with children.

Furthermore, the poverty rate of single-parent families with children aged under 3 is lower than in families with older children, due to the single-parent allowance paid out until the third birthday of the youngest child, which places the income of such families slightly above the poverty line.

The proportion of routine white collars and blue collar workers (among the working population, whether they are currently employed or unemployed) is significantly higher in poor single-parent families, but this difference alone explains only a small part of the divergence in employment rates. Conversely, whereas a majority of non-poor single parents are in full-time employment, poor single parents are rarely so.

This spectrum of indexes tend to confirm the idea that it is mainly the difficulty in reconciling professional life and parental duties that considerably aggravates the risk of poverty in single-parent families (Chapter III).

Families with four or more children

One fourth of all poor children aged under 18 live in families comprising a couple and four or more children. The risk of poverty is particularly high (about 17%) for this family type.

Poor families with four or more children are quite clearly characterized: the most frequent pattern is a single employed adult, although in nearly half the households, there is no employed adult; three out of four heads of household do not have a degree; about half of the households are of foreign origin outside the European community.

Table 5 – **Work activity and employment status of families with four or more children**

	as a % age		
	All	Non-poor	Poor
Work activity and employment status			
Couple, two jobs	26.5	30.9	3.9
Couple, one job	60.1	62.3	48.3
Couple, unemployed	13.4	6.8	47.8
Socioprofessional category and degree of the reference person			
% routine white collars and blue collar workers	67.2	65.3	83.0
% without a degree	43.0	38.0	69.1
Nationality of the reference person			
Citizen of an EU country	78	82	57
Citizen of a non-EU country	22	18	43

Note: couples with four children aged under 18.

Scope: excluding student or retired persons. Households with positive or null declared income, and positive disposable income.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

(8) In all single-parent families with a child aged less than 3 years, non-employment is more frequent than when the child (or children) is (are) older: 57% of families with a child aged less than 3 years are unemployed as compared to 26% if the child is older.

Child poverty and the immigrant population

If one million poor children (poverty line at 50%), about three fourths belong to households whose head of household is French or from a country within the European Union, and one fourth (250,000) belong to households coming from outside the European Union. The criterion used (citizenship of the head of household) does not cover all the effects of the migratory flows, as long-standing immigrants may have obtained French citizenship (or that of another EU country). Therefore, in the case of families whose head of household is a citizen of a country within the European Union, those who were born outside of an EU country were classified separately (Table 6). For convenience, we shall use the terms "recent immigration" (column 3) or "older immigration" (column 2).

The poverty rate is very much higher for children from recent immigration (25.9%) as compared to those from older immigration (11.3%), and considerably more than for children whose parents were born within the European Union (5.9%).

Table 6 – **Child poverty rates based on nationality and birth country of the head of household**

	All	Parent is a citizen of an EU country		Parent is a citizen of a non-EU country
		Country of birth within the European Union	Country of birth outside the European Union	
All	7.8	5.9	11.3	25.9
<i>Structure</i>	<i>100</i>	<i>66</i>	<i>9</i>	<i>25</i>
Number of children aged under 18				
One child	6.8	5.6	11.0	25.8
Two children	6.4	5.2	9.2	25.4
Three children	7.8	5.9	10.8	21.3
Four children or more	17.1	11.9	19.2	31.2
Household type and employment relationship				
Single-parent, employed	7.2	6.3	7.0	23.4
Single-parent, unemployed	27.8	25.8	35.6	36.5
Couple, two jobs	1.9	1.7	3.0	7.8
Couple, one job	8.3	6.4	10.4	20.3
Couple, unemployed	44.1	40.0	49.6	50.2
Degree of the reference person				
Without a degree	16.7	13.4	18.5	28.6
Lower secondary certificate BEPC, or vocational training diplomas CAP and BEP	5.4	4.8	11.8	17.6
Baccalauréat and beyond	3.1	2.0	6.2	20.9

Reading note: the parents of 25% of poor children are citizen of a non-Union country. Of the children of parents belonging to countries outside the European Union, 25.9% are poor.

Scope: excluding student or retired persons' households; households with positive or null declared income, and positive disposable income.

Note: European Union with 15 member states.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

The higher poverty rate among children from recent immigration is partly due to some weighting effects that add to the consequences based on the parents' characteristics.

- The higher poverty rate is a constant feature regardless of the number of children in immigrant families, but families with four or more children are seen more frequently amongst the immigrant families.

- The poverty rates are relatively similar when the adults are unemployed, pointing to the fact that the social benefits system and social minima allowances are generally accessible to all residents⁹.

However, the frequency of under-employment is higher, partly due to qualification structures, and families with one or two jobs are exposed to a significantly higher risk of poverty. It appears to be higher regardless of the qualification of the head of household. It is very likely that this is partly a symptom of discrimination in the job market, be it employment discrimination and/or wage discrimination.

However, these differences may also arise from other factors, such as cultural habits for example determining the number of jobs in the household, whatever qualification the reference person holds.

Note, finally, that the risks of poverty among children from "older immigration" are, in each of the dimensions described in the table, lower than those coming from "recent immigration", which may reflect the outcome of a greater integration in French society, where these different dimensions are concerned.

Does immigration, on the whole, have a specific incidence on the poverty risk? While, to all appearances, the nationality of the head of household has an impact on the probability of child poverty, the intensity of this link must be verified against that of the other factors used in an analysis, all things being equal (number of siblings, household type, employment relationship, degree of the reference person). The results of logistic regression (Dell and Legendre, 2003a) show that the influence of the household type as also that of the employment relationship, is predominant. The number of siblings or the educational degree of the head of the household also have an impact, although to a lesser degree; finally, the incidence of the nationality of the head of household is even lower. This technique nevertheless does not isolate the pure effects of each variable, given that, for instance, the nationality, education level and household size variables are not independent of each other.

TRANSFERS AND CHILD POVERTY

The presence of children in a household increases its size (expressed as a number of consumption units). For a given work income, it cuts back the standard of living if the transfers associated with the children's presence (various family benefits and tax rebates) do not offset or inadequately compensate for this effect. In order to analyze the excess risk of poverty borne by families with children as observed in France, the social benefits and tax credits must first and foremost be studied in detail.

(9) Documented residents. As a matter of fact, illegal immigration falls largely out of the scope of this analysis due to the sources used. This is yet another factor of underestimated child poverty.

In the first place, we will study the effect of ordinary benefits (family allowances, housing allowances, schooling aids), then social minima allowances on poverty. Certain benefits are targeted at helping to reconcile one's professional and family lives; this is the case, in particular, for all provisions pertaining to child care. These will be analyzed in the next chapter that deals with the employment relationship in poor families.

We will recapitulate the characteristics of the transfers system in favor of children, and use the brackets on July 1, 2003, to discuss the level, which on the whole, is necessary to avoid aggravating the risk of poverty.

Family allowances

The umbrella title of "family allowance" covers four types of benefits, namely family allowances, additional family benefit, young child allowance, and family support allowance.

Benefits in favor of children

Family allowances are non-means tested benefits paid to families with two or more children¹⁰. They amount to 110.71 euros per month for two children, 252.55 euros for three children, and is incremented from then on by 141.84 euros for each additional child. The amount is stepped up by 31.14 euros per child aged between 11 to 16 years, and by 55.36 euros per child aged over 16.

They are supplemented by the "**additional family benefit**" of 144.09 euros for a family of three or more children if they are aged 3 and above. The additional family benefit is means-tested and varies according to the size of the family and incremented if both parents work or for a single-parent family. As an income ceiling is applied, any family below the median standard of living would receive this benefit.

The **young child allowance** APJE amounting to 158.97 euros is paid during pregnancy and until the child's third birthday, under the same means-testing conditions as for the additional family benefit. This allowance is paid right from the first child. A household can receive only one APJE allowance even though there may be several children aged under 3. The transformation of this allowance as of January 1, 2004 is analyzed later in this report.

Apart from these allowances, we have the **family support allowance** of 77.84 euros per child paid to single-parent families (payable provided that no alimony is received from the other parent in the case of a separation).

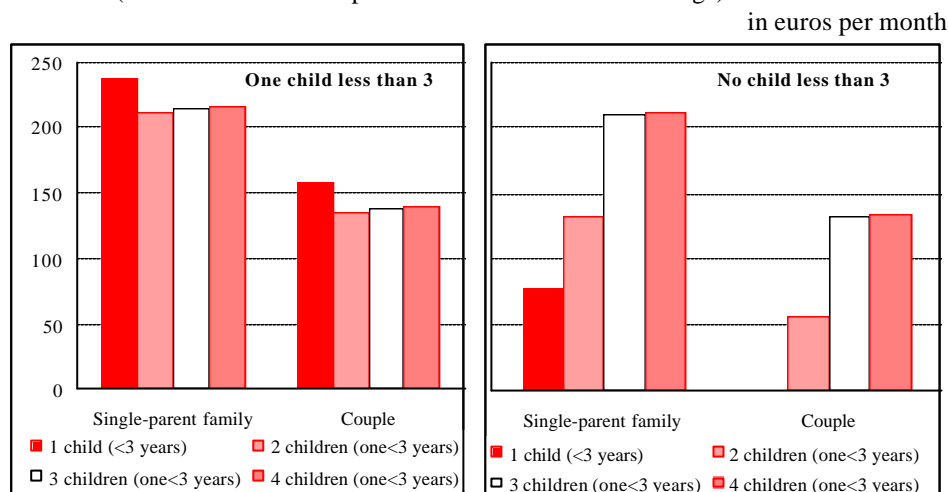
Taken as a whole, the family benefits have several characteristics (Graph 1).

- The average contribution of family benefits per child is lower for a couple than for a single-parent family receiving the family support allowance.
- The system is more favorable for the period in which the child is aged under 3.
- The absence of general allowance for the first child is unique to France as compared to the other European countries that pay out family allowances. Of course, the non-payment of family allowances as of the first child "penalizes" only those families with a single child aged over 3 (or when the oldest children in the family are no longer eligible for family allowances, i.e. generally when they are 20 years old).

(10) Paid as of the first child in the French overseas *départements* (20.34 euros per month).

This specificity is difficult to understand from the viewpoint of bearing the cost of the child, as it represents the birth rate-stimulating component of family policy.

Graph 1 – **Average family benefits per child**
(for work incomes of up to twice the Smic minimum wage)



Note: the graph includes family allowances and, for single-parent families, the family support allowance.

- The young child allowance is added to the left part (presence of a child aged under 3).
- The additional family allowance is added to the right part (no child under 3 years) for families with three or more children.

The age-based increase in family allowance has been ignored (31.14 euros per child aged between 11 to 16 years, and 55.36 euros per child aged over 16).

Reading guide: the graph represents the family benefits granted in favor of one child or more (as opposed to a status without children) and on an average per child.

Source: lead cases, Pâris model, *Direction de la prévision* (French economic forecast department of the Ministry of Finance).

Direct taxation

The direct taxation of households is modified as concerns its three components based on the number of dependent children – the progressive income tax through the application of the family quotient, the premium for employment, and the habitation tax. Although the presence of children does not impact the premium for employment overmuch, the family quotient mechanism has an increasing incidence in favor of households with children which earn more than twice the Smic minimum wage (for a couple) and effectively compensates for the fact that they are not entitled to receive means-tested benefits (Insee, 2003).

Housing allowances

The housing allowance affects the standard of living of families based on the number of children in a complex manner – it depends on the occupational status, family type, area of residence and family income level (category-based income, which approximates the taxable income). Given below is the case of tenant households eligible for the housing allowance.

Table 7 – Housing allowance amount

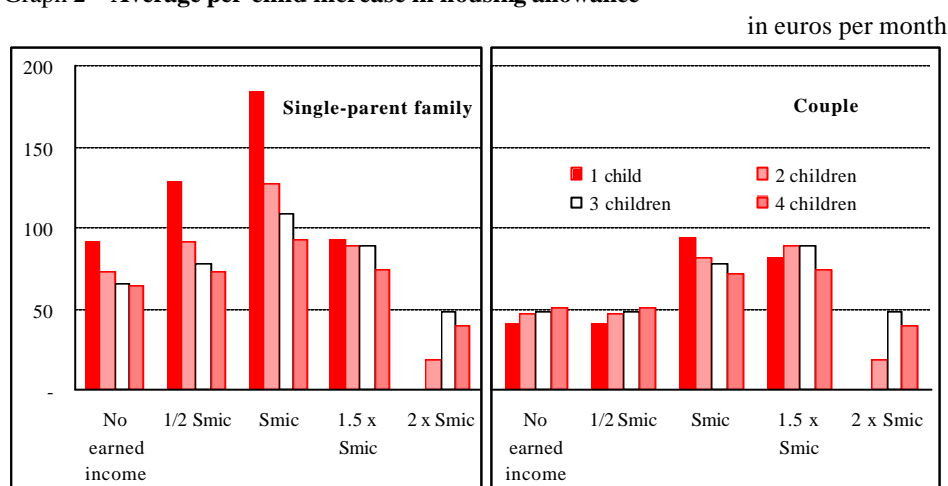
	in euros per month					
	Single	Couple	Number of children			
	Without children		1	2	3	4
No work income	266	316	357	411	464	521
1/2 Smic	228	316	357	411	464	521
Smic	65	155	250	319	391	440
1.5 x Smic	0	0	94	179	269	301
2 x Smic	0	0	0	39	148	159

Housing allowance APL/AL in zone 1 (Greater Paris region), general case.

Source: legislation-based lead cases on January 1, 2003, Pâris model, *Direction de la prévision*.

With children present, the housing allowance does not change between a single parent and a couple, but is lower for a single person than for a couple without children. The average gain per child seems higher for a single person (Graph 2)

Graph 2 – Average per-child increase in housing allowance



Housing allowance in zone 1 (Greater Paris region), general case.

Source: lead cases, Pâris model, *Direction de la prévision* (French economic forecast department).

The housing allowance amount differs between the three zones considered, approximately in relation with the average cost of housing, namely the Greater Paris region, towns with more than 100 000 inhabitants and new townships, the rest of the territory. Two elements vary, namely the base allowance level, and the income-based decrease rate. For the first factor, which has the strongest impact, the allowance reduction according to the zone is based on the reference level (without children) and on the increment per child. For example, for a household with a child, the allowance is reduced by 37 euros in the intermediate zone and by 59 euros in the third zone.

Housing allowance, housing cost and poverty

The housing allowance is an important factor that enables low-income families to bear an essential expenditure. It is indispensable to consider it in all income analyses (and therefore in the monetary poverty analysis). However, its inherent concept and measurement problems are not negligible.

- If we consider the housing allowance received by tenant households or households on housing loan, we find that their income is increased with respect to homeowners provided (as is the case in the usual survey procedure) that we do not attribute a "fictitious income" to the latter representing the value of the services they are assumed to obtain from their housing. This leads to an increased poverty rate among the retired population who are most often owners of their housing, even though their income level is low (Insee, 2001).
- Besides, given that the poverty line is calculated at the national level, people living in the Greater Paris region, having received a higher housing allowance than in the other zones, seem to be "less poor", whereas they often have to bear housing expenses that exceed the allowance more than in the other zones. This may incite using an alternate measurement of poverty, calculated "after-housing cost" as is the case in the United Kingdom.
- All tenant households do not receive the housing allowance as described in the lead cases above – it is not paid if the owner is a member of the tenant's family; its amount is considerably lower in the case of joint tenancy; finally, it may not be paid if the housing does not meet certain standards of decency and overcrowding limits. It is possible that some of these elements pertain proportionately more to poor families or those on the brink of poverty.

In 2002, for all poor tenancy households, the housing expense would represent 35% of their budget *if they did not receive housing aid*. Rents go up faster than income and housing allowance amounts, thus demanding a greater "gross outlay"¹¹ from these families today than in 1988 (26%). For households with children, the required gross outlay is practically equivalent in social housing, but considerably higher in private housing (48% for single-parent families and 36% for couples) due to the combination of the higher rents and the overall lower resources of poor tenant households in private housing (Table 8).

Table 8 – Financial outlay of tenant families

	as a %age					
	All tenants Average outlay rate		Tenants in social housing Average outlay rate		Tenants in private housing Average outlay rate	
	Gross	Net	Gross	Net	Gross	Net
Single-parent families						
Poor	35	10	30	6	48	21
Non-poor	22	14	19	11	26	18
Couples with children						
Poor	28	12	24	8	36	21
Non-poor	16	13	14	11	17	16

Source: Insee, Housing survey, 2002.

Personal housing aids modify this hierarchy to a great extent.

Therefore, the **net outlay**, i.e. **after taking housing aid into account**, is brought down to 10% for a poor single-parent family and 12% for a poor couple with children. These net outlay figures are slightly lower than for non-poor families.

(11) This is the gross outlay rate, i.e. the ratio between the housing expense and the resources of the household, before taking personal housing aid into account.

This significant decrease in the outlay rate due to housing aid is exclusively to the advantage of tenants in social housing. In private housing, however, the net outlay of poor single-parent family tenants is higher than that of other single-parent family tenants, and this difference is even more marked in the case of couples with children (21% as compared to 16%). Housing aid, although slightly higher, does not offset the higher rent (over 100 euros difference on an average for poor families with children) and lower resources as much as for poor tenants in social housing.

Schooling allowances

There are two means-tested allowances for children's schooling, namely the new school year allowance and scholarships (secondary school or high school). We can not take into account the subsidies granted to institutions in order to reduce canteen costs.

The allowance amounts are, on the whole, not very high. Although they cover the specific costs of school material and certain school activities to some extent, they do not suffice to contribute towards tuitions that several poor children sorely need; private tuitions remain the privilege of children from more well-off families thus accentuating the disparities in schooling.

Schooling allowances

The **new school year allowance** of 253.30 euros per child paid annually (new school year 2003-2004), i.e. 21 euros per month, is granted below an income threshold that is slightly higher than the poverty line calculated at 60% of the median income. **Secondary school scholarship** (*collège*) amounts vary according to the family income, which itself varies according to the number of children. The amounts are far lower than those of the new school year allowance ARS (*Allocation de rentrée scolaire*) in a majority of cases, but the income ceilings are higher.

Table 9 - Annual amount of the secondary school scholarship per child based on the number of children and the work income

	in euros				
	1 child	2 children	3 children	4 children	5 children
no earning	288.9	288.9	288.9	288.9	288.9
½ Smic	179.7	179.7	179.7	179.7	179.7
Smic	56.1	56.1	56.1	179.7	179.7
1.5 x Smic	0	0	56.1	56.1	56.1
2 Smic	0	0	0	0	56.1

The **high school scholarships** (*lycée*) are more substantial and also vary considerably according to the income level and the number of children.

Table 10 – Annual amount of the high school scholarship per child based on the number of children and the work income

	in euros			
	1 child	2 children	3 children	4 children
no earning	394	394	394	394
½ Smic	394	394	394	394
Smic	157	197	236	315
1.5 x Smic	0	0	0	157

General case of one employed person in the family; scholarship for the *lycée général* (general and technological section).

Local social allowances

Apart from the transfers mentioned earlier, there are local social allowances as well. These allowances may be a legal requirement (legal aid from the *départements*, particularly for child protection, etc.) or optional (social action by the local authorities i.e. the *communes*, local allowances paid by the family allowance funds, aid from local associations, etc.). These allowances are rarely studied although they may represent an important contribution to low-income families and quite clearly targeted at families with children (Anne and L'Horty, 2002).

Local allowances, a little-known domain

The sole study on this subject (Anne and L'Horty, 2002) uses the list of regulatory or optional aid mechanisms drawn up in 2001 in ten towns in France, based on six types of household configurations. The study is limited as the local brackets give an idea of the potential entitlements, but not the actual take-up of these aids or the effective possibility of cumulating several aids, and also due to the reticence that some local authorities have in supplying the brackets. The study does bring the high diversity of situations based on the sites studied, to the forefront.

Social minima allowances

The **minimum income RMI** (*Revenu Minimum d'Insertion*) chiefly concerns single persons or childless couples (these two cases pertain to 60% of the recipients). However, the number of children aged under 18, whose parents are RMI-recipients, is considerable – about 650,000 in metropolitan France and 100,000 in the French overseas *départements* (scope: Cnaf¹², data for December 2002). Besides, 295,000 children aged under 18 belong to single-parent families receiving the single-parent allowance API (in metropolitan France). Parents of children aged under 3, receiving social minima allowances are mostly API-recipients.

The **single-parent allowance API** (*Allocation de parent isolé*) is a means-tested allowance paid out until the child reaches the age of 3 (long-term API), or during one year (short-term API) as of the event leading to single-parenthood (death of the spouse, divorce, etc.) or as soon as the pregnancy is confirmed in the case of an unmarried woman. The long-term API pertains to about 80% of the cases.

While the number of divorced or separated persons among the recipients tends to reduce, the number of unmarried persons among the recipients is growing rapidly; unmarried persons represent two-thirds of the allowance recipients.

The API mainly concerns families who have only one child – in December 2001, nearly 47% of the recipients belonged to this category.

Each of the social minima allowances sets a ceiling for the family income (based on its size); the allowance amount is equal to this ceiling, less other income (differential allowances). However, given that certain factors of the family income are not considered when calculating the resources or are added in the form of a flat amount, the disposable income of the family may be higher than the ceiling corresponding to its status.

(12) In rural areas, RMI-recipients come under another fund, the MSA (*mutualité sociale agricole*).

The **income ceilings** are based on an equivalency scale (number of consumption units quite close to the scale used by Insee¹³), namely weighting of 0.5 for the spouse, 0.3 for children; it "grants" a higher weighting to the first child in a single-parent family receiving the RMI.

Table 11 – **Income ceiling for social minima allowances**

<i>in euros per month</i>	0 child	1 child	2 children	3 children	4 children
Couple receiving the RMI	617.6	741.1	864.6	1,029.3	1,193.9
Single person receiving the RMI	411.7	617.6	741.1	905.7	1,070.4
API for child < 3 years	521.5 ^(a)	695.4	869.2	1,043	1,216.9

(a) Pregnant woman without children

Brackets on January 1, 2003.

Except for additional allowances based on age, all family benefits are deducted from the family's income for calculation. The allowance amount paid is therefore reduced without the income crossing the ceiling. The new school year allowance and school scholarships can however be added to the family income. Social minima allowance recipients who receive the housing allowance cumulate the allowances, after deducting a flat amount that varies little according to the family size.

Table 12 – **Flat amount deduction for housing allowance**

<i>in euros per month</i>	0 child	1 child	2 children	3 children	4 children
Couple receiving the RMI	98.81	122.7	122.7	122.7	122.7
Single person receiving the RMI	49.40	98.81	122.7	122.7	122.7
API		95.1	117.7	117.7	117.7

Brackets on January 1, 2003.

On the whole, the income contribution per child for families who receive social minima allowances is close to that of families with low work income (one person earning the Smic minimum wage, employed full time, for example). It is in fact higher for single-parent families than for couples, whether they receive the API or the RMI (Table 13).

Table 13 – **Average contribution per child**

<i>in euros per month</i>	1 child	2 children	3 children	4 children
Couples receiving the RMI ^(a)	142	159	179	190
Single person receiving the RMI	248	200	207	210
API	329	267	253	277
Couples with 1 Smic-earner without the APJE young child allowance	101	144	216	211
Couples with 1 Smic-earner, with the APJE young child allowance	260	223	221	214
Single-parent families with 1 Smic-earner without the APJE young child allowance	279	271	328	314
Single-parent families with 1 Smic-earner, with the APJE young child allowance	438	350	333	318

(a) The average contribution per child is equal to the delta between the income of a family without children and the income of a family with one child, two or more children, divided by the number of children. In the case of the API, the reference is the RMI for a single person without children.

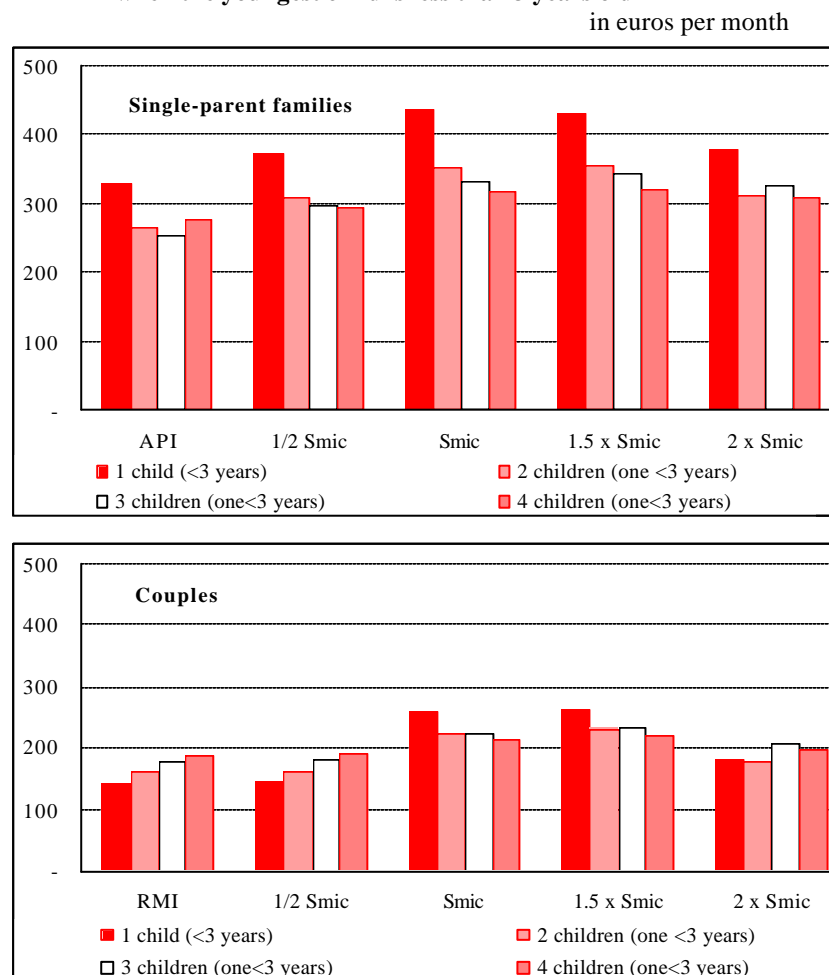
(13) Certain analysts deem that the equivalency scale used is not suited for low incomes, and social minima allowance recipients in particular, given in the items for which there is no economy of scale, such as food and clothing, take up a structurally larger portion of the budget.

Modest social transfers

On the whole, monetary transfers linked to the presence of a child (social benefits received and tax credits) have the following characteristics.

- They provide a considerable horizontal redistribution (between childless households and households with children); they are as such an important instrument to ensure that the monetary standard of living of families is not pushed down¹⁴.
- The average amount per child is higher for single-parent families than for couples, especially due to the family support allowance and the API.
- The transfer is higher if a child aged under 3 is involved (APJE) than if all the children are older (Graphs 3 and 4).
- The transfers (benefits and tax credits) vary little based on the work income of the families. The family policy in general does not play a significant role in vertical redistribution.

Graph 3 – Per-child average of all social benefits (and tax rebates) when the youngest child is less than 3 years old



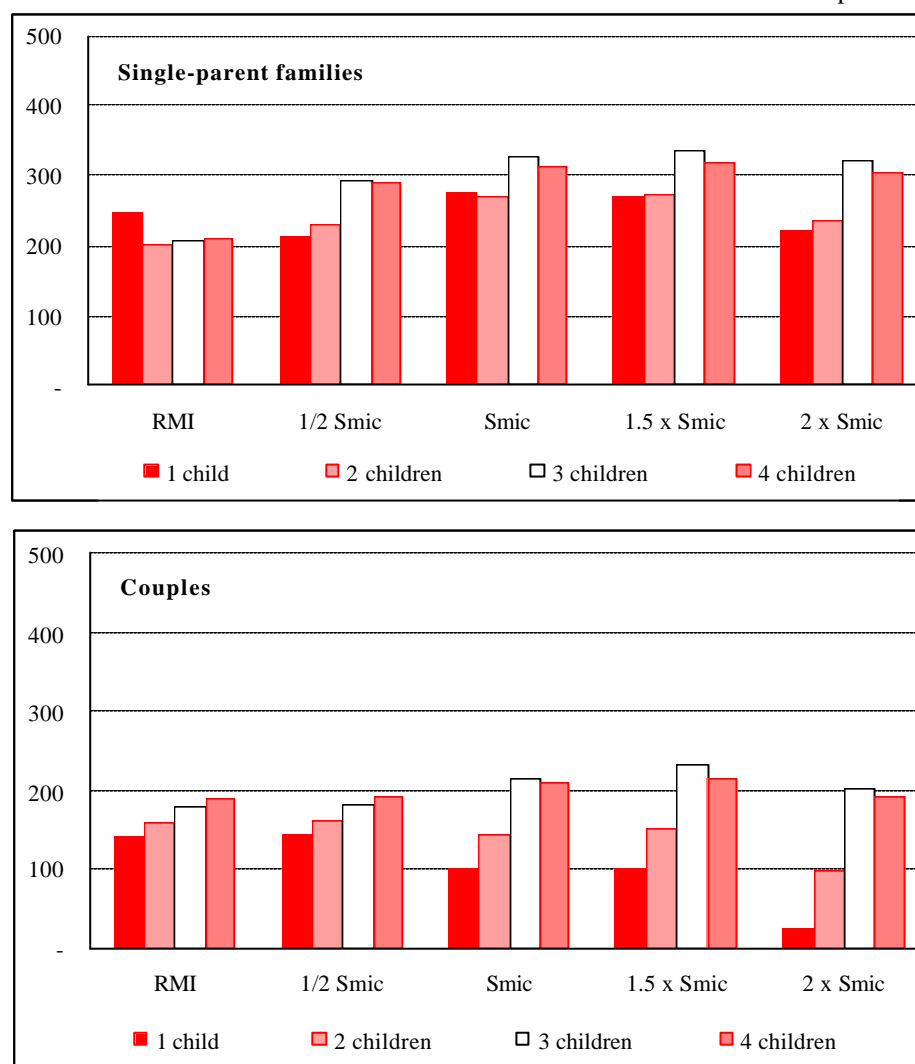
Notes: We assume that the youngest child is aged under 3 and therefore the family receives the APJE young child allowance. If there is no earned income for a single parent (API), the comparison is made against a single person receiving the RMI.

Sources: lead cases, Pâris model, *Direction de la prévision* supplemented by the Cerc.

(14) Various studies highlight the role they play by comparing the actual status with what could have been the poverty rate "before the transfers"; these are mentioned in Chapter VI.

Graph 4 – Per-child average of all social benefits (and tax rebates)
when the youngest child is 3 years or older

in euros per month



Sources: lead cases, Pâris model, *Direction de la prévision* (French economic forecast department), supplemented by the Cerc.

Child-related transfers and poverty

The analysis of the amounts of child-related transfers must in fact be linked to the analysis of the poverty rate. Let us make the reasonable assumption that the presence of children does not increase the families' work income¹⁵ (because they would choose to work more and find the appropriate jobs).

This would enable defining the minimum level that child-related transfers must reach to avoid increasing the risk of monetary poverty. If a household is on the poverty line, the child-related transfer amounts which would be "neutral" with respect to the household's crossing over to either side of the line, must be equal to the poverty line amount multiplied by the weighting of the child expressed in consumption units.

(15) Chapter III analyzes the reasons for which employment in households in fact decreases with the presence of children and proportionately to their number.

With the monetary poverty line amount estimated at 650 euros monthly (threshold at 50%) in 2003, the transfer amount must be 195 euros (weighting 0.3) for a child aged under 14, and 325 euros for a child who is 14 years or older (weighting 0.5). If we use the "European" poverty line at 60% of the median standard of living (i.e. 780 euros in 2003), the minimum amounts are raised accordingly (232 and 390 euros respectively).

In this way, we can judge the different lead cases analyzed (Table 13 or Graphs 3 and 4).

- For a couple with children, the transfers are lower than this standard in the case of the RMI; this also holds true for those with work income that place them above the eligibility threshold for social minima allowances, if they have children, all aged over 3¹⁶.
- The situation is more favorable to single-parent families, especially if the child is not yet 3 years old.
- The cases where the child-related transfer amount is higher than the standard when calculated using the "European" poverty line, are exceptions.

Some lead cases

The complexity of the social transfers system and their interaction with work income makes it difficult to understand the cases where households fall below the poverty line. To illustrate this diversity, we will describe some lead cases for single-parent families and couples with children respectively.

Single-parent families

Six cases can be presented by using solely a family with one child and by making distinctions based on the child's age (due to the young child allowance) and the work income status, namely parent working full-time earning the Smic minimum wage, or working part-time and also paid the Smic minimum wage, or having insufficient work income thus making the family eligible for social minima allowances (single-parent allowance API for a child aged under 3, or minimum income RMI).

In the case of a single-parent family with one child, the disposable income of an RMI-recipient is just on the poverty line calculated at 50% (it would be lower for an RMI-recipient living in zone III of the housing allowance). An API-recipient, however, has a monthly income that is very slightly higher than the income corresponding to the poverty line. In both cases, the income remains lower than the cut-off point for the poverty line at 60% of the median income (Table 14).

For a single-parent family with a child, holding a part-time job paid according to the Smic minimum wage barely steps up the income – a little less than 40 euros if the child is over 3, just short of 75 euros if the child is aged under 3, even though in both cases, there may be a risk of child care problems with the extra expense they generate. When the child is 14 or older (his or her weighting in consumption units is higher, i.e. 0.5 instead of 0.3), the income corresponding to the poverty line increases to 975 euros; then, the income of single-parent families receiving the RMI or holding a part-time job paid according to the Smic minimum wage, or receiving the API (short-term API) remain just below the poverty line.

(16) In the case of families with three or more children, where the youngest is at least 3 years old, it is quite rare that none of the other children is aged 14 years or more.

Table 14 – **Breakdown of the income of single-parent families with one child**
in euros per month

	Child between 12 and 14 years (secondary school)			Child aged under 3		
	RMI	0.5 times the Smic	Smic	API	0.5 times the Smic	Smic
Net salary		455	910		455	910
Young child allowance APJE (Allocation pour jeune enfant)				159	159	159
Family support allowance ASF (Allocation de soutien familial)	78	78	78	78	78	78
Housing allowance minimum income RMI (Revenu minimum d'insertion)	358 441	358	250	358	358	250
Single-parent allowance API (Allocation de parent isolé)				363		
New school year allowance (Allocation de rentrée scolaire) (secondary school)	21	21	21			
All social benefits	898	457	349	958	595	487
Premium for employment		26	42		26	42
Habitation tax			- 8			- 8
Disposable income	898	937	1,292	958	1,076	1,430
Deviation from income corresponding to the poverty line at 50%	53	92	447	113	231	585
Deviation from income corresponding to the poverty line at 60 %	- 116	- 77	278	- 56	62	416
Reduction of housing allowance Zone II	About 36					
Zone III	About 58					

Reading note: the table illustrates the breakdown of the disposable income by considering all the benefits received in each case. We assume that this is a tenant household receiving the housing allowance in zone I (Paris and new townships in the Greater Paris region). The social minima allowance amount is the allowance actually paid after deducting the flat amount for housing allowance, and taking into account the resources included in the deduction for calculation : for example the APJE and ASF amounts are deducted from the amount paid by way of API. The ARS amount, however, is not deducted from the RMI. The two "deviation" lines represent the difference between the disposable income of the family and the income corresponding to the poverty line (in this case, the poverty line amount is multiplied by 1.3 i.e. by the household size expressed in consumption units 1+0.3).

Source: Pâris model of the *Direction de la prévision*.

Consistency between lead cases and the Tax income survey results

Do the above results contradict the results shown in the beginning of the chapter regarding the high poverty rate of children belonging to single-parent families? First of all, we must note that the deviation in the poverty status for certain lead cases is very slight. It is also possible that there are cases of non-use of certain benefits. A detailed study of the conditions of each single-parent household (and each couple with children) in the "Tax income" survey points out a good level of consistency : poor single-parent households are more often considered RMI-recipients¹⁷ or employed¹⁸ and rarely as API-recipients and, for several of them, the children are 14 or older thus placing the family's standard of living below the poverty line, due to the higher weighting of the child in the household size expressed in consumption units.

(17) We must bear in mind that the RMI is assigned to a household in the survey by allocation based on the total number of allowance-recipients, structures based on age and on family type and size.

(18) On the date of the Employment survey associated with the tax declarations i.e. March n+1.

Couples with children

Couples with one or two children (aged between 3 and 14) are below the poverty line calculated at 50%, if the income from their salary is less than one Smic amount, and just at the poverty line when they earn the Smic amount. An income of at least 1.5 times the Smic is required to place the family income above the poverty line calculated at 60% (Table 15).

A couple with three or four children (aged between 3 and 14) is below the poverty line at 50%, if its work income is low (RMI or 0.5 times the Smic). In addition, when a large family has a child aged over 14, it dips far below the poverty line due to the change in the consumption unit scale. Work income representing 1.5 times the Smic is necessary to place the family above the poverty line at 60% (Table 15).

Table 15 – Breakdown of the income of couples with one child or more

	in euros per month					
	1 child between 3 and 6			4 children over 3 years (of whom 3 are over 6 years and 1 between 14 and 16)		
	RMI	0.5 times the Smic minimum wage	Smic minimum wage	RMI	0.5 times the Smic minimum wage	Smic minimum wage
Net salary		455	910	0	455	910
Housing allowance	358	358	250	521	521	440
minimum income RMI (<i>Revenu minimum d'insertion</i>)	619	164		534	79	
Family allowances				394	394	394
Additional family benefit				144	144	144
New school year allowance				62	62	62
All social benefits	977	522	250	1,655	1,200	1,041
Premium for employment		30	45		38	53
Habitation tax			- 5			0
Disposable income	977	1,007	1,200	1,655	1,693	2,004
Deviation from income corresponding to the poverty line at 50%	- 193	- 163	30	- 230	- 192	119
Deviation from income corresponding to the poverty line at 60 %	- 427	- 397	- 204	- 607	- 569	- 258
<i>Reduction of housing allowance</i>						
<i>Zone II</i>	About 36					
<i>Zone III</i>	About 58					

Reading note : see Table 14.

Source: Pâris model of the *Direction de la prévision*.

Here too, the lead cases are consistent with the results on the risks of poverty, not only in the Tax income surveys (this chapter) but also in the European Community Household Panel (Chapter VI).

CONCLUSION

With this chapter coming to a close, it is useful to summarize its main lessons.

- In metropolitan France monetary poverty strikes a large proportion of children (young people aged under 18) – about 8%, i.e. one million children if we use a rather strict definition of the monetary poverty line, and about 16% (2 million children) if we use the reference poverty line of the European studies.

- These poverty conditions are often persistent – according to diverse studies, about one third of poor children suffer from these circumstances of poverty at least during three consecutive years.

Yet when exposed to persistent poverty in childhood, individuals run a greater risk of facing its unfavorable outcomes on reaching adulthood.

- Child poverty rate is about one point higher compared to the poverty rate of the population as a whole. This situation results from a combination of two factors – social transfers associated with the presence of children are not very high with respect to the poverty line; employment is less frequent in families with children than in other households.

- It is in single-parent families, families with four or more children and, from another angle, immigrant families, that the risk of child poverty is concentrated (moreover, the poverty risk is underestimated for immigrant children due to the status of the undocumented immigrants (the *sans papiers*)). In these three cases, the main factor that aggravates the risk of poverty (with respect to couples with one child to three children, or with respect to other households) is insufficient work income. This leads us to explore the relationship between employment and poverty in families with children, in the following chapter.

Poverty of working age households results mainly from their low work income; this is all the more intensified in the case of households with children. This chapter focuses on examining this relationship. It underscores the low level of employment in families with children and examines some of the causes, especially the difficulty in reconciling employment and professional life, and puts forth a detailed analysis of the aid system to palliate this problem.

EMPLOYMENT DENSITY AND PRESENCE OF CHILDREN

Bi-active couples are now becoming the dominant social norm. Given that the definition of poverty is relative, the expansion of this social model automatically increases the poverty risk for the situations in which, out of choice or due to the lack of it, there is only one active person in the couple, in comparison with the past when the dominant model was that of a single bread winner.

In order to take into account the various possible combinations in a household, we have used the concept of employment density¹ – for a couple, it is at its maximum when both persons are employed full-time, and reduces with one person in the couple working part-time, etc. and finally goes down to zero if both persons are not active or are unemployed.

In 1999-2000, in over 60% of couples in the working age bracket, with or without children, both adults work – for 40%, both are employed full-time, and 20% hold one full-time job and one part-time job (Table 1). The greater the family size (as of two children), the more often one of the parents is unemployed.

Table 1 – **Employment density and number of children in all couples**

	Without children aged under 18	With children aged under 18	Number of children aged under 18			
			1	2	3	4 or more
2 full-time jobs	46	38	47	36	21	11
2 jobs, of which one part-time	18	25	22	28	25	15
1 full-time job, 1 unemployed	26	31	25	30	45	56
1 part-time job, 1 unemployed	3	2	2	2	3	5
Unemployed	6	4	4	4	6	13

Scope: excluding student or retired persons' households, with positive or null declared income, and positive disposable income. Excluding households whose head of household is over 65 years old.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

The fall in the intensity of employment with the increase in the number of children is also seen plainly in the case of single-parent families (Table 2); the proportion of part-time jobs or unemployment is high and rises rapidly with the number of children.

(1) A more precise measurement would also consider the duration of the part-time employment on the one hand, and the degree of continuity of employment during the year on the other.

Table 2 – Employment density in all single-parent families

as a %age

	Without children aged under 18	With children aged under 18	Number of children aged under 18	
			1	2 or more
Full-time	63	51	57	43
Part-time	12	18	17	19
Unemployed	25	31	26	39

Scope: excluding student or retired persons' households, with positive or null declared income, and positive disposable income. Excluding households whose head of household is over 65 years old.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Final observation: the employment density increases among couples as also in single-parent families, with the age of the last child. For single-parent families, unemployment (62% until the child reaches 2 years) is replaced by full-time employment (60% and more as of the child's 11th year). In the case of couples with a young child, the most common scenario is that of a single adult working, progressively evolving to bi-activity, in full-time employment, which finally dominates.

Table 3 – Employment density based on the child's age in all families

as a %age

	All	0-2 years	3-5 years	6-10 years	11-15 years	16-17 years
		9	17	30	32	13
Single-parent families						
One full-time job	52	28	44	50	60	64
One part-time job	18	10	16	22	18	15
Unemployed	31	62	40	28	23	22
Couples						
	All	0-2 years	3-5 years	6-10 years	11-15 years	16-17 years
		22	23	25	23	8
Two full-time jobs	38	31	36	37	43	49
Two jobs of which one part-time	25	19	24	29	27	22
One full-time	31	41	34	28	24	24
One part-time job	2	2	2	2	2	2
Unemployed	4	6	4	4	4	3

Reading note: 9% of all single-parent families have a child aged 0 to 2 years (22% of couples). Of the single parents who have a child aged 0 to 2 years, 28% hold a full-time job.

Scope: see Table 2.

Sources: Insee-DGI, Tax and income 1999 and 2000 surveys, Cerc calculations.

It is clear that the choice for a parent (mothers, as a matter of fact, in French society) of working or not working is a question that arises mainly in the child's infancy and early childhood until he or she goes to primary school. Apart from this, several problems of reconciling time spent on professional activity, travel time from home to work, child care outside of school hours, participating in the child's education, etc. continue to persist; however the choice or necessity of working rules. This point attracts public attention to a lesser extent.

EMPLOYMENT AND POVERTY IN FAMILIES

It is naturally the combination of employment density and wage level that determines the magnitude of work income. Although in France, the minimum wage level is quite high relative to the median wage (about 60%), the wage level must necessarily be combined with a high employment intensity, close to saturation (full-time job for a single parent, one full-time job and one part-time job for couples with children) sustained over the entire year, in order to slightly or noticeably exceed the poverty line (see the lead cases in Chapter II).

In this light, it is understandable that the poverty risk is more important for families in which parents (due to their low level of education, or qualification) have lower wage expectations and run a greater risk of non-continuity of employment². The presence of children makes it harder for them to hold a job, possibly partly due to the attitude of their employers, but also because, despite the existing aid (see below), they find it more difficult to reconcile their professional life, the domestic workload relative to raising the children, and their parental duties itself. These problems are further accentuated in certain conurbations, such as in the Greater Paris region, due to the scarcity of accommodation close to the potential place of work.

On the whole, the more the education level of the parents or their socioprofessional category leads to a high unemployment risk or wages that are too low to cover the cost of child care, the more likely it is to see a decline in employment density, based on the number of children.

Table 4 – Employment density in poor families (couples with children)

as a %age

	Without children aged under 18	With children aged under 18	Number of children aged under 18			
			1	2	3	4 or more
2 full-time jobs	17	10	12	13	5	4
2 jobs, of which one part-time	12	10	13	11	7	4
1 full-time job, 1 unemployed	28	36	33	38	34	38
1 part-time job, 1 unemployed	12	10	11	9	11	11
Unemployed	31	34	31	29	43	47

Scope: excluding student or retired persons' households, with positive or null declared income, and positive disposable income. Excluding households whose head of household is over 65 years old.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

The difficulty of being in employment is manifestly more pronounced for single-parent families – at a given educational degree level, for example, it is rarer for single parents to hold a full-time or part-time job (except for single parents whose education level is at least pre-university i.e. *bac* + 2), which explains the excess risk of poverty among these families.

(2) For example, due to fixed term employment contracts.

Table 5 – Employment density in poor single-parent families

as a %age

	Without children aged under 18 years	With children aged under 18 years	Number of children aged under 18	
			1	2 or more
Full-time	18	13	14	11
Part-time	16	22	25	19
Unemployed	66	65	61	70

Scope: excluding student or retired persons' households, with positive or null declared income, and positive disposable income. Excluding households whose head of household is over 65 years old.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Employment's obstacles for parents of young children

It is especially important to conduct an in-depth analysis of the problems specific to holding a job for parents of young children, in order to address the question of child poverty. More generous social benefits in favor of very young children (young child allowance or long-term API or single-parent allowance) undoubtedly contribute towards raising their family standard of living to a greater extent than for older children, but, as we saw in Chapter II, not enough to edge them out of poverty or to have them leave poverty behind completely. The main issue is a question of dynamics – if, due to the above difficulties (or out of personal choice) mothers withdraw from the job market (in a great majority of cases, it is the mothers who give up their employment) for several years, their return to employment would be all the more difficult later.

What is the overview of the employment relationship of poor families based on the age of the youngest child?

There are few poor single-parent families with children aged under 6 years. This is a result of two distinct phenomena. The first reason is that cases of single-parenthood as a result of widowhood or separation are quite numerous, and the children involved are often older. The second reason is that the level of the single-parent allowance results in an income that is slightly higher than the poverty line, thus reducing the frequency of poverty among families with very young children (long-term API). The higher frequency of non-employment among poor single-parent families with older children possibly illustrates the difficulty in finding a job after a long break from work to raise one's children in their initial years. It may also reflect the difficulty in keeping or quickly finding a job after a separation or the death of the spouse (Table 6).

As regards poor couples with children, there are several cases of very young children – the frequency is the same as for all couples, be they poor or not. The reason for the difference in their employment status as compared to that of all couples (deviation between Table 6 and Table 3) is partly obvious: regardless of the criterion used (in this case, the children's age), there is a high concentration of poor families in all the cases where both parents are unemployed or only one parent has a part-time job. What must be highlighted is the frequency of employment that is not saturated – a single full-time job or two jobs of which one is a part-time job.

Table 6 – Employment density based on the child's age in poor families

as a %age

	All	0-2 years	3-5 years	6-10 years	11-15 years	16-17 years
Single-parent families		5	8	34	34	19
One job	35	24	21	35	39	38
Unemployed	65	76	78	65	61	62
Couples	All	0-2 years	3-5 years	6-10 years	11-15 years	16-17 years
Two full-time jobs	10	23	22	26	21	8
One full-time job, or one full-time job and one part-time job	46	41	48	50	43	44
1 part-time job or unemployed	44	54	42	42	41	37

Reading note: see Table 3. The cases have been grouped together for reasons of sample size.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

After the birth of the child, and at the end of the maternity leave period, the mother's "choice" of going back to her job is ridden with constraints. The first of these is the income issue – the increase in child-related transfers (Chapter II) is restrained, and represents less than the cost of a job that pays half the Smic minimum wage. To add to this, there is a break in her employee-employer relationship, and finally the greater difficulty in returning to employment at a later stage. There is also the problem of the cost of professional child care or the difficulty in finding a child minder at no cost (grandparents, neighbors, etc.). There is the added problem of availability of a child care facility, whose location, timings, etc. are compatible with the job constraints. Before we study these various constraints and the provisions for remedying them, it is wise to examine the overall trend based on the overview of the recourse to child care facilities for children under 3, according to the income level. In poor households, one of the parents usually minds the child, and the use of paid and declared child care is rare (Table 7).

Table 7 – Child care for very young children (under 3 years)
based on the parents' standard of living in 2000

as a %age

		1 st quintile	3 rd quintile	5 th quintile	All
Paid child care	Certified child-minder (<i>Assistante maternelle agréée</i>)	7	22	27	19
	Collective day care center (<i>crèche</i>)	5	13	8	9
	Domestic employee	0	0	8	2
One of the parents	Recipient of the parental child rearing allowance APE (<i>Allocation parentale d'éducation</i>)	31	28	9	24
	Without APE	33	7	3	13
Other		24	30	45	33

Note: the 1st quintile groups together 20% of the households having the lowest standard of living. This group is slightly bigger than the set of poor households by the "European" poverty line standards.

The "Other" category groups together all forms of undeclared child care, for example by a member of the family other than the parents, a neighbor, or an illegal worker.

Source: Cnaf, Myriade model estimations, metropolitan France, 2000. The model is backed by the Insee-DGI Tax income survey, and methods of child care are allocated based on work and wage conditions.

According to Cnaf's estimations, in two-thirds of low-income households (the 1st quintile of standard of living), very young children are minded by one of the parents who is not working (as opposed to 36% of households in the 3rd quintile and 15% in the last quintile). Only 14% of low-income households use a declared child care facility outside the family circle, in comparison with 37% of households with median income (3rd quintile) and 44% of well-off households (5th quintile).

Likewise, eight out of ten children, aged between 4 months and 2 years, whose parents are social minima allowance recipients, are never minded by any one other than the parents or step-parents (Daniel, 2003). Besides, when they are minded by persons other than the parents, children of social minima recipients are more often entrusted to informal helpers, namely other members of the family (apart from parents and step-parents), friends or neighbors.

There is a two-way relation between the parents' employment status and the recourse to various forms of child care. Entrusting the child to external child care enables the parents to work, and inversely, holding a job helps paying for child care, and is sometimes a condition for accessing some child care facilities (collective day care centers in a certain number of cases). This relation is seen, for example, in the condition of children whose parent or parents is/are unemployed (Daniel, 2003) – practically half the children (48%) are entrusted to external child care (collective day care charged by the hour (*halte-garderie*) 15%, certified child-minder (*assistante maternelle*) 12%, and collective day care center (*crèche*) 11 %). Parents need to make time to find a job and must have the infrastructure that takes care of the child if they go back to work. Given the poor flexibility of child care facilities, parents may not be able to change the previously defined organization.

In their inability to solve this dilemma, low work income families are forced to stop working to take care of the young child, thus escalating their present poverty risk³ and also possibly the longer term risk, given that their being away from work for two to three years increases their risk of not finding a job later.

CHILD CARE AID

What provisions can help alleviate these difficulties? Are they sufficiently adapted to the case of low-income households?

Break in one's employment

There is a set of provisions to help the single parent or either parent in the case of a couple, to suspend his or her work activity to take care of the young child. There are two points to be clarified, namely the possibility of finding a job easily, and the income level during the period of interruption.

The **maternity leave**⁴ (generally ten weeks after childbirth) maintains the mother's right to go back to work and her income : the daily allowance paid out by health insurance funds is equal to the net pay per day, capped at the social security ceiling, i.e. about 65 euros.

(3) Panel studies show that the entry into poverty (crossing below the monetary poverty line) is frequently linked to the arrival of a child – the increased needs (number of consumption units) are coupled with reduced work income.

(4) The eleven-day paternity leave, paid for in the same way as the maternity leave, is not an essential factor for our subject.

To be eligible for the **parental child rearing leave** (*congé parental d'éducation*), the person must be an employee of the company since at least one year; this leave can be taken up to the child's third birthday. In this case, the work contract is suspended and no wage is paid to the leave-taker, but the employer undertakes to ensure the employee's return to employment under the same employment conditions as those of the job the person held earlier⁵. Another form of parental leave could be a changeover to part-time employment.

For low-income households, two difficulties may arise thus barring their use of this provision, namely the job duration prerequisite, i.e. one year with the same employer, and the non-payment of wages during the parental leave.

Another (very different) modality of interrupting one's employment is the **parental child rearing allowance** APE (*Allocation parentale d'éducation*) that concerns families with at least two children. In this case, the mother who is the beneficiary (98% of the beneficiaries are women) receives an allowance until the child reaches the age of 3; the allowance amount is close to half the Smic minimum wage. A reduced amount can be paid if the person is working part-time. In order to be eligible, the person must have worked at least two years during the five years preceding the arrival of the last child (or ten years in the case of the third child). The periods in which unemployment benefits are received are not considered for the APE for the second child.

This benefit is not linked to the parental leave mechanism, but may be combined with it. Since it does not guarantee the person's return to employment, it initiates the temporary departure of low-skilled workers from the job market, and carries a risk for the future (insert).

On the whole, the provisions for interrupting one's employment to care for one's child without breaking the work contract do not seem to be too generous compared to the ways of other European countries (Chapter VI).

Recourse to the APE

The use of this provision is frequent in families placed lower down or in the middle of the income distribution (about 30% of households with children under 3 years; but it is also used when the child is older (Table 7)). About half the APE beneficiaries are on parental leave, and have the assurance of returning to their job in the same company and under the same working conditions⁶. As concerns the other half, i.e. mainly mothers who were unemployed or who had a fixed-term work contract, or a permanent work contract but with less than one year's service, the return to employment after a three-year interruption can be a problem.

(5) In the case of employees who have been in the company for at least one year, the employer cannot refuse the parental child-rearing leave. On returning from the leave, the employee must either go back to the same job or be given a similar job along with the appropriate wage (Article L 122-28-3 of the work code).

(6) The 50% figure corresponds to a declaration of beneficiaries questioned during a survey conducted in 1999 (Simon, 2000). However, only 25% of APE-recipients in 1999 had a stable job before and after the measure, and the 50% share most probably overestimates the actual proportion of parental leave beneficiaries.

As the APE amount is rather low, it is more financially attractive for mothers with the least skills and low income expectations; but then, these are the very women who have the biggest risk of not finding a job after a long break. Using this provision, about 150,000 women withdrew from the labour market when the APE was extended to the second child in 1994⁷, and the probability of leaving their job is higher for mothers who were unskilled or unemployed at the time they applied for the allowance (Bonnet and Labbé, 1999). The reduced rate APE that concerns 20% of the beneficiaries and enables mothers to remain active on the work market by working part-time, pertains mainly to more qualified women.

Apart from the wage conditions (woman's salary lower than her husband's) leading to a financial arbitrage, the mother's employment conditions (lack of security in work contracts, less than 5 years' service in the private sector, non-standard working hours, etc.) also influence the decision to resort to this provision (Marc, 2003). This is also confirmed in a recent study conducted by Dares (Méda, Simon and Wierink, 2003) which states that over 60% of women who gave up their job to raise their child or children claimed to have done so particularly because of work conditions (28%), child care arrangements (12%), or both (21%).

Only one fourth of the beneficiaries held a stable job before and after the provision, and about 20% of the beneficiaries became inactive after the provision (Simon, 2000); some of them become APE-recipients following the birth of their 3rd child and remove from the labour market for about six years. For these women, the return to employment is extremely difficult, not to mention impossible.

Child care arrangements

Excluding help from other members of the family, neighbors or undeclared workers, parents can resort to various forms of child care facilities outside the household. They have quite a variety of options⁸, at least in theory, given the problems they may have of actual feasibility (location, timings, etc.) and cost, naturally. Moreover, they may have to resort to several successive child care arrangements.

In the case of low-income families, it is the unfortunate truth that the use of paid child care is very rare (Table 7).

Child care arrangements

Collective child care facilities

Collective day care centers (crèches)

The collective child care arrangement used for a majority of children aged under 3 years is the *crèche* – representing nearly 245,000 children (11% of all children below 3 years). Two-thirds of these children go to collective day care centers (*crèches collectives*) and one third are taken care of in day care facilities run by parents' associations (*crèche parentale*) or in publicly-monitored registered child-minders' homes (*crèche familiale*).

Collective day care centers (crèches collectives)

A *crèche collective* is a child care unit for children under 3 years, with no more than 60 children at any given time. The child-minder to child ratio is high. The expense for the equipment and operation of collective day care centers (*crèche collective*) is borne by the local authorities and indirectly by the Caf family insurance fund (through child-related contracts since 1988), which may cover up to 60% of the cost.

(7) The APE, created in 1985, was initially reserved for families with three or more children.

(8) Most of the results in this part are drawn from two recent public reports (Leprince, 2003; Hermange, Steck and Habert, 2003).

The availability in *crèches* (collective, family, parent-run or corporate) increased from 69,000 in 1975 to 203,000 by end-2001 (tripled in the past 25 years), of which 143,000 in collective day care units (*crèche collective*) (1.2 children per available place).

Besides the *crèche collective*, we have the *crèche familiale* employing certified child-minders (local, funding), the *crèche parentale* run by associations, and the *crèche d'entreprise* (child care facility in a company).

Collective day care paid by the hour (*halte garderie*)

The *halte garderie* day care units offer temporary child care limited in duration, for children under 6 years. Initially created to provide need-based child care for children of non-working mothers, they are increasingly used to meet "non-standard" child care requirements related to job insecurity. *Halte garderie* units have developed more rapidly than *crèche* units – the number of places (that can be occupied successively by five to ten children) has almost tripled in twenty years, moving from 25,500 in 1980 to 71,500 in 2001. In 2001, they were receiving nearly 350,000 children aged under 6 years, each year.

Centre de loisirs facilities without accommodation

The *centre de loisirs* day care facilities without accommodation receive about 300,000 children aged under 6 years. This type of infrastructure may be managed by a municipality (*commune*), a community welfare center (*centre communal d'action sociale*), an association, a works council, a mutual insurance company, etc. There is no legal obligation in this respect, and there are probably wide territorial disparities.

Individual child care facilities

"Independent" certified child-minders (*assistantes maternelles*) care for children (up to three children unless they obtain an exemption) in their homes, and are employed directly by the parents. The *conseil général* (local authority) is in charge of approving (it is required, except in specific cases, for receiving aid related to the profession) and training *assistantes maternelles* (60 hours over five years with twenty hours during the first two years).

This use of this child care arrangement has increased sharply since fifteen years. In 2002, 340,000 were approved while there were nearly 260,000 *assistantes maternelles* already working in this profession; about 780,000 children aged under 6 were cared for by an *assistante maternelle* in 2002 (of which nearly 460,000 were aged under 3 years) (Algava and Ruault, 2003).

Domestic child care arrangements pertain to domestic workers employed directly by the parents. They are not subject to any approval or training requirement. An estimated 31,000 children aged under 3, and 46,000 children in the 3-6 year bracket are cared for by domestic employees. The use of this form of child care seems to be on the rise – two families share a domestic employee who minds the children alternately in both houses. This practice is however, not acknowledged in legal texts.

Limited supply: territorial disparity and shortage

The existing supply of child care facilities falls short of the parents' demands. The inadequate number of places offered, especially in collective day care centers and with *assistantes maternelles*, and major disparities between geographic areas, point to a highly uneasy situation.

Where *crèches collectives* are concerned, there is a consistent mismatch between the aspirations of parents and what they have to settle for. 21% of parents with very young children feel that the *crèche collective* is the most satisfactory child care arrangement, but only 13% actually manage to use it⁹. "*Finding a place in the crèche is like running an assault course*" is an oft-repeated phrase.

(9) "Expectations of French people" surveys by Credoc, 1988, 1994 and 2000.

Besides, possibly due to the shortage of certified *assistantes maternelles*, 14% of parents are forced to use a non-approved child-minder whereas only 2% of them feel that this child care arrangement is the most satisfactory of all (Credoc).

The high cost of a place in the *crèche* for the community explains the shortage of supply. The expense borne by the community (Caf and local authorities) for the 220 000-odd places in *crèches* represents 15% of the total cost of child care, whereas only 9% of children under 3 years actually obtain a place. Over and above the cost of investment, the cost of equipment for a place in the *crèche* is very high for the community. For a family whose income is equal to thrice the Smic (minimum wage), the total monthly cost for the community is estimated at 920 euros for a place in the collective day care unit (*crèche collective*), compared to only 644 euros for the services of an *assistante maternelle*, and 426 euros for child care provided by a domestic employee.

The high cost left to the local authorities to bear also explains the wide territorial disparities in the number of places proposed in *crèches* to families with young children. It appears that there is a strong correlation between the number of places in *crèches* and the density of the population. Although they represent a third of the population in metropolitan France, 60% of the places in collective day care units (*crèches collectives*) are concentrated in towns with over 30,000 inhabitants, as also 52% of the places with certified child minders (*crèches familiales*). The coverage rate calculated by Drees is 11% for towns with over 30,000 inhabitants, as compared to a mere 6% for the whole of metropolitan France.

Contrary to the popular belief, Paris and the Greater Paris region are particularly well supplied, not only as concerns equipment but also the service provided, and come ahead of the other regions in their ability to meet the needs, although the demand for places in the *crèche* is much higher.

The territorial disparity in the case of *assistantes maternelles* is also large, and the mismatch between the demand and the supply may be highly localized, geographically speaking. Given the average national coverage rate of 13 *assistantes maternelles* for 100 children aged under 3, the rate is higher in a large strip from Nantes to Besançon, whereas the northernmost regions and the Mediterranean regions (where the development of the offering was slower than in the rest of France) have the lowest coverage rates.

The information that highlights the territorial disparities is however inadequate for analyzing the extent of the gap, if any, between the offering of *crèches* and the requirements for less well-off or poor families: things are decided at the locality level.

Public funding and cost of child care arrangements

Up until end-2003, several financial aid mechanisms for child care for young children coexist: home-based child care allowance AGED (*Allocation de Garde d'Enfant à Domicile*), family aid for employing a certified child-minder AFEAMA (*Aide à la Famille pour l'Emploi d'une Assistante Maternelle Agréée*), reduction of *crèche* costs, and tax credits (insert).

These forms of aid are meant to be adapted to the different modalities that the parents can opt for, namely individual child care at home, individual child care or care shared with two other children at the residence of the care provider, or collective care units. It does not seem possible to conclusively state that certain child care arrangements are better than the others for the child's development; the policy choice in the matter must be, at least in theory, to ensure the parents' freedom of choice.

Aid towards child care for very young children

Crèche collective and crèche familiale

The fact that the communities and Caf bear the major part of the equipment and operation costs of *crèches* is a sizeable "non-cash aid" to the families that benefit from it. Besides, a national bracket recommended by the Cnaf calls for a capped financial participation of the families, based on the number of children and the net monthly income.

The application of this bracket is however not mandatory. The share of the *crèche* costs borne by the family may vary considerably between local authorities.

Family aid for employing a certified child-minder (AFEAMA)

The AFEAMA allowance, created based on the Law of July 6th, 1990, is granted to a household that employs a certified child minder (*assistante maternelle agréée*) to care for at least one child under 6 years at the child-minder's residence. This aid is granted without any condition linked to a professional activity. The aid consists of family allowance funds directly absorbing the entire employee and employer charges involved.

As of 1982, this aid has been incremented by an amount that varies according to the child's age and the family's means. In the case of a child under 3, the maximum amount per month varies between 131 euros for incomes exceeding 17,474 euros to 200 euros for incomes less than 12,708 euros.

In the case of a child between 3 to 6 years, the maximum amount per month varies between 65 euros for incomes exceeding 17,474 euros to 100 euros for incomes less than 12,708 euros.

Among the households using the services of an assistante maternelle, the percentage of AFEAMA-beneficiaries shot up from 55% in 1990 (110,000 families) to 74% in 2001 (598,000 families).

Home-based child care allowance (AGED)

The AGED allowance is granted to households whose members (or main adult) have a certain level of professional activity and who employ a person to mind at least one child under 6, at their residence. Created in 1986, this allowance was largely enhanced by the Family law of July 1994.

The AGED allowance amount for a child under 3 years is as follows:

- 75% of the social contributions paid, capped at a quarterly ceiling (1,500 euros on January 1, 2001), if the net annual income for the year N-2 is below a given threshold (34,744 euros);
- 50% of the contributions paid, capped at a quarterly ceiling (1,032 euros on January 1, 2001) if the net annual income of the household is on the threshold or exceeds it.

The AGED allowance for the child care of a 3 to 6 year old child amounts to 50% of the contributions payable, capped at 516 euros.

Between 1991 and 2001, the number of AGED allowance beneficiary families grew from 12,000 to 61,000. In January 2001, 86,000 children were beneficiaries (of which 30,600 were under 3 years).

Tax rebates for cost of child care for young children

The costs incurred for the caring of children under 6, outside of home, entitle households to a tax credit if its members have a professional activity. The reduction is equal to 25% of the expenses that are capped at 2,287 euros per child (i.e. a maximum reduction of 572 euros).

Taxpayers domiciled in France also benefit from a tax credit for employing domestic help. This is equal to 50% of the amount of the expenses effectively paid by the taxpayer capped at 7,400 euros (i.e. a maximum reduction of 3,700 euros). These reductions can be clubbed with the AGED allowance.

Nearly 135,000 tax households benefit from the tax credit for domestic employees hired to care for a child under 6 years.

After taking the amounts of these different forms of aid into account, the residual cost of the various child care arrangements is still not negligible for families. It is, in general, far too expensive for low-income families.

According to the estimations by Cnaf, the net cost borne by the family for a place in the *crèche* (after considering the Cnaf services, tax credits and aid from local authorities, excluding the APJE young child allowance) varies between 98 euros per month for families earning one Smic minimum wage, to 437 euros for families earning five times the Smic. The income is a far less discriminating factor in the use of an *assistante maternelle*'s services, as the cost varies from 260 euros for a family earning one Smic, to 281 euros for a family earning five times the Smic minimum wage. The cost of a domestic employee for child care, inaccessible for families with low income, is 1,214 euros for families earning five times the Smic.

The outlay rate for a Smic-earner family for the full time care of a non-schoolgoer child aged under 3 represents 11% of its salary for a place in the *crèche* and 28% for an *assistante maternelle*; with its wage level, using a domestic employee for child care is out of the question. The *crèche* is the only option that seems accessible for low-income families, due in particular to the use of a sliding scale based on income.

Nevertheless, a mere 5% of the families in the 1st income quintile use the *crèche* arrangement (Table 7). Apart from the residual cost they must bear, such families may not fulfill the eligibility conditions given that certain local communities reserve places for families in which both parents (or the lone parent in the case of a single-parent family) work full time.

On the whole the *crèche* arrangement is the most frequently-used form of child care for families with the median income level (14% of the child care arrangements used by families in the 3rd income quintile). The use of an *assistante maternelle* is more frequent for families as of the 4th and 5th income quintiles (29% and 28% of the child care arrangements used) and the domestic employee option is used mainly by the most well-off families (8% of declared child care arrangements).

With children who do not yet go to school and who require "full time" care, i.e. exceeding the working hours of a standard full-time job especially due to the travel time between home and work, we can easily understand why women give up their employment, especially if their expectancy of stable and adequate income is low. Their decision is even more easy to understand given the incentive offered by the parental child rearing allowance APE (*Allocation Parentale d'Education*). That said, their withdrawal from the labour market contributes to an increase of their risk of poverty.

Older children

Practically all children aged between 3 and 6 years are enrolled in kindergarten (*école maternelle*). The kindergarten is the least expensive child care arrangement for parents¹⁰. Parents working full-time or even part-time with non-standard working hours¹¹ would still need to use child care arrangements. While the need still remains on the one hand, the financial aid amounts decrease on the other (see the insert above on aid towards child care).

As concerns access to child care facilities, poor families are once again faced with far more constraints than other families. The continued payment of financial aid (AGED and AFEAMA, tax credits) at reduced rates until the child's 6th year, is hardly in their favor. For them, as the home-based child care allowance AGED remains inaccessible and tax credits do not count, the use of a part-time certified child-minder may be an option¹².

Besides, while on the one hand the constraint of child care eases to some extent, on the other hand lies the considerable difficulty in finding a job after a break of at least two years (especially if the employer is apprehensive of absences due to the possible health problems of young children).

The new "General young child benefit" PAJE

Will the creation of the PAJE benefit improve poor families' access to child care facilities?

The new general young child benefit PAJE (*Prestation d'Accueil du Jeune Enfant*) was first introduced during the Conference on the Family held on April 29, 2003, and finally adopted within the framework of the social security funding law (December 18, 2003). This benefit replaces five existing allowances relative to child care: the young child allowance APJE¹³, the family aid for employing a certified child-minder AFEAMA, the home-based child care allowance AGED, the parental child rearing allowance APE, and the adoption allowance¹⁴ (insert).

(10) It is also cheaper for the *communes* (municipalities) as they do not have to pay the staff, which explains why some of them advocate a more wide-spread in kindergarten as of the child's second year. This alternative is less expensive than the funding for collective day care centers (*crèches collectives*), but may not be to the child's advantage.

(11) For example, parents who work late in the evening use paid child care services more often (Guillot, 2002).

(12) We were unable to document the number of hours of child-minder services used based on the child's age, the duration of use of this service, and the family income level, for this report.

(13) The APJE (*Allocation pour Jeune Enfant*) is a means-tested allowance paid for a child until the age of three. Studies show that it is considered as an aid for paid child care for young children or as a more general aid for child rearing. This report takes the AJPE to be a general aid as it is not linked to the choice of a child care facility. We therefore have excluded it from the comparisons between the current system and the PAJE benefit.

(14) The adoption allowance (*Allocation d'Adoption*) is paid out on the arrival of the adopted child or children in the family, for a duration of 21 months. This aid is subject to the same means-testing as for the APJE, and amounts to 159 euros per adopted child aged under 20. In 2001, it was granted to 1,500 families.

General young child benefit PAJE¹⁵

The PAJE has several components.

A means-tested "base allowance" comprising a fixed childbirth allowance of 800 euros and a monthly allowance of 160 euros until the child turns three. It replaces the young child allowance APJE. The income ceiling for this portion of the allowance is 4,100 euros if both parents work, and 3,000 euros if only one of the parents is employed. 90% of the families should meet these criteria for the PAJE as compared to 80% for the APJE (i.e. 200,000 additional families).

The "choice of a supplement" which is not means-tested, to enable parents to choose between continuing, cutting down or giving up their professional activity during the child's initial years. It consists of two provisions:

The child care supplement (*complément mode de garde*) is paid until the child turns 6 to families in which one of the members (or both) continue to be engaged in professional activity. It replaces the AFEAMA and the AGED allowances. This supplementary benefit consists of absorbing the employer contributions payable for employing a person (at home or not), entirely if the person employed is a certified child minder (*assistante maternelle*), and 50% in case of a domestic employee. In addition, an allowance varying according to income is paid to the family:

- 350 euros (and 175 euros for a child aged between 3 and 6 years) for families whose income is less than 2.1 times the Smic minimum wage
- 250 euros (and 125 euros) for families whose income falls within 2.1 times and 4.5 times the Smic
- 150 euros (and 75 euros) for families whose income exceeds 4.5 times the Smic minimum wage

Apart from the above allowances, tax credits are also granted. Their amount has been increased once again under the Finance law for the year 2004 (the tax credit ceiling for domestic employees was raised from 7,400 euros to 10,000 euros).

The supplement for withdrawal from work (*complément retrait d'activité*) is paid to families in which either parent (or both) stop working either partially or completely to care for the child. It therefore replaces the APE. To obtain it, the parent must have worked for the past two years (four years for two children, and five years as of the third child). It is payable during the first six months for the first child, provided that the parent was in continuous employment for the past two years. The monthly amount of the supplement is 334 euros for a complete withdrawal from work (+160 euros if the family does not meet the conditions applicable the base allowance), 216 euros for a 50% reduction or more in work hours, and 124 euros for a reduction between 20% and 50%.

On the whole, in theory, the reform steps up aid to low-income families by inciting them to continue professional activity: on the one hand, it enables cutting the cost of a child-minder for a poor family, and on the other, it makes the access to the supplement for withdrawal from work more difficult than in the case of the APE.

If the person opts to continue to work and hire a child-minder, the "child care arrangement" supplement helps reducing the cost of this paid child care. If the child minder is paid the minimum wage (i.e. a monthly gross salary of 707 euros for minding a child for ten hours a day for twenty days), the cost borne by the family falls from the current figure of 260 euros to 110 euros (the outlay rate for a family earning the Smic minimum wage goes down from 28.5% to 12%).

(15) See the press release by the Ministry for family affairs.

However, in certain regions where there is a high mismatch between the supply and the demand, and where there are fewer certified child minders, the wages are higher (Périvier, 2003). Taking the extreme case of Paris¹⁶ where the gross cost of a certified child minder may go up to 1,000 euros, the reduction made possible through the PAJE benefit remains insufficient to make this form of child care accessible to low-income families (the outlay rate for a family earning the Smic minimum wage is reduced from 49% to 33%).

As for the supplement for withdrawal from work (*complément retrait d'activité*), the amounts that were applied for the APE have been carried over for the most part. The access conditions are however slightly more restrictive upon the arrival of the second child or other children thereafter.

This extension of this measure to cover the first child has been done under stringent access conditions (the person must have already been active, in employment or unemployed receiving the unemployment benefit, for at least two years preceding the application). It impacts the risk of withdrawal from the job market to a lesser degree, given that the duration of the aid is limited to six months, and the access conditions are likely to exclude families holding insecure jobs.

These measures however do not alter the basic reasoning of the APE, they mainly help keeping the windfall effect down. Women who had no other choice but to stop working on the birth of their child, i.e. mothers of poor families for the most part, no longer have access to the measure.

The introduction of the PAJE benefit and the raising of the tax credit ceiling for hiring a domestic employee to 10,000 euros, on the whole tend to enhance aid to more well-off families. With respect to the current situation, the monthly gain is +150 euros for families earning 1 Smic (minimum wage) as compared to +380 euros for families earning twice the Smic, and +280 euros for families whose income falls between 3.5 and 4 times the Smic, for hiring a certified child minder. For the use of home-based child care, the gain is +180 euros for families earning 1 Smic (this is not sufficient to make this form of child care attractive, given the family income levels) as opposed to +240 euros for families earning from 2 to 4 times the Smic minimum wage, and +310 euros for families earning 4.5 times the Smic minimum wage.

To conclude, the situation was barely modified by the recent reform (see in particular Caussat, Le Minez and Pucci, 2003) – parents of poor families, and especially mothers, are encouraged to withdraw from the job market to mind their children. There are two types of parameters that come into play, resulting from the specific condition of these mothers in the work market (more frequent unemployment, lower wages, poor working conditions) or the limitations of the child care system (shortage of places in *crèches*, localized geographically, and the overly high cost of other child care arrangements).

For couples, the family condition is clearly different depending on whether the spouse who is not engaged in child care (the father in almost all cases) is employed or not. In fact, mothers are most often granted the APE if their spouse has a stable job, which shows that the choice is based on the household as a whole.

(16) The highest wages for certified child minders are found in Paris, in the Greater Paris region, in the major cities in the south-east and the south of France (Cnaf).

However, even in families where the spouse is working, the single-earner condition caused by the mother's withdrawal from work often results in income levels that do not suffice to keep poverty at bay. We have seen in Chapter II that couples with several children often need wages of at least 1.5 times the Smic minimum wage to ensure incomes clearly above the poverty line.

For single-parent families, the choices are not made in the same manner – if the mother gives up her job to mind the children, there is no spouse to bring in work income.

For these families, the access to reasonably-priced child care arrangements is an essential condition for working, be it part-time or full-time, with sufficient income to shield them from poverty. Although certain single mothers may give up their job to care for their children and thus receive the parental child-rearing allowance APE or single-parent allowance API, the question of their return to employment is specifically problematic.

SOCIAL MINIMA ALLOWANCES AND AID FOR RETURN TO EMPLOYMENT

In this chapter dedicated to studying the links between child poverty and the parents' employment status, we cannot but raise certain questions relative to social minima allowances.

As a reminder (Chapter II), in end-2002, there were 650,000 children under 18 from RMI-recipient families, of which about 68,000 were under 3 and 120,000 between 3 and 6 years. Of the children aged under 6, about 80,000 were cared for by a lone parent.

The API allowance concerned 295,000 children at end-2002 and 163,000 mothers. Of them, 80% were expecting or had children aged under 3 years.

As we know, the job seeker's minimum income RMI includes a component relative to the social or professional integration of the allowance-recipients and their families. This component does not seem to be specifically implemented (at least as concerns the aid for professional integration) in favor of families with children.

A look at the signature rate of integration contracts (*contrats d'insertion*) (about 50% on an average for all beneficiaries, whereas in theory, the beneficiary must sign an integration contract within three months of receiving the RMI) shows that it is lower for beneficiaries having children (19% to 10% depending on the number of children) than for childless beneficiaries (59%) (Demailly, Bouchoux and Outin, 2002)¹⁷.

The specific issue of professional integration in the case of families with dependent children was not dealt with in the RMI management circulars that defined the integration contract¹⁸. The reform that has just been voted and which will be applied in January 2004 restates the content of integration contracts and lays emphasis on the professional integration and the new non-standard work contract that has been created for those who have been beneficiaries for over a year.

(17) According to Zoyem (2001), the presence of children does not affect the probability of signing a contract any more than other characteristics of the beneficiaries.

(18) This does not concern the RMI-recipient alone but also his or her family members.

However, no consideration is given to the importance, for children, of their parent's going back to work, or to the specific difficulties that RMI-beneficiaries with dependent children may encounter in order to find and keep a job.

In the **single-parent allowance** API (*allocation de parents isolés*), scant attention is paid to the matter of assisting the person in finding a job, while he or she is still receiving the allowance – for example, it is only after the law against exclusion was implemented that a mechanism of income disregard in the calculation of the benefit, similar to the one for RMI-recipients (*intéressement*), was set up. Moreover, there is no specific aid organized (training, support, help in solving problems of child care, etc.) to further the job searching process.

This is probably more detrimental to long-term API beneficiaries, i.e. for mothers with a child aged under 3 years. This is the case for about eight out of ten allowance recipients (Algava and Avenel, 2001).

According to a study conducted in the France's *département* Moselle (Chaupain-Guillot and Guillot, 2003) only one third of mothers receiving long-term API are active (i.e. with a worker, unemployed or student status). Most of the beneficiary mothers holding a job continue their activity 36 months after exiting API support. Of the mothers who had remained inactive or were unemployed, only about one third found a job later – the long break from the job market makes it more difficult for them to return to employment.

It seems however, according to the same study, that the return to employment is more frequent among mothers receiving short-term API support. The shorter time away from work may contribute to this fact, as also the fact that the children of mothers receiving short-term API support are likely to be older and require child care arrangements to a lesser extent.

It would be a good move to provide special aid for these single mothers, as access to employment is particularly difficult for them.

Mothers who fail to find a job (or return to one) often move directly from the API to the RMI, especially during the first few months after exiting API support, and particularly short-term API support. 54% of mothers exiting short-term API support became RMI-beneficiaries for at least 18 months, whereas this holds true for only 47% of those exiting long-term API support.

In this regard, in addition to the fact that mothers exiting API belong to the population that is prioritized for access to the major provisions of the employment policy, a specific provision exists since the year 2000 to promote their return to employment. This is a financial aid for women's return to work ARAF (*Aide à la Reprise d'Activité des Femmes*).

This aid is targeted at mothers of children under 6 years of age, who are job seekers not receiving any unemployment benefit, but who are social minima allowance-recipients (ASS specific solidarity allowance, RMI, API, integration allowance or widowhood allowance), and possibly mothers faced with child care problems¹⁹. This aid is paid out to persons holding a job since at least two months, earning no more than 1,296 euros per month, or undergoing professional training of at least 40 hours, or engaged in entrepreneurship.

(19) Based on the appraisal by the ANPE (French national employment agency) counselor.

This fixed amount paid in one installment (over a one-year period) is 305 euros, regardless of the number of children, and 460 euros if a non-schoolgoer child under 6 years is involved. In 2002, nearly 15,000 mothers benefited from this aid.

CONCLUSION

Low earned income levels are the main source of poverty among households with children. Be it in the case of couples or single-parent families, the employment intensity dips down with the number of children concerned, and especially if a very young child is involved; A majority of cases of poverty result from low employment (0 or 1 job for couples, no job for single-parent families).

The presence of children, and of very young children in particular, increases the difficulty of access to employment for these families, and aggravates their risk of poverty. The withdrawal from one's job for several years in order to raise one's children also worsens the problem of returning to employment at a later stage. This is mainly due to the problems that parents face of reconciling their work and family life. Despite the existing aids and the recent reform of the PAJE benefit that makes the system more generous on the whole, poor families, and poor mothers in particular, cannot really afford paid child care, due to the shortage of supply and the access costs that remain too high. Such families are forced and prompted to withdraw from the job market for durations that may be long.

For these mothers, as also for all social minima allowance-recipients with children, the question of their return to employment is vital to ensure sufficient income in the medium term, but remains a difficult one. This is due to the fact that the specific difficulties arising from the presence of children in a household are not truly taken into account.

By broaching the subject of living conditions of poor children, we can highlight the shortcomings or disadvantages they suffer from and which can obliterate their future prospects.

We have used two approaches.

The first, a summary approach, recalls one of the definitions of poverty given in Chapter I, the "poverty of living conditions". It singles out families with children that accumulate a significant number of shortfalls of elements that are generally considered as being part of the standards of consumption, wellbeing, or life style of the present French society (size of accommodation and conveniences, durable possessions, possibility of receiving friends, going on vacation, etc.), or who are faced with financial problems.

The second approach separately studies the various components of the condition of children coming from families that are poor in the monetary sense of the term. We then selected those components that are most likely to affect the children's future.

To these two strands, we deemed it useful to add a part that expands upon the subject of children whose family status or own doing resulted in their being put under the care of institutions (especially the child welfare service ASE (*Aide Sociale à l'Enfance*) and the judicial protection of youth PJJ (*Protection Judiciaire de la Jeunesse*). There are two reasons for this extension of the scope of study. All too often, children who are cared for by such institutions are exposed to family conditions stamped with insecurity. Besides, in all likelihood, they suffer from a paucity of social capital that may affect them when they enter adulthood.

CHILDREN FROM FAMILIES SUFFERING FROM "POVERTY OF LIVING CONDITIONS"

Those who suffer from "poverty of living conditions" represent 10% of households who declare that they accumulate the most shortfalls, when questioned for the permanent surveys on living conditions of households conducted by Insee (EPCV for 1999, 2000 and 2001, and Ponthieux, 2003). Children living in these households¹ are considered to be poor in living conditions – there are about 1.4 million such children.

If we consider each of the items used to build a synthetic poverty indicator (Table 1), we find very large gaps between children suffering from poverty of living conditions and the child population, as concerns important components of life style and consumption. These shortfalls are likely to affect these children's building of their cultural and social capital, and consequently their future in the long run. There are three times more poor children (44%) living in overcrowded accommodation² than the average for all children (16%).

(1) We must bear in mind that the concepts of "monetary poverty" and "poverty of living conditions" do not exactly cover the same population – some may suffer from both, while others may be subject to one but not the other form of poverty. However, children belonging to the 1st standard of living decile are exposed more often to identified deprivations (2nd column of Table 1).

(2) Overcrowded housing conditions is a factor that clearly causes failure in school (Chapter V).

Table 1 – The material context

Dimension	Characteristics of descriptors	as a %age		
		All	Low standard of living ^(a)	Poverty of living conditions
Housing	The accommodation presents at least two of the following problems: no bathroom or shower unit, no running hot water, no toilets, no heating system, dampness	3	5	10
	The accommodation is overcrowded	16	41	44
Equipment	The household does not have a color television	4	4	9
	The household does not have at least one of the following appliances: refrigerator cum deep-freezer, washing machine, dishwasher, clothes drying machine, microwave oven, video cassette recorder, stereo system	1	2	3
	The household does not have a car	9	29	36
Consumption	Due to a lack of resources, the household is deprived of at least two of the following: maintaining the temperature in the house, buying new clothes, having two pairs of shoes per adult, eating meat or equivalent every other day	7	18	49
	The household does not have the means to receive friends or family	9	27	58
	The household does not have the means to give gifts	11	32	67
	The household does not have the means to go on vacation	33	73	93
Financial problems	Its resources do not cover its recurrent expenses	24	52	82
	The household is faced with at least two of the following problems: delayed payments, overdrawn bank accounts, share of loan repayments exceeding one quarter of the income	2	5	15
	The household is unable to save	21	59	74

(a) Low standard of living: children belonging to households in the 1st standard of living decile (income per consumption unit).

Scope: children under 18 living with their parents, excluding children living in a household whose reference person is a student and children from households belonging to the "others" category.

Source: Insee, "Poverty of living conditions" surveys in May, 1999-2001.

As in the case of monetary poverty, it is mainly single-parent families and families with a large number of children that suffer from poverty of living conditions.

In fact, couples with four or more children accumulate at least six deprivations³ three times more often (20.9%) than couples with three children (7.8%). The gap is slightly less wide (it is multiplied "only" by two) for three, four or five shortfalls.

On the other hand, the condition of single-parent families seems to be worse-off in terms of living conditions than in monetary terms – single-parent families are those that suffer most often for at least six deprivations (26%), even more often than couples with four or more children.

(3) The accumulation of at least six deprivations corresponds to the poverty line for the poverty of living conditions (Appendix).

ASPECTS OF POVERTY

Accommodation
and living
environment

Although the synthetic approach to poverty of living conditions serves to highlight the frequent overlapping of the various disadvantages on the same children, it does not enable an in-depth analysis of each of these aspects, if only due to the lack of precision of the surveys that back it. The various aspects of child poverty are described in further detail in the sections that follow. In the sources used, poverty is generally defined based on a monetary criterion (as in Chapter II), but as the income measurement often varies, the proportion of poor children is not the same from one theme to the next.

An overcrowded house or one that is not adequately decent, a deteriorated living environment (noise, safety, relations with neighbors, accessibility of the locality, public facilities, etc.) may have a damaging effect on the future of children, by creating health problems, affecting their social skills, success in school and even their integration in active life.

Poor children live for the most part in tenant housing, be it social or private. We use the report by Driant and Rieg (2003) for the *Observatoire national de la pauvreté et de l'exclusion sociale* (National poverty and social exclusion monitoring unit) supplemented by the targeted use of Insee's Housing survey on children, which results in a definition of income and therefore of poverty that is closer to the one used in the rest of the report⁴.

Poor households are over-represented in the rented housing sector, both social⁵ and private⁶, and in the non-standard status category (sublets, furnished accommodation, and rent-free housing). 77% of poor single-parent families and 58% of poor couples with children⁷ are tenants, as opposed to 40% for all families having children.

Poor families with children are massively represented in the social housing population (HLM (low-rent housing) and non-HLM social housing), and single-parent families in particular (Table 2). In fact, the policies for attributing social housing are largely based on family criteria.

Table 2 – Occupancy status of poor households with children

	as a % age		
	Tenants private housing sector	Tenants social housing sector	Other statuses ^(a)
Single-parent families			
Poor	23	54	23
All	24.6	40.8	34.7
Couples with children			
Poor	18.6	39.7	41.7
All	15.7	18.7	65.6

(a) including owners.

Source: Insee, Housing survey, 2002.

(4) In the works of the *Observatoire de la pauvreté*, the income does not include housing allowance. In the works mentioned here, housing allowances are included in the income, as is the case in Insee's publications on poverty (Chapter I).

(5) HLM (low-rent housing) and non-HLM social housing.

(6) Including housing coming under the law of 1948.

(7) This study takes into account all children up to the age of 25.

The homeownership wave has been sustained over the past fifteen years (the proportion of households that own their housing or those who are to-be home owners rose from 54.6% to 57.3% between 1988 and 2002). As home-buying mostly concerns non-poor households, there is a resulting expansion of the proportion of poor families (with or without children) among the tenant population. Thus, in 1988, 14.4% of all poor households were social housing tenants; in 2002, it was one quarter of all poor households who lived in social housing. While the poverty rate of households reduced slightly over the period, the share of poor households among HLM tenants grew from 7.8% to 12.6%. The number of poor single-parent families in this population, in particular, was multiplied by 2.5.

A similar evolution was seen in the private housing sector as well, namely the percentage of poor households in private housing was 19.1% in 2002, as compared to 16.4% in 1988, and the share of poor households in this population went up from 7.6% to 8.5%. Private rental housing supplements social housing when the supply is inadequate, especially in small towns where private housing rents are barely higher than the rents in social housing. That said, the families concerned do not always find the same degree of housing comfort (see below).

Housing equipment

The general improvement in the basic aspects of the housing population also encompassed poor families, with or without children. 92% of poor families have toilets within their homes and a bathtub or shower unit (98% of all households). In 1988, only 73% were equipped. If we add central heating to the sanitary equipment, 77% of poor households have all of these items of comfort (90% for the entire population). Social housing is by far the best warranty against the lack of sanitary facilities, given that 94% of poor households who live in social housing benefit from all these facilities, including central heating.

The fact that an equipment exists does not always imply that it works satisfactorily (possibly also due to limiting its use for reasons of cost). Therefore, the accommodation of one out of two poor children has, according to the parents, at least one of the following faults: dampness, heating problem and overall poor condition; comparatively, this condition is declared for one out of three children in the entire population (Rizk, 2003). These shortcomings are however less frequent among poor families living in social housing than those living in private housing.

Overcrowding

Overcrowding of accommodation is one of the factors that affect the child's development; its impact is plainly seen, for instance, in the child's performance at school (Goux and Maurin, 2002).

Overcrowding⁸ occurs more frequently in families with children as compared to all households. It concerned 10% of houses with children in 2002 compared to just under 7% for the whole population. But it affects one quarter of poor families with children.

(8) Insee considers an accommodation as overcrowded if it has less number of rooms (excluding kitchen and bath) than the accepted standard, established as follows: one living room for the household, one bedroom for each reference person of a family, one room for non-single persons outside the family or single persons aged 19 years and above, and for single persons aged under 19: one room for two children if they are of the same sex or aged under seven, otherwise one room per child.

Table 3 – Overcrowded housing based on family type and occupancy status

					as a %age	
	All statuses		Tenants in social housing		Tenants in private housing	
	All	3 children or more	All	3 children or more	All	3 children or more
Single-parent families						
Poor	26	42	24	37	35	(70)
All	18	33	21	34	25	49
Couples with children						
Poor	25	40	33	49	35	(43)
All	9	18	19	37	15	27

The figures in brackets are given by way of information only, as the number of respondents was too few for the results to be considered as significant.

Source: Insee, Housing survey, 2002.

Overcrowding increases with the number of children. It however does not have the same incidence depending on the family structure and the occupancy status. Among families with children, tenants are generally more affected than families with another status. This holds equally true for poor families, except single-parent families living in social housing. Living in social housing is a form of protection for poor single-parent families whose overcrowding rate (even if they are large families) in social housing is lower than that of all poor single-parent families, regardless of their housing status.

Living environment

Poor children are exposed more often to various forms of environmental nuisance – mainly noise and insecurity. They often live in large social housing estates, which are the least attractive localities in the social housing sector. 77% of children in the 1st standard of living decile live in an urban unit, proportionately not far removed from the figures for all children (72%); but they live mostly in inner cities (*villes-centres*) (Rizk, 2003⁹).

The gaps widen depending on the type of accommodation – in urban units, 36% of poor children live in a social housing estate (20% of all children). In the urban units of over 50,000 inhabitants, this proportion goes up to 43%, i.e. twice as much as for other children, whereas, the majority of poor children (56%) live in an urban unit of this size.

In this type of urban unit, two out of five poor children live in a problem urban zone ZUS (*Zone Urbaine Sensible*)¹⁰; the probability that an urban poor child has of living in a ZUS is three times higher than for any other child. When these different characteristics (urban unit of 50,000 inhabitants or more, social housing estate, ZUS) aggregate, up to 50% of the children in the neighborhood may be poor.

(9) Rizk's study is based on the permanent survey on living conditions and its variable part "*Vie de quartier*" of April-June 2001. When speaking of poor children, we analyze the responses of parents in the 1st standard of living decile (income per consumption unit), see above; we consider that children suffer from the environmental nuisances declared by their parents.

(10) Problem urban zone ZUS (*Zone Urbaine Sensible*): neighborhoods defined by the government as priority targets of town policy, based on local considerations relative to the problems that the inhabitants of these territories face. There are currently 751 ZUS defined on the basis of the law of November 14, 1996.

Poor children are subject to noise pollution far more frequently than other children – the parents of 33% of these children state that they are often disturbed by noise (23% for the entire population). Living in a large-sized urban unit does not explain all of the issue – within this type of urban unit, there remains a ten-point gap between poor children and non-poor children. The differentiating factor is the type of neighborhood – in large housing estates, more than 40% of the children suffer from noise pollution, compared to only 16% of children living in areas with single-family homes.

One of the questions raised in the permanent survey on living conditions pertains to acts of vandalism reported by the respondents in their neighborhood. 18% of children, or 32% of poor children, live in neighborhoods where such acts are often reported by their parents. They represent 51% of those living in problem urban zones ZUS, 46% in social housing estates, 40% of children living in rented HLM (low-rent) accommodation. It is a fact that these three categories of housing have a higher concentration of poor children.

The report for the *Observatoire de la pauvreté* based on the Housing survey data indirectly confirms this diagnostic. First, the opinion of poor households (with or without children) on their accommodation differs from other households as concerns noise attenuation or the upkeep of common areas in the housing, especially if they are tenants in the social housing sector. This feeling of frustration also concerns the neighborhood: the overall rate of social housing tenants' non-satisfaction as regards their neighborhood (19%) is twice that of tenants in the private housing sector (9%). The effect is even more marked for poor households – one quarter of them declared that they did not like living in their neighborhood.

Most of the *ad hoc* questions on the quality of the neighborhood (accessibility, upkeep, green areas, air quality, and neighborhood relations) do not suffice to explain this sharp difference in the overall satisfaction with the neighborhood. The safety factor seems to tip the balance. The social housing is the only type of housing in which over 10% of the inhabitants, be they poor or not, consider their neighborhood as being quite unsafe. This opinion is aggravated by the poverty condition, which points to the difference in quality between social housing occupied by poor households and those occupied by the other household categories.

Table 4 – **Safety of the neighborhood deemed as "mediocre", based on the occupancy status**

	Full-fledged home-owners	To-be homeowners	Social housing sector tenants	Tenants outside the social housing sector	Other statuses	All
Poor households	4.6	5.3	27.6	11.6	10.7	12.4
All	5.8	5.2	20	8.9	9.1	8.9

Source: Insee, Housing survey, 2002.

However, in order to have a more complete picture of the living environment of poor children, we must consider not only the characteristics of the neighborhood but also the amount of public facilities in it, especially those intended for children – schools as well as day care centers (*crèches*) and short-duration child care (*haltes-garderies*), cultural and sport facilities, etc. that may, at least to an extent, compensate for (or on the contrary aggravate, if they are not sufficient) the unfavorable characteristics of a neighborhood.

Food and health

Sources of information on health

The information we have at hand on poor children's health is patchy. Apart from the Health and social protection survey ESPS (*Enquête Santé et Protection Sociale*) by CreDES which covers the health condition, medical consumption and socioeconomic characteristics of the respondents and their families, their modes of social protection from sickness, and their living conditions, there is no other source that provides relatively precise data on both the children's health and the income levels of their families. The study of the results we have at present do not allow us to obtain a complete view of the types of treatment used and the ways of accessing the same (Dumesnil and Le Fur, 2003). Other surveys give additional information, but their approach to poverty is far more indirect (Health at school surveys), as their criterion for measuring underprivileged socioeconomic conditions is the place of residence, which is itself dependent on the socioeconomic conditions of its inhabitants (priority education zones, Guignon and Badéyan, 2002).

Overweight and obesity

Children from underprivileged socioeconomic backgrounds are more prone to excess weight and obesity than other children. While 15% of all children aged 2 to 16 years show signs of one or other risk factor, this is the case for 21% of poor children, whatever be the age cohort (ESPS survey, see insert on Sources of information). The Health at school survey confirms this observation – 17.3% of 5 to 6 year-old children in ZEP schools are overweight, as compared to 13.3% of the other children; the fact that the priority education zones (ZEP) are mainly located in urban areas is unrelated.

Inadequate life style and unbalanced diet converge together to increase the risk of excess body weight among poor children as compared to other children; especially as obesity also occurs more frequently in poor parents (CFES-CERIN nutrition barometer for 1998).

Dental health and sight

Due to fewer preventive measures, and a less frequent use of dental care (and eating habits), poor children's orodental condition is on the whole worse than that of the other children. The percentage of children with tooth decay is almost two times higher among ZEP-schoolgoers than among other children (Health at school survey). Within the ZEP, two thirds of the children with tooth cavities receive no treatment; the proportion is half outside of the priority education zones. These gaps have already been highlighted in other surveys¹¹.

The annual use of a dentist's services is 26% lower among poor children than children from non-poor households. The widest gap is seen in children aged over 10 years, especially due to the difference in the category of children undergoing orthodontist treatment (Dumesnil and Le Fur, 2003).

As concerns vision problems, the Health at school survey indicates a noticeable deficit in the screening and treatment of children going to ZEP schools (schools in priority education zones). The problems detected during health tests are similar in both zone types. However, regardless of the problem, there is a gap of two to three percentage points between the zones as concerns the rate of detection or treatment (child wears glasses, for instance) of the problems before the health test.

(11) French federation for orodental health (*Union française pour la santé bucco-dentaire*) surveys for 1987, 1990, 1993; ESPS surveys.

Other ailments particularly affect poor children. Poor parents report asthma in their children more often – 7.6% of poor children as compared to 5.9% of non-poor children. In fact, poor children are taken to doctors for asthma problems twice as often as non-poor children. Moreover, lead poisoning is said to affect 85,000 children under 6 living in inadequate housing¹².

Use of treatment and prevention

Does the use of treatment and prevention differ according to the standard of living of the family? We cannot obtain a complete and up-to-date answer to this question. In fact, although the ESPS survey should throw light upon the extent to which medical care is sought by poor children as compared to non-poor children, the only information we currently have at hand (Dumesnil and Le Fur, 2003) is on outpatient treatment (the figures are lower for poor children). This excludes the care given free of cost in mother and child care centers (PMI), and inpatient hospital treatment. It is an established fact that the poor population generally uses hospital care more than the average (Volovitch, 2003).

Importance of additional health insurance

While the use of outpatient care depends on the parents' income, the deciding factor is the existence or lack of additional health insurance to supplement the standard health insurance.

For example, as concerns expenses towards specialist and dentist fees, the annual expense per child covered only by the social security health plan is almost 60% lower than for a better-insured child, regardless of the parents' income. The annual average expense towards dentist's fees for poor children without additional health insurance is 11 euros (compared to 42 euros for those with additional insurance). In the case of children whose parents have higher than median incomes, but no additional health insurance, the expense is 15 euros (as opposed to 72 euros for those who do have one).

This observation made in the ESPS surveys that date back to 1998 and 2000, reflect the situation prior to the implementation (or full operation) of the universal sickness insurance CMU (*Couverture Maladie Universelle*) and its integrated additional assurance. It is very likely that the CMU has helped in improving matters for several families.

Mother and child welfare Services

The Mother and child welfare Services (*Services de la protection maternelle et infantile*) PMI plays an important preventive role, especially as concerns the food habits of very young children and vaccination. Supervised by local authorities (*conseil général - département*) since the decentralization law of 1983, the PMI was entrusted with the task of identifying and supporting "vulnerable" families, under the law of 1989 on the protection and promotion of child and family health, so as to prevent ill-treatment.

Each local authority organizes its own types of action and defines its priorities. There are highly marked geographic disparities, especially as concerns the means allocated. The use of PMI's services is not mandatory – only 40% of children under 6 years are presumably followed up in these centers, and a majority of these children come from underprivileged backgrounds.

(12) This figure is given in the Defender of Children 2002 report; the results in this aspect depend heavily on the thresholds used (INSERM expertise 1999).

The PMI's assignments are focused on prevention, its doctors may not hand out prescriptions, unless the "doctors are deeply convinced that the person concerned will not seek medical care if the prescription is not given immediately", so as to step up access to medical care for the most deprived of persons. This possibility is put into practice in the most unequal manner in the various *départements*.

Health care at school

The school is sometimes the only place for detecting routine vision, hearing, dental and other problems, as certain children from extremely poor backgrounds never undergo a medical health checkup¹³, despite the free care offered by the PMI. One of the tasks that school health care centers undertake is that of drawing up health charts at the key ages of the child's development (sixth year and end of lower secondary school) and conducting health education and preventive actions. But health care at school is grossly under-developed – there are 2,200 school doctors at present, i.e. one doctor for 5,800 students on an average. The mandatory health checkups for the sixth year are conducted with major disparities in the various *départements*¹⁴ – from 90% at Nantes and Lyon, to 50% in the Val de Marne *département* (or 41% in Martinique). The health checkups at the end of lower secondary school are even more infrequent and restricted to specifically identified students or those who are oriented towards technical and vocational training.

Finally, health care at school and the mother and child care units rarely work hand in hand.

Social habits of parents

The social behavior of parents is one of the elements of the child's living conditions that may come to influence the child's future.

- Parents hand down their ways to their children that may be reproduced, at least partially, when the child reaches adulthood. For example, cultural activities (reading, going to museums or the cinema) practiced in childhood are very often repeated in adulthood and inversely (Tavan, 2003). From this perspective, the parents' cultural and social activities constitute a capital that they pass on to their children.
- The social network partly draws the boundaries of socially acceptable behavior (Coleman, 1990). Consequently, the degree of parents' social participation may be an indicator of the probability of the children being influenced by a system of norms and sanctions.
- The social relations of the parents may facilitate the integration of their children in professional life when they enter the job market.
- The parents' social integration conditions the children's environment and determines the opportunities offered to them.

(13) Except possibly for the mandatory 24th month check-up, without which the family allowance payment is suspended.

(14) Furthermore, if it is conducted, the 6 year checkup is completed in twenty minutes on an average, whereas one hour and a half is required to detect learning difficulties such as dyslexia that 8 to 10% of schoolgoing children suffer from.

Parents in the low standard of living ¹⁵ category are relatively more numerous among those who never see their own parents or other members of their family, and who never meet friends (Prouteau, 1998).

Table 5 – Frequency of parents' meeting other family members, friends and neighbors

		All	Standard of living > 1 st decile	Low standard of living
Grand parents	Never (%)	29.0	25.7	46.0
	Average/month	5.4	5.5	5.1
Other members of the family	Never (%)	8.9	7.2	17.4
	Average/month	5.2	4.8	7.0
Friends	Never (%)	8.9	7.3	17.1
	Average/month	8.9	8.4	11.7
Neighbors	Never (%)	36.5	36.1	38.8
	Average/month	8.8	8.2	12.1

Scope: children under 18 living with their parents, excluding children living in a household whose reference person is a student and children from households belonging to the "others" category.

Source: Insee, surveys on living conditions in October, 1999-2001.

The parents' participation in associations also appears to be lower in the case of poor children. Parents of poor children are twice less frequently members of associations than other parents, although this gap is narrowed down when it comes to parents' associations membership.

Participation of parents of poor children in elections is also lower. However, this difference may merely mirror the differences in education levels and work status that are put forward in other studies on electoral behavior (Héran, 1997), as also the higher proportion of these parents who are not French citizens.

Finally, parents in the low-income category seem to be far removed from a certain number of cultural activities – they are more numerous when it comes to never reading, never going to the cinema, or to concerts, or a museum, etc. However, they declare religious activity twice as often.

CHILDREN UNDER THE CARE OF INSTITUTIONS

Circumstances that are likely to endanger a child may trigger the intervention of two types of institutions, namely: the child welfare service ASE (*Aide Sociale à l'Enfance*) units that are run by the *départements* ever since the decentralization laws of 1984 and 1986 came into force, under the supervision of the Minister of social affairs, and the Judicial protection of youth PJJ (*Protection Judiciaire de la Jeunesse*) service belonging to the Ministry of Justice. The child may be endangered by his or her family, or other persons in the family circle, or through his or her own doing.

Is it appropriate to include this aspect in the analysis of child poverty? We think so, for many reasons. Endangered children are placed in situations that hinder them from living like the other children; they therefore come under the definition of poverty given in the beginning of this report.

(15) 1st income decile declared in the permanent surveys on living conditions (EPCV) conducted by Insee.

Secondly, although endangered children may belong to any social milieu, the institutions mainly identify and take care of children from families with a low-income or insecure status; the families who are better equipped socially have more channels for tackling the problems which are often not reported and kept from triggering the intervention of child protection services¹⁶ (Choquet, 2002).

The basic distinction between interventions by ASE and by PJJ is that the ASE requires the parents' approval for the actions it proposes. The judge, on the other hand, can override the family's stance, and also handles cases of offences committed by children. In the majority of cases, following the court ruling, the judge hands over the matter to the ASE service.

These actions may be directed at the family or at the child living with the family (various forms of "home-based actions"), or may involve the child living away from the family – in a foster home, in a care institution, etc.

There is no thorough knowledge of the area of child protection as a whole (Cathala and Naves, 2000). The involvement of two ministries and the decentralization of the ASE to the *département* level, without a specified requirement to create an information system, have made it difficult to thoroughly know the populations concerned and the protection procedures used (reporting, administrative decision or court ruling, and application of measures¹⁷). Moreover, there is practically no follow-up of the children concerned to appraise the results of the measures implemented.

In any case, the sketchy data available on the socioeconomic condition of families who are reported or targeted for educational measures or foster care, tends to underscore the fact that family problems and an economically underprivileged status almost always go hand in hand (Cathala and Naves, 2000; Choquet et al., 1998; Choquet, 2002)¹⁸.

There are at present 270,000 children concerned by child welfare measures, representing a total of 1,5% of all children aged 0 to 21 years, and half of them are separated from their parents (Ruault and Callegher, 2000). The "educative action" measures consisting of caring for the child without separating him or her from the family have constantly increased since the eighties.

Of the children in placement, the number living in foster homes rose steadily in the past years (as opposed to those cared for in institutions) to 55% of all children cared for outside their family. In addition, after the decentralization, the share of children concerned by judicial measures (i.e. for whom the children's judge made a ruling) has significantly shot up to encompass three quarters of all educative actions and the same proportion of placements managed by ASE.

(16) This holds true for school dropouts as well (DEP-PJJ 2003).

(17) Inadequate facilities often lead to long time lags between a decision and its application; this is all the more serious in the case of young people for whom time is a key factor.

(18) Citing Cathala and Naves (2000) on placement: "The factors leading to separating the child are [...] numerous". They are also intricately woven together – "the insecure status of families due to lack of professional, housing and emotional stability, leading to overcrowded housing and a fragile relational and solidarity network ... admittedly holds sway over the quality of the parent-child relations which is difficult to evaluate. What seems certain however is that housing, with its stability and its configuration, is a vital factor for the well-being of parents and children".

On the whole, in 2002, over 83,000 children were placed under ASE care following a judicial measure, nearly 28,000 were under ASE care following an administrative decision on placement, and 23,500 were placed in care directly by the judge (Baudier-Lorin and Chastenet, 2003).

There are other provisions that are not linked either to administrative protection or to judicial protection, but may be considered as alternative provisions for child protection (Cathala and Naves, 2000). This concerns in particular, the role played by the accommodation and social re-integration center CHRS (*Centres d'Hébergement et de Réinsertion Sociale*) whose wards include women and couples with children, such that at present there are about 10,000 young children and teenagers in its care, half of whom are aged under 6years¹⁹. Besides, about 6,000 children aged under 3years live with their mothers in mother and child care centers that provide temporary accommodation to destitute lone mothers and their children, and help them in their children's education and their own attainment of financial autonomy. There are other care centers, lesser known than CHRS, but which can put up entire families. The figures given must therefore be considered as a low estimate (also see the Methodology appendix to Chapter I).

CONCLUSION

The available knowledge of the living conditions of poor children falls short of expectations. There are few direct surveys that enable broaching the subject, and a routine analysis of the key factors of the environment in which these conditions evolve is yet to be conducted. This report could not develop certain points such as the parents' available time that could be restricted by non-standard working hours or long work-home travel time. Besides, these points ought to be analyzed in a manner as to precisely identify the risks of local accumulation of difficulties, whereas several analysts underscore the risk of spatial segregation, concentrating populations based on their income levels.

It now appears that beyond the fight against monetary poverty that affects children through their families, lie major aspects of public policy that are implicated. This is case for the housing policy and social housing in particular (availability, localization, spread over the entire urban fabric, etc.). This also holds true for health – an area in which public measures for prevention are still inadequate. To better the living conditions of poor children, we must in all likelihood start by improving public services.

(19) This figure may understate the actual facts, as it excludes unlisted accommodation of the same type.

Appendix

How do we measure poverty of living conditions?

A general definition of poverty of living conditions would be an overall lack of material wellbeing. To measure it, we draw up a list of items considered as being representative of standard material well-being²⁰. In general, these items cover these four main areas:

- Housing comfort
- Possession of certain capital goods
- Ability to consume certain goods
- Capacity to meet recurrent expenses.

For each item, we can calculate the shortfall that affects the household. The poverty of living conditions is the sum of these shortfalls. A shortfall considered by itself is not an indicator of poverty. It is the accumulation of shortfalls that characterizes the condition of poverty of living conditions.

The methodology and results given here are drawn from the study by Ponthieux (2003), conducted based on the permanent surveys on Living conditions for the years 1999, 2000 and 2001.

This study puts forth a list of 21 elements, chosen for their extensive dissemination in the entire population (dissemination rate of at least 70%). Six of them pertain to housing, three to durable possessions, seven to the ability to consume, and five to financial capacity (Table 6). The sum of the shortfalls for these 21 items gives a "deprivation rating" ranging from 0 to 16.

Those who are poor in living conditions are those among the 10% of households with the highest rating (i.e. those whose rating falls in the last decile). Children suffering from poverty of living conditions are children who belong to these households. In other words, being poor in living conditions for a child is, according to this approach, tantamount to living in a family that accumulates shortfalls of comfort, equipment at home, and consumption possibility, and to living in a family that is under considerable budgetary duress.

Child poverty – monetary poverty, poverty of living conditions

For children as with adults, monetary poverty and poverty of living conditions are partly linked. Over half the children suffering from poverty of living conditions live in households with a low standard of living (i.e. whose disposable income per consumption unit falls in the 1st income distribution decile). Of the children with a low standard of living, 36% are poor in living conditions. These two populations do not totally intersect. In fact, the level of material well-being does not depend solely on the present income based on which monetary poverty is defined. It also depends on past incomes. This explains why poverty of living conditions is not automatically linked to monetary poverty and vice versa. The total number of children who accumulate both forms of poverty simultaneously represents only 6% of all children (Table 6).

(20) They are also included, from a more pragmatic viewpoint, based on the statistical data available for each item.

Table 6 – List of items used for determining the rating and dissemination rate among households

Dimension	Items	as a %age
		Dissemination rate
Housing	Has a bathroom/shower unit	97.5
	Has a toilet	98.0
	Has running hot water	98.7
	Has a heating system	89.0
	No dampness	86.3
	Housing not overcrowded	93.1
Durable possessions	Color television	93.3
	Other appliance (a)	79.3
	Vehicle	93.5
Consumption <i>"The household has the financial means allowing it to do the following, if it chooses to: ..."</i>	Maintain the housing at a proper temperature	89.0
	Buy new clothes (not used ones)	91.6
	Have two pairs of shoes for each adult	94.6
	Eat meat or equivalent every other day	95.0
	Receive family or friends at least once a month	90.8
	Offer gifts at least once a year	89.7
	Go on a one-week vacation once a year	69.9
Financial status	The income covers the expenses	82.6
	No constant bank overdrafts	98.4
	No frequent delays in payment	96.0
	Repayments do not represent more than a quarter of the income	99.2
	The household managed to save during the year	79.7

Scope: households whose reference person is not a student.

(a) Refrigerator cum deep-freezer, washing machine, clothes drying machine, microwave oven, video cassette recorder, stereo system

Source: Insee, surveys on living conditions in May, 1999-2001.

There is a strong correlation between the conditions of monetary poverty and deprivation in living conditions (Chapter IV), which in a longer term, have an incidence on the future of the children who are subjected to them. While this is manifest for health expenditure, it also holds true for all activities that can contribute to the child's physical and intellectual development (such as child care arrangements, access to holidays, leisure activities, etc.).

In this regard, the access to education is particularly important, given that the acquisition of a schooling capital has a strong influence on the child's future, namely his or her integration in active life, and his or her future monetary resources. It is a fact that the parents' monetary resources can impact the child's schooling outcome, and the lack of it can contribute towards reproducing conditions of poverty.

In its last report "Education and redistribution", the Cerc gave a detailed analysis of the evolution of inequities in children's schooling as seen from the family income viewpoint (especially the difference in access to postsecondary education), and the resulting effect on the income distribution for public spending on education, not only for compulsory schooling, but also for post-compulsory or post-secondary education (Cerc, 2003).

This chapter aims at specifying the roles of the numerous factors in creating disparities in the children's schooling future at the elementary and secondary levels.

What's new in this chapter?

The studies available until now, based on the statistical data supplied by the Department for National Education, could not study the differentiation of school paths and performance at school as a factor of the parents' income, but only of their profession and social category (PSC). The contribution this chapter makes is the ability to take the income factor into account. We can therefore compare the performance of children living in monetary poverty on a specified observation date (for example, the beginning of sixth grade) either with the performance of "non-poor" children or with the results obtained by children whose parents are placed at the high end of the income distribution, for example, the highest standard of living deciles (this comparison is preferred given that, as explained in Chapter II, we can barely differentiate poor children by the usual poverty line of 50% of median income, from the children placed just above this line, and who are just as numerous). Besides, this type of comparison is closer to the one used in most presentations in which, for instance, the performance at school of workers' children is compared against that of executives' children.

In fact, poor children clearly have more incidents in their schooling path as seen from their inadequacy rate at the end of compulsory schooling. The differentiation in their educational future starts very early on, and grows with the years, especially as concerns orientation decisions or early exit from the schooling system. The access to a 12th grade class is highly affected by the parents' income.

That said, there are numerous factors affecting the child's educational future, and measuring their respective impact is a complex exercise. The parents' closeness to the schooling system (degree level, profession, etc.) and their availability (family structure, working hours, etc.) seem to be key factors. The parents' income is also a strong discriminating factor, although the paths that this income takes and its links with the impact of other variables are as yet ill-explored.

CHILD POVERTY AND EDUCATIONAL ATTAINMENTS

The inequalities as regards schooling based on the students' social background have diminished over the last few decades, mostly due to the general increase in the duration of studies (Cerc, 2003). However, other sharp inequalities persist – they are formed gradually over the schooling years and concern poor children in particular.

As a result, poor children exit the school system earlier than the others. At the start of the school year in their 17th year, about 4% of young people have stopped their studies: they are nearly 20% among poor children, and roughly 1% among children from the most well-off families (see below).

At the other end of the early training spectrum, the weakening of the link between social background and access to long-term post-secondary education since the forties, is essentially a result of the opening up of graduate studies at the university. After a period of attenuation since the forties, the intensity of the relation between social background and access to *grandes écoles* (prestigious higher education institutions) seems to have increased in the eighties (Albouy and Wanecq, 2003).

Differences right from the beginning of elementary schooling

Disparities can be measured right from CP (1st grade) (based on student assessments) and build up during the elementary level and mainly in the secondary level. The gaps are sizeable at 15 years, just before the end of compulsory schooling, and continue to widen from then on due to the decisions made to drop out of the schooling system and to the segregation caused by divergent orientation decisions. The available sources give only a partial account of the factors that lead to a differentiation in schooling paths (insert).

Deficiency of sources used to analyze the impact of schooling path differentiation factors

One of the problems encountered in analyzing the link between the child's educational future and poverty is that the status of the households is more often than not expressed in terms of the profession and social category of the head of household, which is quite different from poverty conditions (insert). Indeed, most of the existing studies base their analysis on the PSC, whereas this report gives preference to a measurement of the link between education future and poverty. This was possible only for a few key indicators (the child's inadequacy in certain classes that are the turning point of his or her schooling, and his/her orientation at 18 years); for the other aspects of the child's education path, the PSC-based measurement was used.

The sources that enable a precise description of the poverty status (there are few such sources in France), namely Tax income surveys, family budgets, European panel (Chapter I), provide only partial information about the child's schooling. Two other types of sources are therefore used very often to analyze the educational future of children.

Certain sources offer the advantage of covering quite a long period on an annual basis (Employment surveys, permanent surveys on living conditions (EPCV)), but with less complete information as regards income, and little additional information if at all, on the children's schooling status. There are few sources that enable a longitudinal tracking in order to measure the persistence of poverty.

Conversely, the data from the French national education authority (through the forward study and assessment department DEP (*Direction de l'évaluation et de la prospective*)) paints a detailed picture of the children's schooling – some of the facts given can be used to track students over a major part of their schooling – but does not help to identify underprivileged students: only the head of household's PSC, training, and sometimes employment status are identified, and information about the family income is practically non-existent.

Right from time the child starts CP (1st grade), the parents' socioprofessional category is the most discriminating factor¹ affecting his or her rating, even more than the quarter in which the child is born, which at this age is another major discriminating factor, regardless of whether the school is in a priority educational zone (ZEP), the number of years of schooling, sex, or nationality (Jeantheau and Murat, 1998). With the early enrollment policy (at the age of two), the rating of ZEP students is brought closer to the average, even though these effects seem limited given the differences in the rating between different PSC's (Caille, 2001a).

Moreover, the differences in rating between children from privileged socioprofessional categories and those from the less-deprived categories are more marked when it comes to the children's familiarity with writing or numbers, a factor that leads to greater differentiations at the elementary school level. In fact, the differences in rating for children starting 6th grade are slightly more significant than for those starting third grade (CE2) (Table 1).

Table 1 – **Rating of children starting 3rd grade and 6th grade, based on their social background**

	Starting 3 rd grade (CE2)		Starting 6 th grade (6 ^{ème})	
	French	Mathematics	French	Mathematics
Executives and professionals	79.8	73.8	78.0	74.9
Intermediate professions	77.4	71.7	73.4	70.5
Routine white collars	73.0	69.5	69.5	64.9
Craftsmen, merchants	74.3	68.5	67.9	66.5
Farmers	73.2	69.0	68.7	64.5
Blue collar workers	67.5	63.4	63.0	59.1
Not active	60.3	54.4	59.2	53.7
Average	72.0	67.1	68.5	64.6
Executive / blue collarworkers gap brought to the average	17%	15%	22%	24%

Note: rating at the start of the school year in September 2000. The assessment protocols were based on a variable number of items (for example, 94 items for assessing French scores in CE2); with all scores being brought to 100.

Sources: Andrieux, Dupé and Robin, 2001; and Andrieux, Brézillon and Chollet-Remvikos, 2001.

Inadequacy in the 6th grade

These results do not enable emphasizing the specific influence of the family income levels on learning difficulties, that can be illustrated in poor children's falling behind the others on starting sixth grade. This concept of inadequacy gives only a partial view of the educational path differentiation process, which is also illustrated in the rating obtained by the child. Also, the decision to repeat a year does not reflect the child's performance alone; it also stems from other factors such as the family's aspirations, for example (see below).

(1) The parent's income is not known among the factors that affect the rating.

The nature of the repeat may vary, as is also clear from the tendency over the last few decades to not resort to repeating years.

About one quarter of the children are behind their peers when starting 6th grade (the child's 11th year if there are no repeated years). Poor children are considerably more in number – about 45% compared to 24% of the other children (non-poor), and only 12% of the most privileged quintile (Table 2).

Therefore, as concerns inadequacy in 6th grade, the relative chance or odds ratio between the farthestmost quintiles is about 5 (insert). This odds ratio between children in the far-end quintiles is comparable to the odds ratio observed between executives' children and workers' children, although the populations are different.

Relative chance or odds ratio

A difference in proportions and a ratio of proportions does not mean the same, depending on the level of reference used. This is particularly troublesome when we compare low rates against high rates, or when the reference itself varies, as is the case here. The "logistic" measurement using odds ratios takes these problems into account. For example, as regards the event of falling behind by the 6th grade, the degree of inadequacy of children in the first quintile is 41% and that of children in the last quintile is 12%. The probability of a child in the first standard of living quintile falling behind and of a child in the most privileged quintile not doing so is therefore 36% ($41\% \times (100\% - 12\%)$). The inverse probability, i.e. that of a child in the first quintile not falling behind and that of a child in the most privileged quintile doing so is 7% ($(100\% - 41\%) \times 12\%$). The first event is therefore five times more likely to occur than the second ($36/7$).

Table 2 – Inadequacy in 6th grade based on the household's income^(a) and the PSC of the reference person of the household

	Inadequacy rate	Odds ratio
Poor	44.5	2.5
Non-poor	23.4	1
First standard of living quintile ^(b)	41	5.1
Last standard of living quintile	12	1
Blue collar workers	31	4.2
Executive	9.6	1

(a) Inadequacy at the beginning of 6th grade, i.e. at the start of the school year in the child's 11th year. *The income in this case is the taxable income of the household plus allowances.*

(b) The first quintile groups together 20% of the children with the lowest standard of living.

Sources: Family budgets 1995 and 2001 surveys, Cerc calculations.

On the whole, poor children appear to be significantly behind other children when starting 6th grade. Also, children who are behind in their studies belong to a population composed mostly of less well-off households – about one fifth are poor children, one third from the first quintile and half from the three lowest standard of living deciles.

Inadequacy at the end of compulsory schooling

The extent of these differences seems relatively less than those measured at the end of the *collège* (secondary schooling up to 9th grade). Duru-Bellat, Jarousse and Mingat, 1993 state that during the first two years of *collège*² there is as much disparity in the results linked to social background as in the entire past education of these students³.

The study of the inadequacy at the beginning of 9th grade serves to measure the differentiation in education paths at the end of compulsory schooling while taking the family income level into account.

Up to 9th grade (the start of the school year in the child's 14th year, if there are no repeat years), the differentiation in orientation are not too many (*collège* for all) and therefore they stem mainly from inadequacy.

Table 3 – Inadequacy at the start of 9th grade based on the standard of living, PSC and nationality of the reference person

	Inadequacy rate			Odds ratio		
	Total	Behind 1 year	Behind 2 years or more	Inadequacy	1 year	2 years or more
Poverty						
Poor	55.9	42.1	13.8	2.5	1.7	3.4
Non-poor	34	29.5	4.5	1	1	1
Standard of living decile						
1 st decile	56.1	42.3	13.8	7.5	5.1	7.8
5 th decile	36.5	31.5	5	3.4	3.2	2.6
10 th decile	14.5	12.5	2	1	1	1
PSC of the reference person						
Blue collar workers	45.6	38.8	6.8	5.4	4.8	4.0
Routine white collars	40.4	34.4	6	4.3	4.0	3.5
Craftsman, merchant, entrepreneur	32.4	27.8	4.6	3.1	2.9	2.6
Farmer	30.3	26.9	3.4	2.8	2.8	1.9
Intermediate professions	28.1	24.1	4	2.5	2.4	2.3
Executive	13.5	11.7	1.8	1.0	1.0	1.0
Nationality and birth country of the reference person						
Citizen of the European Union (EU)						
Birth country in the EU	34.9	29.9	5	1.0	1.0	1.0
Birth country outside the EU	34.4	30.5	3.9	1.0	1.0	0.8
Citizen of a non-EU country	54.4	42	12.4	2.2	1.7	2.7

Note: inadequacy at the start of the school year in the child's 15th year.

Scope: excluding student households, with positive or null declared income, and positive disposable income.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

(2) The disparity in results measured in a phase of a curriculum may be partially due to the outcome of the differences at the end of the earlier phase. Strictly speaking, we cannot state that the extra gap is created, for example, by the *collège*.

(3) Based on the follow-up of a student sample from the start of the elementary level.

Fifteen-year old students who are identified as being behind the others are mainly in the 8th grade (general or technological section) and some in the 7th or 6th grade⁴. The inadequacy at the start of 9th grade is highly dependent on income levels – while, on an average, about one third (36%) of children are behind the others, the percentage observed for poor children is 56%. In fact, the inadequacy rate decreases from 54% for the first two deciles to 14% for the last standard of living decile.

In other terms, it is almost eight times more probable (odds ratio of 7.5 – Table 3) for a child in the first decile to be behind the others and for a child in the last decile of not being behind, than the opposite scenario. Here again, this gap in relative chance is comparable to the gap observed when we use the head of household's PSC as the social background indicator. The odds ratio is about 5 between workers' children and executives' children (Coëffic, 1998, Insee, 2002). However, although these gaps are comparable, they do not represent the same populations.

We can classify the students who are behind the others at the start of 9th grade into two groups based on the degree of inadequacy – most of them (31%) are only one year behind (and are therefore in 8th grade), but a fraction of them (5.5%) accumulate inadequacy over at least two years (and are therefore in 7th grade or 6th grade).

The differentiation based on social background are very different in the two groups (Graph 1). There is little variation in the one-year inadequacy rate in the top half of the income distribution (about 40%, and 41% for poor children) and it steadily drops to about 12% for the last decile.

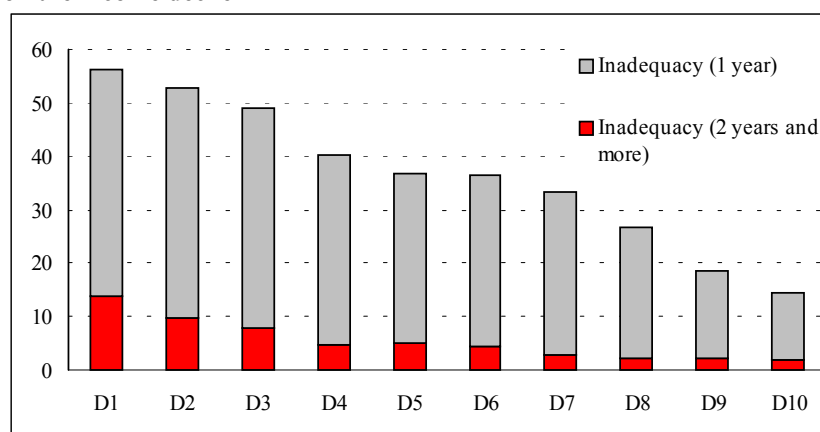
A higher inadequacy rate is seen to be concentrated in the lower rungs of the distribution – it is very marked in the 1st decile and for poor children (14%). Unlike the one-year inadequacy, the inadequacy rate for two years or more falls rapidly with a higher standard of living: 5% for the 5th decile and about 2% for the last decile.

It is a fact that the opportunity gap between the end deciles is wider for major inadequacies (ratio of 1 to 8) than for the one-year inadequacy (ratio of 1 to 5). Moreover, when the inadequacy is greater, the differences relative to the standard of living are more discriminating, whereas the differences relative to the PSC are discriminating to a lesser extent (Table 3).

Is there a difference in the schooling performance of children of immigrant origin? From the results in Table 3, it would seem that the differences are based on the duration of the parents' stay and the extent to which they are integrated in the society. Inadequacy at the start of 9th grade concerns about 35% of children from households whose head is a citizen of an EU country as compared to 54% of those whose head of household is a citizen of a non-European Union country; the gap is more marked in the case of major inadequacy. However, in the case of children whose head of household is a citizen of an EU country, there is no significant difference based on whether the head of household was born within or outside the EU (and probably granted French citizenship later).

(4) About 0.5% are in various forms of vocational training or apprenticeship. About 1% still follow primary education or undergo special training.

Graph 1 – Inadequacy (one year, two years or more) at the start of 9th grade based on the income decile



Note: inadequacy on reaching 9th grade in the new school year in September. Children who reach 9th grade without repeat years are 14 years old when the school year starts, and turn 15 during the school year. The children born in 1985 were 14 years old at the start of the school year in September 1999 and turned 15 during the school year 1999-2000.

Scope: excluding student households, with positive or null declared income, and positive disposable income. Disposable income deciles among households with at least one child aged 15.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

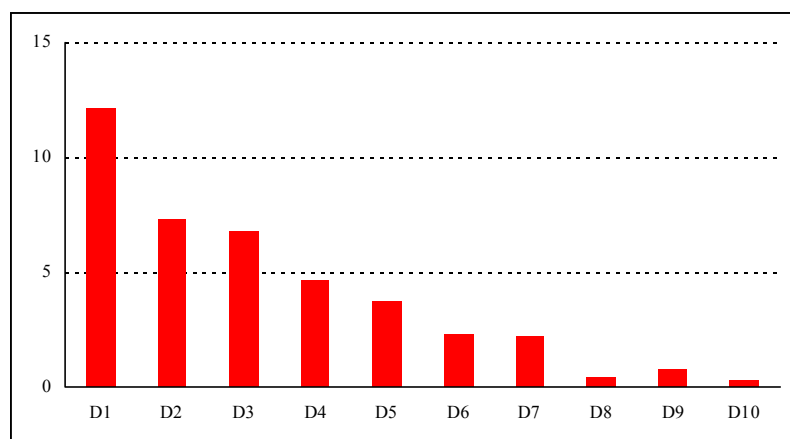
The difference in schooling performance of children of immigrant origin with respect to the average can to a large extent be explained by the differences in family characteristics and performance in elementary school (level of knowledge attained, past history of schooling, family structure, PSC of the head of household, degree acquired by parents (Appendix 1). This holds true not only for repeated years in the elementary or lower secondary levels, but also for the entry in the general and technological section in the 10th grade (Caille and Vallet, 1996, Caille and O'Prey, 2002).

Schooling at 17 years

There are marked differences in schooling levels at the start of the school year in which the child turns 17. Compared to the child's 15th year, these differences mainly point to the variations in the early exit rate. They also reflect the differences in orientation and the variation in the inadequacy rate in the different branches.

The difference is stark when it comes to early exit from the schooling system – 17% of children in the first decile stop their studies at the start of the school year in their 17th year, compared to approximately 1% in the more well-off deciles. A fraction of them hold the lower secondary certificate BEPC, or a CAP or BEP vocational training diploma, but a majority of them do not have any degree. Therefore, 12% of the children in the first decile drop out without any degree (Graph 2). Early exit from the schooling system concerns children from the lower rungs of the standard of living ladder and, in particular, those with the lowest standard of living among them.

Graph 2 – Exit without a degree at 17 years based on the standard of living decile

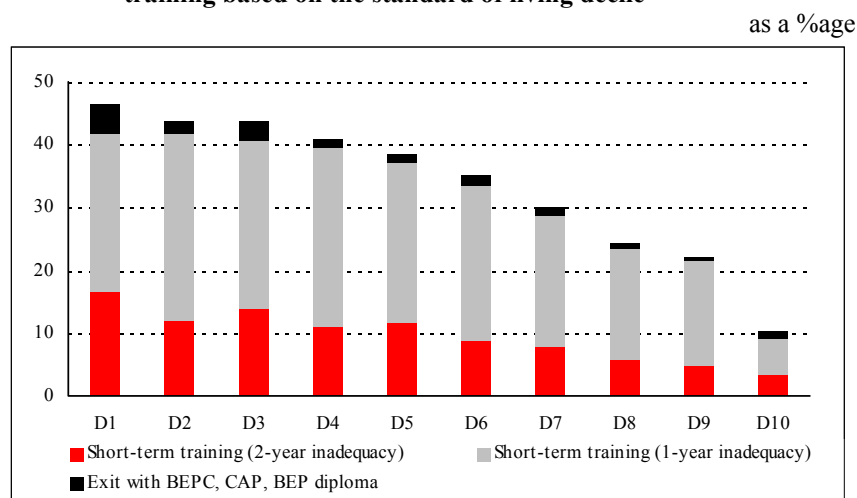


Scope: excluding student households, with positive or null declared income, and positive disposable income. Children born in 1982 were 17 years old at the start of the school year in September 1999.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

On the other hand, children in the first half of the income distribution are oriented more towards short technical or vocational courses (apprenticeship, CAP or BEP). These courses receive 45% of children from the first decile (48% for poor children), compared with about 10% for the last decile (Graph 3).

Graph 3 – Presence in the child's 17th year in short-term technical or vocational training based on the standard of living decile



Scope: excluding student households, with positive or null declared income, and positive disposable income. Children born in 1982 were 17 years old at the start of the school year in September 1999.

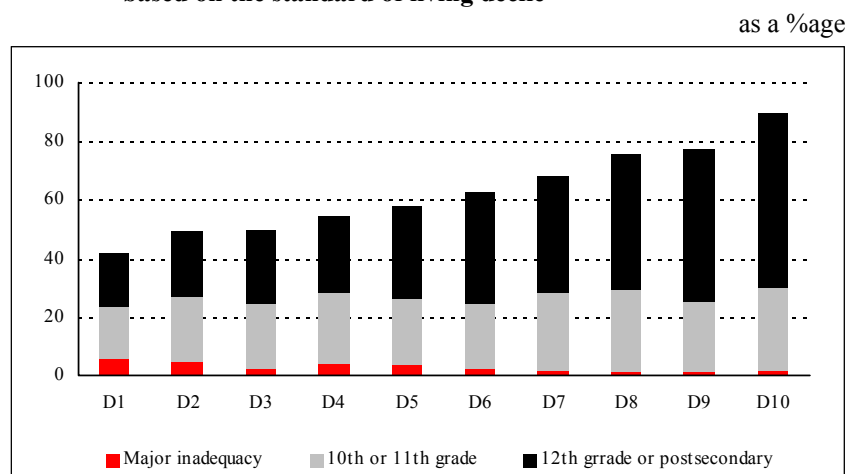
Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Those children who, at 17, are in the last year of their apprenticeship training, CAP or BEP or another short-term technical or vocational training course, are one year behind. A fraction of them (a minority) have already dropped out of the schooling system at this stage.

However, a sizeable fraction of them are more than one year behind in their studies. In fact, children from families with lower incomes have often accumulated at least two years of inadequacy at this stage.

Most of the students follow a preparatory course for the *baccalauréat* (general, technological or vocational). About 35% of children are at least in 12th grade and have therefore never repeated a year (of which 2% are in the postsecondary level) and about 26% are at least one year behind.

Graph 4 – **Presence at 17 in the branches leading to the *baccalauréat* based on the standard of living decile**



Note: major inadequacy in this case corresponds to the schooling in the *collège* or special training levels.

Scope: excluding student households, with positive or null declared income, and positive disposable income. Children born in 1982 were 17 years old at the start of the school year in September 1999.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Less than 20% of children in the first decile reach 12th grade without repeating any year as compared to 60% of children in the last decile (17% in the case of poor children). Likewise, the access to the post-secondary level at least one year ahead is again strongly demarcated: this pertains to 8% of children in the last decile, whereas it is extremely rare in the first decile (less than 1%).

Conversely, children from low-income households are more affected by inadequacy – among the children following a curriculum leading to the *baccalauréat*, 57% are at least one year behind in the first decile as opposed to 30% in the higher-income deciles.

On the whole, the differentiation in educational future based on social background begins very early in the child's life and accumulates all through his or her schooling, in elementary school, and then again in the lower and higher secondary levels. It is the status of poor children that worsens the earliest and to the greatest extent. **About one half of poor children encounter major learning difficulties right from the elementary level** – about 45% are already behind in 6th grade.

With about 55% of children who are behind in 9th grade, the growth in inadequacy rate is seen to have slowed down at the lower secondary level (*collège*). Given that children accumulate the learning difficulties, the differentiation at the *collège* level for poor children is reflected more in the accentuation of their inadequacy rather than an increase in the number of children who are behind (which is already very high): about 15% of them are at least two years behind at 15 when they would normally enter 9th grade as compared to 5% for the entire population. At 17, the gaps partly stem from the differences in orientation, and nearly 20% of poor children have already stopped their studies⁵.

FACTORS AFFECTING EDUCATIONAL ATTAINMENTS

There are myriad factors that bring about the differentiation in educational future, and identifying them is a difficult task : parents' schooling capital and availability, family structure, income of the household, living environment⁶. This is due on the one hand to the lack of precision in the measurement⁷, and on the other hand to the difficulty in singling out the impact of each individual factor.

Firstly, the task of identifying the effects of a given factor is made more difficult due to the lack of precision in the measurement. We measure the inadequacy for a specific year (usually the 9th grade) and the various factors that explain it, for the same year. However, as we pointed out, the formation of the differentiation in schooling is a slow and cumulative process. As a result, we may grossly underestimate the impact of certain factors if it occurs earlier in the child's schooling than at the time of the measurement. This limitation is due to absence of a panel in France that would permit matching the sequence of events occurring in the child's household against the evolution in his or her educational future.

It calls for a measurement of the impact of the different factors at the various stages of the child's schooling.

Besides, the close interaction that may exist between the various factors (for example between the parents' schooling capital and family income) makes it difficult to separate the impact of a specific factor. Moreover, it is also difficult to determine the path of the impact of a given factor (for example the effect of income and that of the consumption of cultural assets).

Relationship between parents and schooling

Parents' closeness to schooling (degree and profession), i.e. their "educational capital" is one of the major deciding factors for the child's educational future. This is a well-established and widely documented fact; but its magnitude is nonetheless striking – about 55% of children whose father or mother do not have a degree fall behind the others in 9th grade as opposed to about 10% in the case of children whose father or mother holds a long-term post-secondary degree (Table 4).

(5) There are also marked differences in the access to post-secondary education (Cerc, 2003).

(6) We have not included details of the differences in performance at school based on sex or the birth quarter in the year, as these factors are further off from the issue of the educational future of poor children.

(7) From this viewpoint, the fact that it is impossible to measure family incomes in statistical sources specific to education, penalizes the research.

Table 4 – Inadequacy at the start of 9th grade

	Inadequacy rate			Odds ratio		
	All	1 year	2 years or more	All	1 year	2 years or more
Father's degree						
None or certificate of primary education CEP	54.0	43.5	10.5	7.1	5.6	5.8
Vocational training diplomas CAP or BEP, or lower secondary certificate BEPC	36.5	31.0	5.6	3.5	3.2	2.9
<i>Baccalauréat</i>	22.4	19.3	3.1	1.8	1.7	1.6
<i>Baccalauréat</i> + 2 and beyond	14.1	12.1	2.0	1.0	1.0	1.0
Mother's degree						
None or certificate of primary education CEP	55.9	43.9	12.0	8.6	6.1	9.2
Vocational training diplomas CAP or BEP, or lower secondary certificate BEPC	36.9	31.5	5.4	4.0	3.6	3.9
<i>Baccalauréat</i>	21.8	20.0	1.8	1.9	1.9	1.3
<i>Baccalauréat</i> + 2 and beyond	12.9	11.4	1.5	1.0	1.0	1.0

Reading: the event of a child whose father has no degree being behind at 15 and that of a child whose father has a *bac* + 2 or beyond not being behind is 7.1 times more frequent than the opposite event (i.e. no inadequacy in the child whose father has no degree and inadequacy in a child whose father holds at least a *bac* + 2 degree).

Sources: Insee, Employment surveys 1998, 1999, 2000, 2001, 2002, Cerc calculations.

The mother's degree has a greater impact than the father's degree

The influence of the father's degree on the inadequacy in 9th grade is **lesser than that of the mother's degree** (odds ratios of 7.1 against 8.6). Moreover, the influence of the father's degree is comparable regardless of the duration of the inadequacy, whereas that of the mother's degree is greater for an inadequacy of two years or more. Consequently, the difference between the impact of the father's degree and that of the mother's degree is more marked in cases of inadequacy of two years or more, whereas it is less patent for a one-year inadequacy.

Help in studies

The extent of the parents' help in their children's studies varies not so much with income, but rather with the parents' level of education and their socioprofessional category. It is at its peak in the elementary and lower secondary (*collège*) levels, i.e. when the gaps begin to form. From nearly twenty hours per month and per child in the 1st grade (total time for help in the child's studies declared by the father and the mother), it decreases steadily at the elementary level (sixteen hours in CM2) and then again at the lower secondary level (nine hours in 9th grade). Conversely, the expense for schooling borne by the families increases throughout the child's schooling and is significantly substantial in the post-secondary level (Héran, 1994), which suggests that the effect of income on the schooling path cannot really be attributed to the expense for schooling borne by the families.

Besides, it is mainly the mother who helps the child with his or her school work, which is why her degree has a greater impact on the child's educational future. While couples spend ten hours on an average per month and per child in helping with school work, the fathers' contribution is about three to four hours whereas the mothers' contribution is six to seven hours, i.e. twice as much.

The gaps in the time spent on helping with the children's studies vary very little with income levels.

However, the help schedule differs based on the parents' degree and especially that of the mother. While mothers with no degree or a low-level degree help their children more in the elementary level than mothers holding a post-secondary degree, this ratio is inverted in the secondary schooling level (*collège* and *lycée*). It is a fact that the **time that parents spend on helping their children in their studies is greatly reduced when the parents feel that they are no longer "up to the mark" to contribute effectively** (Table 5).

Table 5 - Time spent by the mother and by the father in helping with the child's school work based on their respective feeling that this activity is beyond their capabilities as a %age

Level of schooling	Feeling that the task is beyond their capabilities	Mother	Father
Elementary	Very often	6.6	2.0
	Quite often	9.7	3.5
	Quite rarely	11.8	4.4
	Very rarely	12.5	4.9
Lower secondary (<i>collège</i>)	Very often	3.8	1.1
	Quite often	8.4	3.2
	Quite rarely	9.2	4.9
	Very rarely	9.0	4.8
Higher secondary (<i>lycée</i>)	Very often	1.8	0.6
	Quite often	4.4	2.4
	Quite rarely	5.6	3.7
	Very rarely	4.8	2.6
Postsecondary	Very often	0.7	0.4
	Quite often	2.6	0.8
	Quite rarely	3.1	1.4
	Very rarely	3.3	1.4

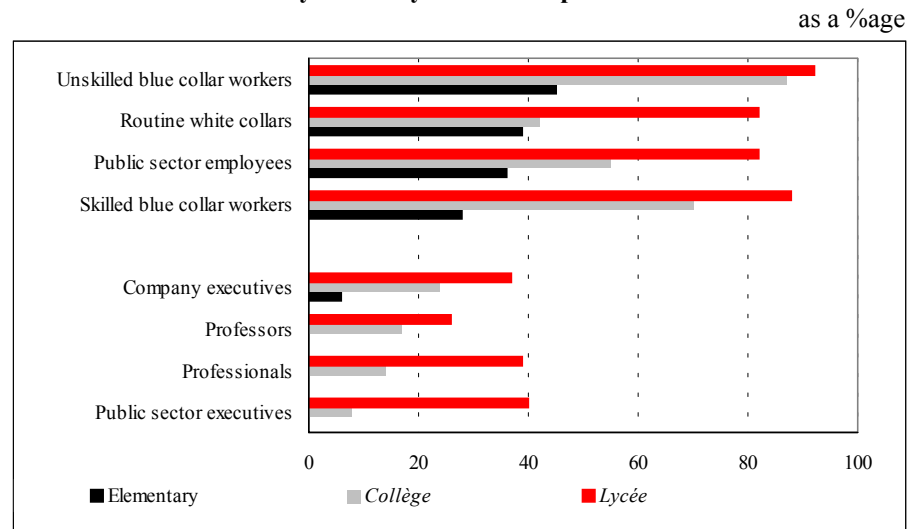
Note: time in average number of hours per month.

Source: Gissot, Héran and Manon, 1994.

Likewise, the parents' feeling that helping their children is a task that is "often or very often beyond their capabilities" varies considerably with their profession and social category PSC (Graph 5). The gaps are wide right from the elementary school – 30-40% of employee and worker parents feel that helping their children is a task that is "often or very often beyond their capabilities" compared to less than 5% of parents who are executives, professionals or professors. The gaps are once again very wide at the lower secondary level (70-80% of workers and over 40% of employees compared to about 15-20% for the privileged PSC) and in the higher secondary level (over 80% of worker and employee parents as opposed to less than 40% of parents who are executives, professionals and professors).

Therefore the parents of about 30-40% of children in the worker or employee PSC category have problems in helping their children with their school work right from the elementary school; this proportion reaches 40-50% for the children of employees and 70-80% for workers' children in the higher secondary level. **The insufficiency of parental help in school work is concentrated on the least-privileged children.**

Graph 5 – Proportion of fathers who feel that helping their children in their studies is "often or very often beyond their capabilities"



Note: the result is similar for mothers.

Source: Hérán, 1994.

Besides, the use of external help in the child's studies is highly variable. The average expense per household on training courses, tuitions and correspondence courses is about 10.8 euros per year and per consumption unit (CU). It amounts to 11.6 euros for households whose children are not behind at 11 years as compared to 7.7 euros for households whose children are behind at this age; it is null for poor households⁸. Thus, the children whose parents feel that they lack the capability are the same children whose parents cannot afford external help in their studies.

Aspirations of families

The family aspirations as concerns the educational future of children also come into play, in particular, in the option to repeat a year and in the orientation choices. Therefore, not only is there a greater frequency of repeated years for the less-privileged PSC, but the weight of one's social background also has an impact, at comparable skill levels – at 15, a child with an average grade in reading has 25% of risk of falling behind the others if he or she is an executive's child, against 46% of risk if he or she is a worker's child (Murat and Rocher, 2002 using the results of the international comparison survey PISA). Therefore, inadequacy alone does not give the complete picture of social inequities as regards schooling. This difference stems no doubt from various factors, but partly reflects the aspirations of children and their families and the manner in which they are supported in staff meetings.

At 15, children from less privileged PSC have lower professional aspirations⁹ than children from privileged PSC; there is only a partial interaction with the differences in their performance at school. Moreover, with performance at school being comparable, children from less-privileged PSC are less oriented towards the general and technological section in 10th grade, and these variances cannot be fully explained by the differences in professional aspirations alone (Murat and Rocher, 2002).

(8) Source Family budget 2001 survey, Cerc calculations.

(9) Measured in terms of the determination to have an intellectual, scientific or managerial profession.

In this regard, it is noteworthy that the educational aspirations of immigrant families are higher than those of other families, as seen in the higher orientation towards the general section in 10th grade with all the other characteristics remaining controlled (Vallet and Caille 1995, Caille and O'Prey, 2002).

These observations, made over a recent period as concerns the orientation at the end of 9th grade, tally with the observations made in the eighties as concerns the children's going from the 7th to the 8th grade – for children with a good performance in school, the social background had little effect on their moving up to the 8th grade, whereas for average or weak students, it played a major role (Duru and Mingat, 1987).

However, staff-meeting decisions do not seem to have a dominant role in the differentiation in the children's orientation based on their social background. The orientation decision corresponds to a balance between the aspirations stated by the families and the staff's opinion as concerns the child's performance at school (after a possible re-evaluation). The observation that repeat and orientation decisions are aspects of social distinctiveness (Esquieu and Bertrand, 1996), probably reflects a phenomenon of self-selection by the less-privileged social categories, rather than the gaps between the families aspirations as stated to the staff, which are in fact only marginally redressed by the staff meeting decisions (Roux and Davailon, 2001, Caille and Lemaire, 2002).

The PSC-based gaps in ambition are partly integrated in the gaps in repeat rates or orientation rates without necessarily reflecting the differences in performance at school.

Role of family structures

The parents' availability to follow up their child's studies varies no doubt according to the family structure and stability. Regardless of the social background, the child's educational future is affected by the parents' divorce (Archambault, 2002). This relatively big difference is reflected in the shorter duration of studies by children who have undergone a family separation – i.e. an average difference of six months for workers' children to one year for children of executives. Given this fact, the difference is particularly great as regards the pursuit of post-secondary studies (odd ratio of 1 to 2.5/3), more than for acquiring the *baccalauréat* (odds ratio of 1 to 1.5/2.5) or the exit from the schooling system without a degree (odds ratio of 1 to 1.5/2). More than divorce itself, it seems that a discordant family environment has greater incidence on the educational future. In fact, there is a performance gap (measured by inadequacy) between children whose parents are on the brink of separation (a year later) and children of stable couples, which is comparable to that of single-parent families formed after a divorce (Piketty, 2003).

Working hours

The parents' working hours can also impact the child's educational future, if they determine the time the parents spend with their children. This is particularly the case for non-standard working hours, i.e. evening, night or Sunday work. The non-standard working hours of the head of household or the spouse lead to a greater probability of having at least a two-year inadequacy at 15 (odds ratio of 1 to 1.5/2), although this excess risk is not as marked for the probability of falling behind by only one year.

Role of the living environment

The living environment of poor households has worsened – cramped housing, problems of heating, dampness, urban nuisances (noise, vandalism), especially in the inner cities or the sensitive urban zones ZUS (Rizk, 2003). The problems encountered by poor households in their living environment have repercussions on the children's educational future.

Housing

Overcrowded accommodation is one of the reasons for failure in school¹⁰ – the fact of having two children per room increases the probability of inadequacy at 15 years by twelve points in comparison with a situation in which there is clearly more than one room per child (Goux and Maurin, 2002). The effect is less consequential than that of the father's degree (15 points between no degree and a post-secondary degree), and even less important than the effect of the mother's degree (28 points between no degree and a post-secondary degree).

Living conditions

Living conditions (measured by the number of deprivations (Chapter III) have a major impact on the child's educational future – the probability of being at least two years behind at 17, of not having one's *baccalauréat* at 21, and orientation towards a vocational branch (Duée, 2003). In fact, poverty of living conditions seems to have at least as great an impact as monetary poverty.

The role income plays

Income is one of the main factors that contribute towards disparities in the child's educational future. In fact, when comparing the educational future of poor children with that of other children, the differences are plain (Table 6).

Table 6 – Educational future of poor children and other children

	as a %age	
	Poor	Non-poor
Inadequacy at 11	44	23
Situation at 15		
Inadequacy	56	36
One-year inadequacy	41	32
Inadequacy of two years or more	15	4
Situation at 17		
Exit from schooling	17	4.5
Without a degree	12	3
With a BEPC, CAP or BEP degree	5	1.5
Inadequacy in apprenticeship training, CAP, BEP	41	30
Inadequacy in the branch preparing the <i>baccalauréat</i>	17	24
Major inadequacy	6	2.5
12 th grade (<i>terminale</i>) and postsecondary	18	38

Note: major inadequacy at 17 corresponds to the schooling in the *collège* or special training levels.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys; Insee, Family budget 1995 and 2001 surveys, Cerc calculations.

However, the differences that are pointed out in this manner are ridden with several limitations, as they do not consider the effect of factors other than income alone.

(10) Overcrowding is measured using an indicator of the apparent number of children per room, the income effect being controlled.

Redressing the effect of family handicaps

Although the "economic" capital plays a vital role, the closeness to schooling is also a major factor, as is seen in the fact that the educational future of teachers' children is generally better than that of the children of other top executives.

It would be very useful, when defining public policies aimed at improving equal opportunity for children, to be able to assess, on the one hand, the impact than one might expect from an increase in the parents' income (by more generous transfers or an improvement in their work income), and, on the other hand, the other factors that may have a more direct impact (for example the parents' degree) but which also influence their income. The unfavorable impact of these factors must be compensated for by other types of aid (specific aid for the schooling of children who receive little family support, or aid to parents to enable them to advance in their training, especially for immigrant families).

Unfortunately, the research in this field does not enable us to conclude with enough certainty (see the appendix to the chapter).

To what extent can the effect of family handicaps on performance at school be remedied through specific actions within or outside the school? This question opens a vast array of analyses that we must take stock of or develop. We will only mention the case of priority education zones here.

The few studies that assess the incidence of setting up priority education zones ZEP on the educational future of children, show that their effect is significant but low at the elementary schooling level, and is very low, and possibly not significant at all, at the lower and higher secondary levels (*collège* and *lycée*)¹¹.

In the elementary school level, if children enrolled at the age of 2 access the 3rd grade (CE2) without repeating a year, this difference is minimal. Enrollment at two, which is higher in ZEP schools, has limited effects on the social inequalities of success in the first two years of elementary school (Caille, 2001a). At the lower secondary level (*collège*), the results of Panel 95 for children in the 6th grade show that children enrolled in ZEP schools do not perform as well as those who have never gone to a ZEP school; but this gap can be explained to a large extent by the differences in family characteristics and the child's successful performance in the elementary school. With the initial characteristics being identical, there are in fact more children from ZEP *collèges* who reach the general and technological section in 10th grade without repeating a year. At the higher secondary level (*lycée*) however, there are more repeated years among children from ZEP schools than other *lycées*, and, their chances of obtaining the *baccalauréat* are brought to the same average as for the entrants in 6th grade (Caille, 2001b).

These results tally with those of Panels 80 and 89 for entrants in 6th grade (Bénabou, Kramarz and Prost, 2003) that show that going to a ZEP *collège* did not have a significant effect on the educational future of the children (exit without a degree, entry into 8th grade, 10th grade, and obtaining the *baccalauréat*)._

(11) It would be useful to compare this with the outlay for elementary/secondary schooling – the outlay is doubtless relatively greater in the elementary schooling level.

**POVERTY,
EDUCATIONAL
ATTAINMENTS AND
FUTURE INCOME**

Those who leave school without a degree are, for the most part, children from poor families (see above).

The low employment and wage prospects, associated with nonexistent or inadequate schooling, are worsened by the low social capital handed down by the parents¹². Children who have encountered failure in school are clearly more exposed than other children to the risk of poverty on reaching adulthood and active life.

Through failure in school, poverty conditions may be reproduced in the future for children from poor households.

We could try to estimate, for example, the shortfall over the entire life cycle experienced by young people who leave school without any qualification with respect to those who hold a vocational training diploma such as a CAP or BEP, or the *baccalauréat*.

The principle used is to measure the extra income earned in one's working life attributable to the exit from the schooling system with a CAP/BEP diploma or a vocational *bac* as opposed to leaving without a degree. There are two aspects involved:

- The probability of being unemployed is distinctly higher for persons without a degree (Table 7).

Table 7 – **Employment, unemployment and inactivity based on the degree for the 25-64 age cohort**

	Employment	Unemployment	Inactive	as a %age Unemployment rate
Without a degree	57	8	35	12.8
CAP / BEP	77	6	17	6.7
<i>Baccalauréat</i>	78	6	16	7.0

Sources: Employment survey for March 2002, Cerc calculations.

- The wage levels are also lower. The wage premium associated with a CAP/BEP degree level with respect to an exit without any qualification is about 12% (12% according to Goux and Maurin, 1994, and about 13% according to Trannoy et al., 2003); whereas it is 20% for a vocational *bac* (18% according to Goux and Maurin, 1994 and about 24% according to Trannoy et al., 2003).

Using these elements as the basis, we can calculate (see Appendix 2 for details of the calculation method) the year-by-year loss of income due to the exit from schooling without a degree as compared to an exit with a vocational training diploma CAP or BEP, or the *baccalauréat*. By adding up these losses (with a discount rate of 5%), we obtain a total loss of about 40,000 euros.

This is only a rough estimation whose sole purpose is to underscore the importance of fighting against failure in school in a strategy that is targeted at reducing poverty in the long term.

(12) Results of the Professional training and qualification FQP (*Formation et qualification professionnelle*) surveys, Goux and Maurin (1997).

CONCLUSION

Poor children suffer from learning difficulties far more than the rest of the schoolgoer population. They are also more exposed to inadequacy.

However, the higher intensity of inadequacy among poor children does not stem solely from the higher proportion of poor children who are behind the others – inadequacy in these children starts earlier than for other children, and they are mostly at least two years behind by the 9th grade. **Learning difficulties therefore appear very early for poor children and, for the most part, right from the elementary level.**

Consequently, at the end of compulsory schooling, the early exit from the educational system is far more frequent. These exits from the schooling system are usually without a degree, a fact that aggravates the risk of poverty in the future. The exit without a degree entails a sizeable loss of earnings, estimated at about 40,000 euros over one's working life, i.e. about 1,000 euros per year of activity.

There are numerous factors that lead to the differences in educational future during the elementary and secondary schooling. They are based on key elements such as the parents' closeness to the schooling world, the family context, income, and standard of living.

The parents' "schooling capital" therefore plays an important role : their capacity to cope with the demands of their children's education, which directly affects the time spent in helping the children with their school work, as also their knowledge of the schooling system. Right from the elementary level, a non-negligible fraction of parents declare having difficulties in helping their children with their studies.

Other factors linked to the family context also have an impact, such as the parents' aspirations for the child, their availability (may be affected by constraints of working hours, travel time, number of siblings, etc.), or family conflicts (especially separations).

Finally, the family income also impacts the educational future of children, especially as concerns the living conditions (size of the accommodation, for instance). However, it would be useful to further specify the paths by which the income effect occurs, and its links with the effects of the other variables.

Appendix 1 Respective influence of income and other family-based variables on performance at school

In order to take into consideration the simultaneous effects of the different variables on the child's performance at school, we can use analyses in which we declare "all other things being equal", for example using the *Logit* models that enable taking the simultaneous effects of several factors into account.

These analyses however do not allow singling out the effects of factors that are themselves linked (such as degree and income, for example). Given this fact, we can only observe the extent of the correlation measured without establishing a cause-to-effect relation. In order to obtain an assessment of the intensity of the causal relationship, we must draw on more complex models that use in particular, the specific correlational structures between variables¹³.

Works of this type have enabled characterizing the causal effect of income on the child's educational future, in this case, the inadequacy at the age of 15 (Goux and Maurin, 1994). The upshot is that the causal effect of income is greater than the one measured using only apparent correlations. These results underscore the importance of the impact of income in the differentiation of the educational paths of children, and it would be worthwhile analyzing them further from various angles.

Firstly, the effects of other factors (such as the parents' degree) must also be estimated in order to have elements for comparison.

Besides, the high causal effect of income may capture the effect of variables that are not fully considered in other analyses, such as for instance, the child's living environment (malnutrition, fatigue, etc), the impact of the neighborhood/ghetto (effects of being influenced by others, violence, delinquency, etc.), or the importance given by the family to studies (aspirations for children, etc.).

In fact, it would be highly useful to explicitly trace the paths through which income influences the child's performance at school. The research conducted at present does not enable us to isolate them, and it is probable that these effects transit both through a pure dimension of income (such as the expenses for schooling aid) and through effects that may be associated with the determinants of income (schooling aid expenses borne by the parents, child care and surveillance, knowledge of the schooling system, help in orientation, etc.).

Attempt to synthesize the factors affecting the inadequacy at 15

On the whole, there seem to be a host of factors that influence the educational future of children. We could attempt to measure the intensity of the links between them using the *Logit* type approach.

This attempt has its limitations, as we measure the apparent links and not the causal links, and also because certain variables are not fully identified in the database used (such as, for example, divorce for family structures).

We note first of all, that girls have a lower rate of inadequacy, as also children born at the beginning of the year. This relative advantage for girls is noticeable where inadequacy of one year is concerned, but does not seem to be significant in the case of inadequacy of at least two years (Table 8).

(13) For example the instrumental variables method in which we must have a variable linked to the endogenous variable but not to the explained variable. By way of example, we can cite the profession and social condition (PSC) of the grandparents that has an effect on the degree held by the child's parents, but does not directly affect the child's educational future.

The factors that have the highest incidence on the one-year inadequacy are the mother's degree and the family income. In fact, if the mother holds at least a *baccalauréat* degree, the risk of the child being a year behind at 15 is considerably reduced. The effect of income is different depending on its level – the excess risk is particularly higher for poor children. The excess risk for children in the first half of the income distribution is considerable.

The influence of the father's degree seems more limited and specific to children whose fathers hold a postsecondary degree (the risk level drops considerably in this case). Finally, the number of children per room also has an impact, although to a lesser extent. It is worthy of note that the country of origin of the head of household and the family structure¹⁴ do not appear to be significant.

The intensity of correlations for the **inadequacy of at least two years** is attenuated, as most of the factors that influence the one-year inadequacy do not have a significant effect in this case (especially the number of children per room). In fact, the two factors whose influence is significant are the mother's degree and, in particular, the condition of poverty. Poor children have an excess risk of having an inadequacy of at least two years at 15, as compared to the other children in the first half of the income distribution.

Furthermore, **the influence of the parents' degree is considerably reduced in the case of major inadequacy, whereas the impact of poverty remains high.**

(14) The family type (single-parent as opposed to a couple) only partially accounts for the effect of divorce or more generally the family context (as remarried couples are not identified in the tax income surveys).

Table 8 - Factors representing inadequacy at 15 (*multinomial logit*)

	One-year inadequacy			Inadequacy of two years or more		
	Estimated parameter	Standard deviation	ChiSq	Estimated parameter	Standard deviation	ChiSq
Constant	4.72	0.41	<.0001	1.94	0.42	<.0001
Sex						
Boy	0.26	0.07	0.00	ns	ns	ns
Girl	Ref.			Ref.		
Child's birth quarter						
First	- 0.66	0.10	<.0001	-0.39	0.10	0.00
Second	- 0.44	0.09	<.0001	-0.22	0.09	0.02
Third	- 0.26	0.09	0.00	-0.17	0.09	0.06
Fourth	Ref.			Ref.		
Family income						
Poor	0.56	0.11	<.0001	0.43	0.11	0.00
D1-D5 non-poor	0.24	0.09	0.01	0.18	0.09	0.06
D6-D10	Ref.			Ref.		
Number of children per room						
More than one child	0.17	0.08	0.05	ns	ns	ns
One child or less	Ref.			Ref.		
Father's degree						
No degree	Ref.					
CAP/BEP vocational training diploma	- 0.16	0.08	0.06	ns	ns	ns
Bac	ns	ns	ns	ns	ns	ns
Bac + 2 and beyond	- 0.38	0.17	0.02	ns	ns	ns
Mother's degree						
No degree	Ref.					
CAP/BEP vocational training diploma	- 0.35	0.08	<.0001	- 0.15	.08	.07
Bac	- 0.90	0.18	<.0001	- 0.38	0.18	0.04
Bac + 2 and beyond	- 0.95	0.18	<.0001	ns	ns	ns
Household type						
Single-parent family	ns	ns	ns	ns	ns	ns
Couple	Ref.			Ref.		
Number of children aged under 18 in the household						
2 children or more	ns	ns	ns	ns	ns	ns
One	Ref.			Ref.		
Country of birth of the head of household						
Outside EU-15	ns	ns	ns	ns	ns	ns
EU-15	Ref.			Ref.		

Reading: the grayed areas correspond to coefficients associated with variables that have little or no significance. The estimation was obtained using the SAS CATMOD procedure.

Scope: excluding student households, with positive or null declared income, and positive disposable income.

Note: inadequacy at the start of the school year in the child's 15th year.

Sources: Insee-DGI, Tax income 1999 and 2000 surveys, Cerc calculations.

Appendix 2

Estimating the cost of an exit from the schooling system without any qualification

To what extent can we evaluate the cost (for the individuals themselves as also for society) of allowing children to exit from the schooling system without a degree, or evaluate the "profitability" of a fall in school failure rates? An appraisal of this type is a complex procedure, and the estimations below make no claim to precision – they merely give an order of magnitude.

The principle used is to measure the extra income earned in one's working life attributable to an exit from the schooling system with a CAP/BEP diploma or a vocational *bac* as opposed to a leaving without a degree : it is linked both to a rise in wages and to an increase in employment, or a decreased risk of inactivity and unemployment (see Table 7).

This extra income is compared against the cost of education, be it private (loss to make up for) or public-funded education (cost of teaching). For this, we must make various assumptions (insert).

Assumptions made for calculating the rate of return

The assumptions made concern firstly the cost of education pertaining to the exit of young people from the schooling system without a degree, with a CAP/BEP vocational training diploma, or with a vocational *baccalauréat*. We assume the supplementary cost of education to be three years of study for a CAP/BEP and five years for the vocational *baccalauréat*, with a unit cost of 9,500 euro per year corresponding to the cost of training a student in the vocational section of the secondary level in 2001 (Martinez, Moutin and Ragoucy, 2002).

We must also consider the loss of earnings resulting from the fact that during these years of study, the persons concerned are not working and do not receive any income. This loss of earnings is estimated by supposing that those who exit with qualification would be paid the Smic (minimum wage), and they would encounter the average rate of unemployment of those who leave without any qualification, namely 31.7% in March 2002 for the 15-24 age cohort (with a replacement rate of 50% during the periods of unemployment). On the whole, the cost of training for a three-year CAP/BEP vocational training (or respectively a five-year training for a vocational *bac*) is 28,500 euros (respectively 47,500 euros), and the loss of earnings is 28,000 euros (respectively 46,600 euros).

As concerns the hypotheses required for evaluating the associated gains, two key points must be considered, namely gains linked to the rise in wages and those linked to an increase in employment (fall in inactivity and unemployment).

As for the wage effect, we use the evaluations of the impact of the degree on the wages that have already been established – the wage premium associated with a CAP/BEP degree level with respect to an exit without any qualification is about 12% (12% according to Goux and Maurin, 1994, and about 13% according to Trannoy et al., 2003); whereas it is 20% for a vocational *bac* (18% according to Goux and Maurin, 1994 and about 24% according to Trannoy et al., 2003).

The average wage over the career of an unskilled employee is fixed at the Smic (minimum wage) increased by 20% to account for the impact of experience (by applying a wage rise of about 1% per year).

For the effect of unemployment, we observe the differences in the cross section of unemployment rates in March 2002 for the 25-64 age cohort, namely 12.8% for persons without a degree, 6.7% for persons holding a CAP/BEP vocational training diploma, 7.0% for those holding a *baccalauréat* degree. During the periods of unemployment, the income is obtained by applying a replacement rate of 50% to the average wage calculated over the person's entire career. During the periods of inactivity, it is null.

One way to appraise the net gain of the training is to compare the immediate private costs (loss of earnings) against an estimation of the expected future wage gains (discounted using a fixed rate of 5%) – the net gain is highly positive and represents about 40,000 euros (Table 9).

Table 9 – Net gain from an exit with a CAP/BEP or a *baccalauréat* as compared to an exit without a degree

		in euros	
Costs		CAP / BEP	<i>Baccalauréat</i>
	Loss of earnings (a)	28,000	46,600
	Cost of training (b)	28,500	47,500
Net wage gains	(c)	69,000	88,500
Net private gain	(c - a)	+ 41,000	+ 41,900

Note: we assume the wage advantage of holding a CAP/BEP over an exit without a degree to be 10%, and 20% for the *baccalauréat*. For further details, see the insert.

These orders of magnitude show that the rate of return of an exit with a vocational diploma or a *baccalauréat* is clearly higher than 5%. We can specify the extent of these gains by calculating the rate of return required to make the costs equal to the discounted future gains (Table 10).

Table 10 – Private return of the exit with a CAP/BEP vocational diploma or a vocational *bac* compared to an exit without a degree

	as a %age	
	CAP / BEP	Voc. <i>bac</i>
Wage effect according to Goux and Maurin (1994)	16	11
Wage effect according to Trannoy et al. (2003)	16.5	12.5

Note: for the calculation details, see the insert.

The estimations obtained show a private rate of return of about 15% for an exit with a CAP/BEP and 10% for a vocational *bac*. The private rates of return are therefore high.

One major underlying hypothesis is that of the relative wages remaining constant in the future. It is probable that the wage bonus of degrees decreases with their being generalized, as is the case with the *baccalauréat* since the seventies (Goux and Maurin, 1994). Besides, this is no doubt applicable for the impact on unemployment as well. Even if the wage bonus is highly reduced due to this fact (for example, using a maximal assumption reduced by half), the returns are nonetheless likely to remain significant.

Private/public/social return

When the private return is sizeable, we can also assess to what extent an exit with a CAP/BEP or a vocational *baccalauréat* translates into net revenue for public finance, and what is the total gain amount (public and private). For this, we suppose that the deductions are made only in the form of contributions (employee and employer contributions representing respectively 20% and 40% of the gross wage). The tax gains are therefore not taken into account – they are assumed to increase the public gain without modifying the total gain.

Firstly, we observe that with a discounting rate of 5%, the public gain is also clearly positive (net gain between 10,000 and 20,000 euros).

Table 11 – Net gain from an exit with a CAP/BEP or a *baccalauréat*

in euros

		CAP/BEP	<i>Baccalauréat</i>
Costs	Loss of earnings (a)	28,000	46,600
	Cost of training (b)	28,500	47,500
Gain	Net wage (c)	69,000	88,500
	Deductions (d)	49,300	58,500
Net gain	Private (c - a)	+ 41,000	+ 41,900
	Public (d - b)	+ 20,800	+ 11,000
	Total (c + d - a - b)	+ 61,800	+ 52,900

Note: we assume the wage advantage of holding a CAP/BEP over an exit without a degree to be 10%, and 20% for the *baccalauréat*. Moreover, the extra future income is discounted using a fixed rate of 5%. For further details, see the insert.

In fact, the associated rate of return is high, i.e. ranging from 5 to 10% for the public yield and 10 to 15% for the total yield.

Table 12 – Rate of return of an exit with a CAP/BEP vocational diploma or a vocational *bac* as compared to an exit without a degree

as a %age

	CAP / BEP	Voc. Bac
<i>Private yield</i>		
Wage effect according to Goux and Maurin (1994)	16	11
Wage effect according to Trannoy et al. (2003)	16.5	12.5
<i>Public yield</i>		
Wage effect according to Goux and Maurin (1994)	10	6.1
Wage effect according to Trannoy et al. (2003)	10.5	7.0
<i>Total yield</i>		
Wage effect according to Goux and Maurin (1994)	12.5	8.0
Wage effect according to Trannoy et al. (2003)	13	9.4

In the area of child poverty, is France's position better or worse than its European Union partners? Are there any factors specific to France? Taking a close look at the responses to these two questions would enable us to highlight the analyses conducted and the public policies adopted by some of the EU countries in this area, and which we could draw on. We will therefore give a comparison between all the countries in the European Union, followed by a more in-depth analysis of the results of certain countries.

Based on the definition given by the Council of European Communities in 1984 (Summary chapter), monetary poverty must be calculated with a poverty threshold specific to each country, but which is defined in a homogeneous manner. One harmonized source of information enables, for the moment, the most reliable¹ comparisons in Europe, namely the European Community Households Panel ECHP (insert in Chapter I).

GENERAL RESULTS

The available data, drawn from the studies published², are relatively old – we will focus on those that pertain to income in 1995, estimated in the 1996 wave of the European panel (insert). This reference may seem outdated³ and a more recent wave could have been used. It however enables us to highlight the main characteristics of child poverty in the European countries. Besides, as it is closer to the panel's starting year, it limits the risk of bias due to the attrition of the panel. In certain countries, substantial changes were brought about with the change in the economic climate and the vigorous policies implemented in the fight against child poverty. These changes are mentioned in the specific analysis of the concerned countries.

Definitions used in European comparisons

This chapter mainly uses one study (Lapinte, 2003) on child poverty conducted using the European Community Household Panel ECHP. The poverty line is defined as a proportion (40, 50 or 60%) of the median standard of living of households. We then calculate the proportions (poverty rate) for persons or children who are below the poverty line. The study is based on children aged 16 years and under. In the classification based on family size, however, any young person aged 21 years and under is considered to be a child.

In the listed works on permanent poverty, the cut-off age for a child is 18 years.

We can broach the issue of monetary poverty in three ways. Firstly, we can use the proportion of the population that is poor ("poverty rate"), as also the extent of the gap on an average between these persons and the poverty line ("poverty intensity").

(1) As some problems of measurement and harmonization of procedures persist, we have used only the most significant results that have also been established by other sources.

(2) In this chapter, we have used the studies by Aude Lapinte (2002 and 2003) as a basis for our analysis; we must also stress upon the major lecture by Jeandidier et al., (2003) at the colloquium on "Child poverty in France", whose results tally with those given here.

(3) Based on the results published by Eurostat using the European Community Household Panel ECHP, there was an overall decrease in the poverty rate in most countries between 1995 and 1999. However, we do not have any assessments specific to children.

Finally, we can study the more or less transient nature of these episodes of poverty ("persistence of poverty") as there is obviously a difference between undergoing a brief setback and being steeped in long-term poverty without managing to rise from it.

Child poverty rates

Be it for the entire population or children aged 16 years and under (as is the case in this analysis), the proportion of the poor in France is within the Community average (Table 1) if we use the general criterion for the poverty line at 60% of the median. In this respect, France rubs shoulders with other countries such as Germany, Belgium, Luxemburg, and Greece. With a narrower criterion of poverty (poverty line at 50% of the median), France occupies a more favorable position⁴. This points to the high density of children whose monetary standard of living is placed just above the poverty line normally used as the benchmark in France.

Another rather generalized characteristic seen in Europe is that in several European countries including France, the child poverty rate is slightly higher than the poverty rate of the entire population.

There are two countries that are set apart in this regard, namely Denmark and Finland⁵. Not only is their overall poverty rate very low, but their child poverty rate is even lower. The other countries however, generally have higher child poverty rates (Italy and Greece being exceptions), even when the general poverty rate is itself quite high.

Table 1 – Monetary poverty rate in Europe in 1995

	as a % age			
	All		Children	
	Threshold at 50 %	Threshold at 60%	Threshold at 50 %	Threshold at 60%
Belgium	11	17	12	17
Denmark	6	11	2	4
Germany	12	16	15	20
Greece	14	21	12	19
Spain	12	19	16	23
France	9	16	10	18
Ireland	8	18	11	24
Italy	13	19	15	22
Luxemburg	6	13	8	19
The Netherlands	7	12	7	14
Austria	7	13	8	16
Portugal	15	22	17	23
Finland	7	12	4	7
United Kingdom	12	19	17	25
European Union	11	17	12	19

Children aged 16 years and under.

Sources: European Household Community Panel, wave 3 (1996), Drees calculations.

(4) This holds true for the entire population as well.

(5) According to other sources, Sweden and Norway are believed to have a similar status. See the study by Forssén (2000) for example, that uses the data from the Luxemburg Income Study. Also see Kangas and Ritakallio (1998).

Compared to France, certain countries⁶ such as the United Kingdom register a high poverty rate for the entire population; moreover, the risk of child poverty is higher than for the entire population, and the gap is wider than in France.

We must take a closer look to see why this is so. As we did in Chapters II and III, we will endeavor to determine to what extent these differences stem from sociodemographic structures, the generosity of social transfers intended for households with children, or the existence of provisions for facilitating access to employment for families with children.

Intensity of poverty

Going beyond the mere counting of poor children (poverty rate), we can see that, in France as in several other countries, the intensity of child poverty appears to be lower than the intensity of poverty for the entire population (Table 2). This may be the result of the effect of family social transfers that are means-tested.

Here again, Denmark and Finland remain at the top position with lower poverty rates and poverty intensity.

France's position, based on the criterion of poverty intensity, is better than its position in terms of the poverty rate. This better performance by France is underlied by the effects of the social minima allowances that push up those with a low standard of living close to the poverty line, without enabling most of the beneficiaries to cross the poverty line.

Table 2 – **Intensity of poverty**

as a % age

	All		Children	
	Threshold at 50 %	Threshold at 60%	Threshold at 50 %	Threshold at 60%
Belgium	29	29	27	25
Denmark	26	29	20	18
Germany	34	34	36	36
Greece	35	37	34	36
Spain	32	35	35	38
France	26	27	23	23
Ireland	24	32	23	30
Italy	36	38	38	41
Luxemburg	22	28	20	26
The Netherlands	34	42	32	45
Austria	26	31	24	26
Portugal	35	37	38	41
Finland	27	31	21	20
United Kingdom	26	25	27	24
European Union	31	36	29	33

Children aged 16 years and under.

Note: the intensity of poverty is calculated as the gap between the average standard of living of the poor and the poverty line, expressed as a ratio of the poverty line.

Sources: European Community Household Panel, wave 3 (1996), Drees calculations.

(6) It may also be worthwhile to study the case of Germany that has a higher general poverty rate and child poverty rate than France. This is definitely also due to the marked disparity between the West and East Länder.

Persistent poverty

Being subject to long-term poverty (and especially in one's childhood as opposed to one's teen years) may have a negative effect on the future of children in the long run that is far more devastating than being exposed to transient poverty. This intuition is confirmed by various Anglo Saxon studies conducted by tracking cohorts of children till they reached adulthood.

Quite often, the duration used for characterizing persistent poverty is three years. This rather arbitrary choice partly results from the scarcity of panels for long periods and the phenomenon of attrition (loss of a part of the persons tracked). The rare studies that exist for France are based on the European panel⁷ and concern a specific period, namely the mid-nineties, during which unemployment had peaked, although we know that poverty and its dynamics are not totally immune to changes in the economic climate. Finally, there were few studies conducted specifically on children.

Persistence of poverty in the entire population

In 1996, about four out of ten poor persons were in a poor household since at least three years, based on the European level (poverty at 60% of the median). With this definition, persistent poverty concerned 25 million people, i.e. 7% of the European population. France had an average position as regards persistent poverty – 6% of the people were in a condition of persistent poverty, a level comparable to that of Germany, Belgium and the United Kingdom (7%). In Denmark and in the Netherlands, the persistent poverty rate is markedly lower than the European average (3%), while it is higher in the southern European countries and particularly so in Greece (10%) and in Portugal (12%).

Children under 18 years, especially those living in single-parent families, constitute together with young adults⁸ and persons over 65, the populations that are most exposed to the risk of persistent poverty (Linden and Mejer, 2000). In France, as in most European countries, the persistent poverty rate for children is higher than the average rate. 7.5% of children were living in poverty in each of the three years from 1994 to 1996 as compared to 6% for the entire population (Table 3). This persistent poverty rate is comparable to that of Belgium (7.5%), Germany (8.5%) and Greece (6.5%). It is higher in Italy (10%), Spain and the United Kingdom (10.5%), in Ireland and Portugal (12%). It is markedly lower in the Netherlands (4%), and especially in Denmark (1%)⁹. These results are weakened due to the lack of precision in the measurement of individual changes in income in the European panel, which may moreover be to varying degrees between countries.

In the United States, persistent poverty of children is on the whole considerably higher than in the European countries, including those with the highest rates.

(7) The European Community Household Panel ECHP however offers the advantage of studying the persistence of poverty over periods exceeding three years, once all the waves available as of now have been integrated (Zoyem, 2002). The annual Tax income survey should enable studying the evolution in persistent and monetary poverty in France using the three-year period as the reference.

(8) In France, the risk of persistent poverty is the highest for the 18-24 age cohort (+40%). It is lower than the average for the 25-54 age cohort and goes up for 55-64 age cohort (+25%) and for persons aged 65 years and above (+4%).

(9) In Denmark, the population that is most affected by persistent poverty is the 65+ age bracket.

Table 3 – Persistent poverty (poverty line at 60% of the median)

	as a %age	
	All	Children
Belgium	7	7.5
Denmark	3	1
Germany	7	8.5
Greece	10	6.5
Spain	8	10.5
France	6	7.5
Ireland	8	12
Italy	8	10
Luxemburg	5	6.5
The Netherlands	3	4
Austria	nd	nd
Portugal	12	12
Finland	8	nd
United Kingdom	7	10.5
European Union	7	9

Children aged 17 years and under.

Sources: European Community Household Panel ECHP, waves 1, 2, 3 (1994, 1995, 1996), Eurostat calculations.

Based on the household type, families with children that are most exposed to persistent poverty are single parents and couples with at least three dependent children. Couples having one or two dependent children are however, less exposed than the average.

Results on the dynamics of longer-term poverty are available in certain countries with sufficiently long panels. They enable refining the analysis of the entry/exit processes (taking their repetition into account) and identifying persistence in a more precise manner.

Using a panel over the period between 1991 and 1999 in Great Britain, a study (Jenkins, Rigg and Devicienti, 2001) illustrates the fact that over a four-year period, only 60% of children had never known poverty, and this figure fell to 45% over a nine-year period. In other terms, over a ten-year period, more than half of the children undergo a bout of poverty in the United Kingdom. It is possible to distinguish between the paths taken by the 55% who have undergone poverty at least once – poor one time (13%), alternated between periods of poverty and non-poverty (32%), or poor for at least seven of the nine years in the panel (10%). Bouts of poverty undergone by children are mostly within the average calculated for the entire population, whereas the longer-term poverty of children is much higher than for the entire population.

This information is also available based on the household type. 30% of single-parent families were poor for at least seven years out of nine, and only 20% of them did not experience any episode of poverty over the nine-year period.

GOING TO THE SOURCES OF POVERTY

Low primary income

The knowledge of the factors that cause these differences between countries may serve as a guideline for the attempts to reduce child poverty. The impact of work income and of transfers will be studied successively, as in Chapters II and III.

Several studies evaluate the effect of primary income on poverty by calculating the "pre-transfer" poverty rate.

This synthetic approach is not devoid of methodological problems; we have therefore given only a brief account of the results in the insert, and have chosen to develop on a more analytical study.

Monetary poverty before and after the transfers

The calculation of a "pre-transfer" poverty is based on a fictitious reference situation – we use the poverty line calculated after the transfers to estimate the proportion of persons whose primary income (per consumption unit) is lower than this line. If we ignore all the transfers, the primary income would obviously not be the same. Furthermore, in the source used, i.e. the European Community Panel, the work income considered is net of income tax. In other words, we consider the primary income after subtracting the taxes that serve to finance the social transfers but we do not add the transfer amounts back. This set of conventions results in a high rate of poverty based on the market income levels in certain countries such as Denmark, which is largely artificial¹⁰. Despite these reservations, we have given below this indicator which is used conventionally (Table 4).

Table 4 – "Pre-transfer" monetary poverty rate in Europe in 1995

	All		Children	
	Threshold at 50 %	Threshold at 60%	Threshold at 50 %	Threshold at 60%
Belgium	22	28	29	36
Denmark	21	30	19	27
Germany	18	23	24	30
Greece	16	23	13	20
Spain	19	26	22	30
France	20	27	28	35
Ireland	28	33	35	40
Italy	15	21	17	24
Luxemburg	16	24	24	37
The Netherlands	19	24	18	27
Austria	15	24	23	35
Portugal	19	27	22	30
Finland	27	34	32	41
United Kingdom	27	32	35	40
European Union	19	26	23	31

Children aged 16 years and under.

Sources: European Community Household Panel, wave 3 (1996), Drees calculations.

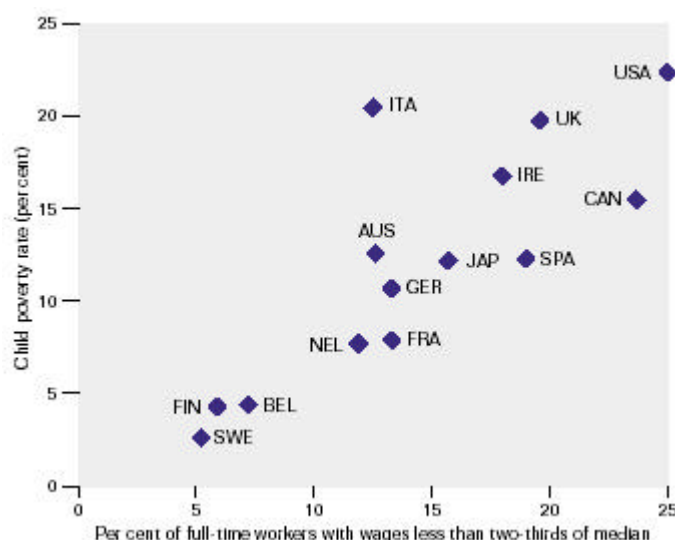
In several European countries including France, the gap between the status for the entire population and the worse-off condition of children is a sign of low work income for families with children.

Effect of wage inequalities

Low primary income may result from acute wage inequalities (compensation rates); and it is a known fact that the situation is different in each country. Wage inequalities are much higher in the United Kingdom (at least before the introduction of the minimum wage in 1999) than in France. The correlation between the risk of child poverty and wage inequality (Graph 1) is patent; it is in fact quite unexpectedly intense.

(10) See Kangas and Ritakallio, 1998 mentioned earlier.

Graph 1 – Child poverty and wage inequalities



Graph taken from "A league table of child poverty in rich nations", Innocenti report card, Issue 1, June 2000.

Impact of under-employment

This low level of primary income can also result from the low employment rate of families with children. It is therefore particularly important to analyze the employment relationship in poor families. As expected, the further the parents are from employment, the greater the risk of poverty among children (Tables 5 and 5a).

Table 5 – Child poverty rate based on the parents' employment status

Couples	as a % age				
	Not employed	1 part-time job	1 full-time job	1 full-time job, 1 part-time job	2 full-time jobs
Belgium	66	21	17	7	7
Denmark	25	15	8	2	1
Germany	76	26	19	8	8
Greece	28	35	19	15	8
Spain	47	52	24	12	9
France	64	57	23	9	3
Ireland	72	34	12	3	2
Italy	55	52	27	6	6
The Netherlands	51	27	13	5	13
Austria	31	31	20	6	9
Portugal	50	55	32	33	11
Finland	23	13	5	4	5
United Kingdom	63	60	18	6	4

Note: the data is fraught with a considerable lack of precision due to the small size of the samples.

Sources: European Community Household Panel ECHP, Drees calculations.

Table 5a – **Child poverty rate based on the parent's employment status**
Case of single-parent families

	as a % age		
	Not employed	One part-time job	One full-time job
Belgium	55	41	12
Germany	62	53	40
Greece	62	42	20
Spain	69	60	27
France	78	86	15
Ireland	59	59	13
Italy	56	10	7
The Netherlands	56	23	23
Austria	33	44	23
Portugal	46	75	42
United Kingdom	63	61	26

Note: the data is fraught with a considerable lack of precision due to the small size of the samples; we therefore could not include the results for certain countries.

Sources: European Community Household Panel ECHP, Drees calculations.

In all the countries, the lack of employment of parents causes the risk of child poverty to rise sharply. The greater the density of employment, the more the poverty rate tends to decrease.

On the whole, poverty of families with children appears to be closely linked to their low work income, be it associated with non-employment (unemployment or inactivity), inadequate job duration and/or low work compensation level.

However, given the unemployment and employment structures, poor children most often belong to "working poor" families (Table 6).

It was only in the United Kingdom and in Ireland that there was a majority of poor children in families without any employment, in 1995. However, the problem of exclusion from employment is quite serious in Belgium and France as well.

Table 6 – **Proportion of poor children whose parent or parents is/are not employed**

	Threshold at 50 %	Threshold at 60%
Belgium	50	50
Denmark	39	28
Germany	33	31
Greece	18	14
Spain	34	28
France	41	31
Ireland	67	65
Italy	20	16
Luxemburg	24	19
The Netherlands	28	30
Austria	12	16
Portugal	17	14
Finland	34	40
United Kingdom	56	55

Sources: European Community Household Panel, wave 3 (1996), Drees calculations.

The classification of countries according to their poor families' exclusion from employment does not, however, tally with the classification based on the rates of unemployment (or rather non-employment) of the population in the working age bracket. The differences between countries as regards the employment rate in families, which in turn lead to differences in the child poverty rate, do not result solely from macroeconomic differences in activity or unemployment rates. They also arise from the manner in which each society encourages parents with dependent children (especially very young children) towards employment, and how it facilitates their access to it.

Several factors can contribute to this poverty of earned income¹¹, and it is difficult to analyze them fully using merely European wide comparisons. The parents' characteristics (qualification level, country of origin, etc.) may lead to their being unemployed more frequently, or holding only part-time jobs, or jobs that are not well-paid. The poverty rate that is higher in large families or in single-parent families (Table 7) could also be a result of the socioeconomic characteristics specific to these categories of parents which may be different from those of couples with one or two children.

However, families with children are likely to encounter the added difficulties of simultaneously holding a job and caring for the younger children or minding the teenagers¹². The cost and availability of child care arrangements during working hours is a key factor influencing the employment rate and thereby, the poverty rate. European countries differ widely from each other on this point. This is illustrated in the analysis of certain national situations given at the end of the chapter.

The low employment rate of families with children may also be affected by the lack of incentive to find a job due to the social benefits profile.

Family structures

The risk of poverty varies greatly based on the family structure (single-parent families or couples with children, complex households¹³), and the number of siblings.

In general, child poverty rate is distinctly higher in single-parent families (Table 7) than in households of couples with children. In complex households, the child poverty rate is usually high.

Besides, the poverty rate increases with the number of children in the family. In the case of couples with one or two children, the poverty rate barely differs (it is often lower for families with one child) from the poverty rate observed for the entire population. It is in Finland and Denmark that the risk of poverty is least dependent on the family structure.

(11) As mentioned by Sweeney (2000).

(12) The American studies mention the problem of watching over young or older teenagers by speaking of the mother's "door-keeper" role.

(13) In several countries in southern Europe, complex households usually include several generations of adults, young parents who live with their families, thus testifying to a greater recourse to family solidarity.

Table 7 – Child poverty rate and structure of households

<i>Threshold at 60%</i>	Couple with 1 child	Couple with 2 children	Couple with 3 children or more	Single-parent family	Complex household
Belgium	9	15	24	32	14
Denmark	4	3	4	8	17
Germany	10	15	23	50	27
Greece	10	16	20	34	31
Spain	15	19	38	45	23
France	8	10	25	42	26
Ireland	10	12	27	48	24
Italy	14	17	40	21	24
Luxemburg	11	12	25	44	22
The Netherlands	9	9	16	41	12
Austria	9	10	27	30	17
Portugal	10	17	36	44	28
Finland	9	6	7	7	20
United Kingdom	10	12	24	56	42
European Union	10	14	25	36	25

Sources: European Community Household Panel, wave 3 (1996), Drees calculations.

What are the factors that step up the risk of poverty for single-parent families and large families?

The specific characteristics of persons concerned may play a definite role in causing them to live in these family structures and to have low income levels.

This is probably the case in the Anglo Saxon countries as concerns single-parent families in which the proportion of underprivileged single mothers is high. In the United States for instance, poor or Welfare-dependent single-parent families are more often black or Hispanic, with lower qualifications or level of studies, and have often undergone teen pregnancies. This is certainly less widespread in France or in the Scandinavian countries.

Also, the socioeconomic characteristics of large families are doubtless not the same as those of other families with children.

It is clear, however, that single-parent families and large families are more likely to face problems of reconciling their professional life and parental duties, thus causing their employment rate to decline and/or the frequency of part-time employment to rise.

It seems that, in all single-parent families (poor or not), under-employment is particularly high (Table 8) whereas it is not as frequent (Table 8a) among couples with children (it is impossible to set apart couples with three or more children, in whose case under-employment is most probably much higher).

Table 8 – **Distribution of children from single-parent families based on the intensity of employment**

	as a % age		
	Not employed	One part-time job	One full-time job
Belgium	37	15	48
Denmark	28	5	67
Germany	32	24	44
Greece	29	7	64
Spain	31	15	54
France	33	9	58
Ireland	61	14	25
Italy	28	6	66
Luxemburg	27	14	59
The Netherlands	55	25	20
Austria	25	21	54
Portugal	12	5	83
Finland	37	4	59
United Kingdom	65	18	18
European Union	38	13	49

Sources: European Community Household Panel, Drees calculations.

Table 8a – **Distribution of children of couples based on the intensity of employment**

	as a % age				
	Not employed	One part-time job	One full-time job	Two jobs, of which at least one part-time job	Two full-time jobs
Belgium	12	2	31	19	36
Denmark	4	2	20	16	57
Germany	6	2	37	30	25
Greece	6	2	50	6	37
Spain	11	3	54	7	24
France	5	1	36	12	44
Ireland	18	6	41	16	19
Italy	4	4	55	10	27
Luxemburg	2	1	53	23	20
The Netherlands	4	3	42	44	6
Austria	5	2	35	23	35
Portugal	4	1	32	6	57
Finland	10	2	38	6	44
United Kingdom	10	2	28	36	25
European Union	7	2	42	17	32

Sources: European Community Household Panel, Drees calculations.

Although the poverty rate analysis places the emphasis on single-parent families and families with three or more children, the frequency of these family configurations varies between countries. This structure effect can worsen the overall child poverty rate in each country.

In most countries including France, among poor children, the proportion living in single-parent families, families of couples with three or more children, and complex households, reaches or exceeds the two-thirds mark (Table 9).

Table 9 – Distribution of poor children based on family structure

<i>Threshold at 60%</i>	Couple with 1 child	Couple with 2 children	Couple with 3 or more children	Single-parent family	Complex household
Belgium	7	30	39	21	3
Denmark	15	36	26	16	6
Germany	9	31	30	24	6
Greece	8	42	18	7	25
Spain	10	38	33	4	14
France	8	22	47	19	5
Ireland	3	12	59	18	8
Italy	13	35	37	4	10
Luxemburg	9	25	40	12	14
The Netherlands	7	31	42	19	2
Austria	10	26	30	17	18
Portugal	7	26	32	12	23
Finland	16	29	34	15	6
United Kingdom	5	17	24	45	9

Sources: European Community Household Panel, wave 3 (1996), Drees calculations.

We have seen, however (Chapter II) that at least for France, the child poverty rate in families of three children is low. The problem of large families mainly concerns couples with four children or more, which is relatively rare. Unfortunately, given the size constraints of the European panel, we cannot single out these family types.

Social transfers in favor of children

Beyond the impact of the family's work income on the child poverty rate or intensity, lies another factor – that of the magnitude of social transfers in favor of families and the extent to which they are targeted, if at all, at low-income families. This area of analysis is vital for comparing the policies adopted in the different European countries. It is however difficult to control. The extent of transfers in favor of families with children depends both on the "generosity" of the benefits (or tax credits) in each specific situation and the frequency of such situations.

Several approaches can be used to measure the impact of transfers on child poverty (insert).

The role of transfers in the reduction of child poverty can be analyzed based on the lead cases given below, drawn from¹⁴ the Bradshaw and Finch study (2002). They concern a more recent date (July 2001) than the year used for the previous analyses (1995). For the various family configurations, the standard of living (disposable income per consumption unit) is estimated in two work income situations.

(14) More precisely, Cerc used the data base built by these authors with the help of correspondents in each country, to calculate the tables given here.

In the first table (Table 10), the subjects are not employed, and possibly receive the minimum wage or national equivalents if they exist.

In the second table (Table 11), the subjects earn a wage equal to half the average wage for men (which in France is approximately the full-time Smic minimum wage¹⁵).

It would have been useful to compare these lead cases against the poverty line in each country, as in Chapter II for France. However, an extrapolation of these thresholds in 2002 harbors too much uncertainty. Tables 9 and 10 compare the standard of living of the various lead cases against that of an unmarried person earning the average wage of men; this situation should not be too far removed from the median standard of living of each country.

Impact of transfers on child poverty

The preliminary approach consists of appraising, based on household surveys, the gap between the pre-transfer income (Table 4 given earlier) and the income including transfers. One major problem in the data source used for Europe-wide comparisons (European Community Household Panel) is that the work income declared is net of direct taxes (tax withholding being the norm in all countries except France, this data source does not specify the direct taxes paid by the households in these countries). The share of transfers in favor of families that are granted in the form of tax credits varies from one country to the other. We must therefore handle the results obtained from this type of approach cautiously¹⁶.

The second consists of microsimulation works in which, based on this type of household surveys, we can reconstruct the impact of the various transfers, either as they are declared directly, or by recalculating them. Microsimulation models such as Euromod can be used for European-wide comparisons. Unfortunately, such microsimulation data is not available for many European countries, including France.

The final method used is to track lead cases for which we calculate all the transfers and direct taxes for the various work income levels and family configurations, for each country. The most recent use of this method is a study by Bradshaw and Finch (2002) for the British Department for Work and Pensions. It is cited here.

At the outset, we must study the family structures. In most of the countries including France, and for both work income situations (no work income or half of average wage), the standard of living of children in single-parent families is better than that of couples' children. It would appear that social transfers provide a better cover for children of lone parents¹⁷.

By taking these different lead cases or their average in each country, we find that for the Southern European countries, transfers (net of direct taxes) contribute little to maintaining the standard of living, especially in a non-employment situation. This result complies with the observation in the European panel, that the child poverty rate is relatively high in these countries.

(15) Half of the average wage for men: 1,170 euros; Smic for 39 hours = 1,126 euros.

(16) Examples of this type of approach are given in Lapinte (2002 and 2003) or Jeandidier et al. (2003).

(17) This point can be debated upon given that the equivalency scale used for calculating the number of consumption units for the household does not vary the weighting assigned for children based on their family structure. See Dell and Legendre, 2003a.

Table 10 – Relative standard of living in the event of non-employment

Standard of living Case 8	Lone parent + 1 child aged 7	Lone parent + 2 children aged 7 and 14	Couple + 1 child aged 2 years and 11 months	Couple +1 child aged 7	Couple + 2 children aged 7 and 14	Couple +3 children aged 14 and 17	Average
Belgium	54	52	36	37	32	32	41
Denmark	63	60	62	61	54	46	58
Germany	47	51	41	41	42	40	44
Greece	5	8	4	4	4	4	5
Spain	19	18	15	15	15	14	16
France	40	39	32	33	35	35	36
Ireland	59	58	36	36	36	35	43
Italy	32	31	23	23	24	22	26
Luxemburg	42	43	41	41	42	41	42
The Netherlands	40	36	37	37	34	29	35
Austria	53	67	45	43	47	46	50
Portugal	25	29	29	29	31	33	29
Finland	37	37	34	34	34	32	35
United Kingdom	39	37	33	33	33	30	34
Sweden	34	33	31	32	31	29	32
Norway	56	53	36	43	43	39	45
Average	40	41	33	34	34	32	36

Reading: in France, the standard of living of a non-employed lone parent with a child aged 7, receiving the job seekers' minimum income RMI, is 40% of the standard of living of a single person earning the average wage for men.

Note: the "average" column is not weighted by the frequency of these lead cases. The "average" row is the country average not weighted by the country size.

Sources: Bradshaw and Finch, 2002, Cerc calculations.

Table 11 – Relative standard of living of a half-average wage earner

Standard of living Case 2	Lone parent + 1 child aged 7 years	Lone parent + 2 children aged 7 and 14	Couple + 1 child aged 2 years and 11 months	Couple +1 child aged 7 years	Couple + 2 children aged 7 and 14	Couple +3 children aged 14 and 17	Average
Belgium	55	54	44	43	43	42	47
Denmark	67	64	48	46	43	37	51
Germany	59	66	46	46	46	43	51
Greece	48	44	34	34	30	26	36
Spain	44	35	31	31	27	24	32
France	54	51	43	39	39	42	45
Ireland	67	60	45	45	42	38	50
Italy	13	16	12	11	15	18	14
Luxemburg	52	49	45	45	46	45	47
The Netherlands	61	53	43	44	40	34	46
Austria	66	74	46	45	47	46	54
Portugal	46	41	34	34	31	30	36
Finland	56	56	38	38	38	35	44
United Kingdom	56	51	42	42	40	36	45
Sweden	52	49	41	38	37	34	42
Norway	60	58	40	37	36	31	44
Average	53	51	40	39	38	35	43

Note: "average" column, see Table 10.

Sources: Bradshaw and Finch, 2002, Cerc calculations.

The results for Ireland and especially the United Kingdom cannot be directly compared with the child poverty rates observed above (for the year 1995). In fact, since 1997, there has been a major expansion of policies for the fight against poverty, and child poverty in particular, consisting mostly of far more "generous" transfers in favor of children from low-income families, as compared to the previous period (see below).

Finally, the results for the Scandinavian countries here is not particularly different (except Denmark) from the average results in Europe, or those of France. This result seems to contradict the fact that their child poverty rate is distinctly low.

While the child poverty rate (regardless of the child's family structure) in Finland, Sweden or Norway is far lower than in France, this does not seem to result from more generous transfers, but from the fact that in these countries, the situations represented in the lead cases (absence of employment or low wage income) are far less frequent than in France. Denmark's performance is most likely a combination of generous transfers and the rareness of the situations represented.

Synthesis

This analysis of the different factors that can aggravate the risk of child poverty (extent of wage inequalities, parents' under-employment, family structures and magnitude of transfers) does not allow designating the main cause of the good or poor performance of the countries. We could attempt a synthesis of these facts to throw light upon France's position.

It will be drawn up (without however, considering the aspect of wage inequalities) based on a study by Kangas and Ritakallio (1998).

These authors analyze the poverty rate (for the entire population) in the four Scandinavian countries and France by breaking down the impact of transfers and the effect of sociodemographic structures (age of the head of household, number of children, household structure, number in employment). They demonstrate that, if we use the poverty rates observed in each subcategory for France, but applied a sociodemographic structure that is close to the Scandinavian countries' average, France's overall poverty rate would be very close to the rates measured in these countries. Therefore, it would appear that demographic structures and the employment rate in particular are largely responsible for the gaps in the poverty rate in the entire population¹⁸.

By using the methodology of this study and applying it to the case of children, we could attempt to make a synthetic comparison between France and each member country in the European panel.

We will then try to determine France's position with respect to the two end groups, namely Denmark and Finland on one end, and the United Kingdom and Ireland at the other end.

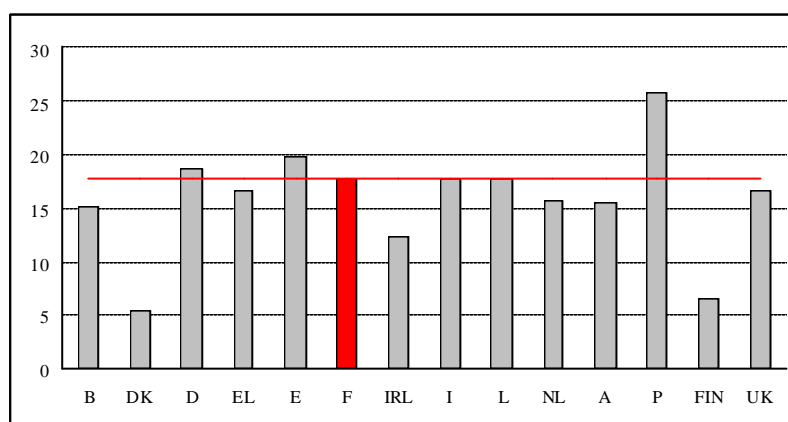
(18) In other words, if France had the demographic structures and the employment rates observed in the Scandinavian countries, its poverty rate would be reduced to the level of the Scandinavian rate; the opposite exercise (i.e. applying the French sociodemographic structures to the Scandinavian countries) would cause their poverty rate to rise sharply.

The sociodemographic structures considered are family structures (single-parenthood, couple), and the intensity of employment. In each "cell" thus created, we assess the child poverty rate in each country.

Effect of the differences in poverty rates

If France had the child poverty rate of each country in each of the cells, but kept its own sociodemographic structure, its overall child poverty rate would be different (Graph 2). For example, if we apply Denmark's rates, France's poverty rate would be lowered to 5%. The effect is more marked for Denmark and Finland, and to a lesser extent for Ireland. The gap between the actual situation and the artificial situation stems from the differences in the poverty rates in each sociodemographic condition.

Graph 2 – Child poverty rate in France by applying the rates of each country



Reading note: the graph represents what the child poverty rate in France would be if, in each cell (lone parent/couple, employment situations), the poverty rates were equal to those of the country concerned, but the weighting of the cells in the entire population of children remained the same as the one observed in France.

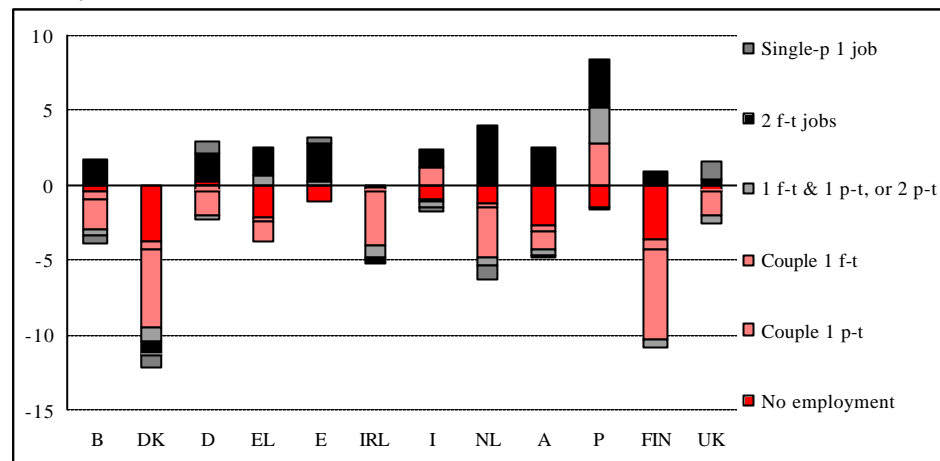
Sources: European Community Household Panel, Cerc calculations.

This overall effect is the result of higher poverty rates in certain cells but not in others, for France. It is therefore essential to highlight (Graph 3) the role that each of them plays in order to explain the overall gap calculated by applying the "French sociodemographic structure".

Two employment situations play a major role in the creation of almost all the gaps between France and the other European countries. The poverty rate of couples with children where both parents are in employment, is more often lower in France than elsewhere (positive contribution in the graph) and considerably improves the overall result for France. The poverty rate of couples with a single full-time job, is often higher in France than the rates observed in the other countries – it puts France to a disadvantage (negative contribution) in terms of the overall rating "with the French sociodemographic structure".

Another synthetic observation: in the case of the Scandinavian countries, Denmark and Finland, for all the cells practically, the French poverty rate is higher. This invariable difference may explain, for a given structure, the wide gap in the child poverty rates between France and these two countries.

Graph 3 – Contribution of the gaps in poverty rates between France and each country



Reading note: the graph details the effect of the differences in poverty rates between each country and France, for each family structure and each employment situation. With respect to the previous graph, it illustrates the manner in which the gap is formed between the actual situation in France and the artificial one created by applying the poverty rates of the other countries in each cell.

Sources: European Community Household Panel, Cerc calculations.

However, in the case of the United Kingdom, the gaps between the poverty rates for each cell are quite narrow and may occur in both directions; as a result the gaps in the overall rating "applying the French sociodemographic structure" are not very wide. Therefore, the far higher child poverty rate in the United Kingdom compared to France stems mainly from the differences in the sociodemographic structures (see below). Finally, for Ireland (here again, the child poverty rate is much higher than in France), the poverty rates measured in each cell are all to the advantage of Ireland – the effect of the sociodemographic structures is even more significant in this case.

Sociodemographic structure effects

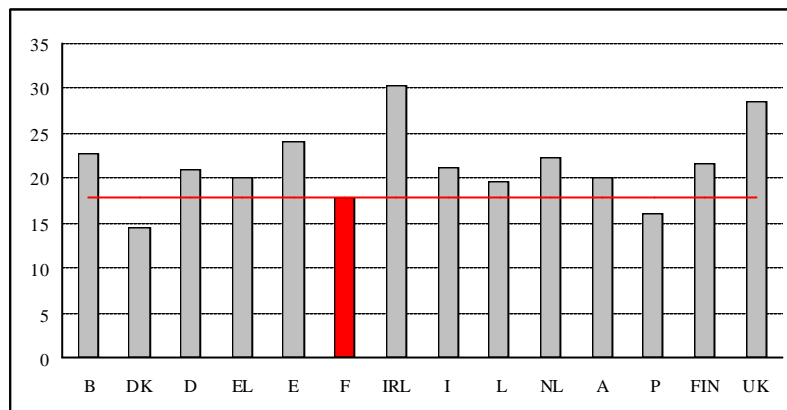
Using the same type of calculation, but by applying the sociodemographic structure of each country to France, the overall poverty rate would be aggravated in almost all the cases (Graph 4).

This result illustrates the fact that the poverty rate in France would be worse if France had the different sociodemographic structures of the other European countries; and the effect is particularly blatant in the case of Ireland and the United Kingdom.

The study of the sociodemographic effects brings out one factor that we have not developed much in this analysis, i.e. in the southern European countries¹⁹ (Greece, Spain, Italy, Portugal), there are a number of "complex families" often resulting from the cohabitation of three generations, whose poverty rate aggravates the total child poverty rate.

(19) Two other countries, Ireland and Austria, according to the European panel, declare a large proportion of "complex families", but their nature is not known. Is this a phenomenon similar to the southern European countries or a statistical artifact?

Graph 4 – Child poverty rate in France by applying the sociodemographic structures of each country



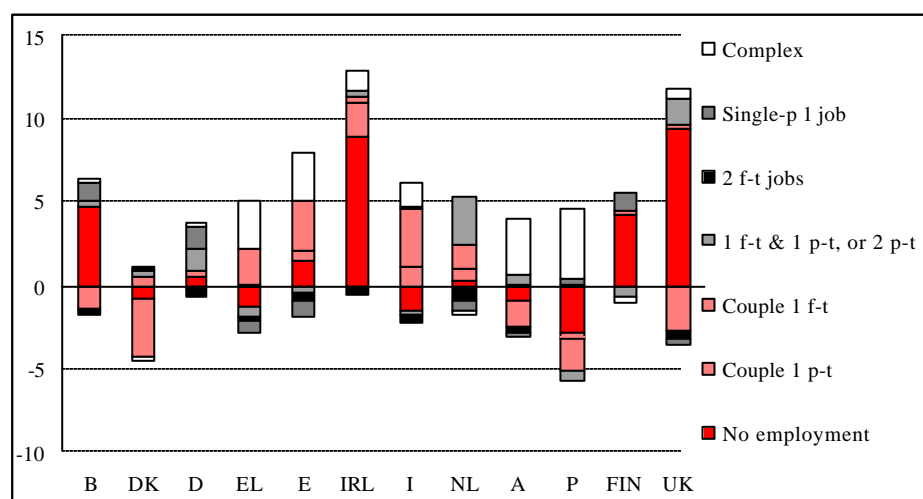
Reading note: the graph represents what the child poverty rate in France would be if, in each cell (lone parent/couple, employment situations), the poverty rates were those observed in France, but the weighting of the cells in the entire population of children was that of each country concerned.

Sources: European Community Household Panel, Cerc calculations.

Secondly, the frequency of non-employment situations, in the United Kingdom and in Ireland (as also in Belgium and Finland), causes a considerable increase in the child poverty rates in these countries as compared to the situation observed in France.

Finally, it seems that the sociodemographic structures contribute towards lowering the poverty rate in Denmark, in comparison with France.

Graph 5 – Contribution of the gaps in the sociodemographic structure between France and each country



Sources: European Community Household Panel, Cerc calculations.

As, however, the sociodemographic structures are not independent of the transfer systems (Welfare models), these results are partly conventional. They do draw attention on the importance of the access to employment for households with children.

The differences in sociodemographic structure explain a major part of the gaps in child poverty rates between France and the United Kingdom or Ireland. The non-employment rate of the entire population in these two countries is not more unfavorable than in France, but the concentration of single-parent families or couples with children among the number in unemployment or non-activity is far higher than in France.

This draws our attention to the conditions that may enhance the employment rate, especially for single-parent families and large families – suitable child care for very young children and child minding structure outside school hours for older children, so that the parents can reconcile their professional lives and their parental duties.

Public child care systems and parental leave provisions in Europe

The Scandinavian countries (mainly Norway and Sweden, but also Finland and Denmark) stand out from the other European countries through their dual policy of developing public infrastructures for young child care and granting paid parental leave covering at least the first year of the child. Most often, the right of access to public infrastructures is guaranteed by law and the municipalities are obliged to abide by it. 65% of children aged under 3 are enrolled in public child care systems in Denmark; in Sweden this is the case for half the population of children under 3 years. In Finland and Norway, the approach is slightly different in that the parental leave provision offers parents the possibility of rearing their child until the child is 2 or 3 years old.

What really sets these countries apart is their parental leave policy. Their leave period is often shorter than in other countries (from six to twelve months, for instance) and always paid in proportion to the person's wage (at least two-thirds of the income in Finland and up to 100% in Norway for the first 42 weeks). Besides, in Sweden, Denmark and Finland, the conditions for taking one's parental leave are extremely flexible – part-time leave or in several blocks.

Parental leave is not paid leave in six countries of the European Union, namely the United Kingdom (except for public sector employees), Ireland, Portugal, Spain, Greece and the Netherlands. In France, parental leave is not paid, but it may be combined with the parental child-rearing allowance APE (*allocation parentale d'éducation*) as of the second child,²⁰ provided that conditions of prior activity are satisfied.

Besides, only the Scandinavian countries and the Netherlands do not impose specific conditions for the entitlement to parental leave. In France, parents must have worked at least one year in the present company in order to be given parental leave and the guarantee of returning to their job, and must have worked for two years over the past five years preceding the birth (or over the past ten years if this is the third child) in order to be entitled to APE payment.

TWO EXEMPLARY CASES IN EUROPE

The European comparisons above highlight the importance of taking a closer look at child poverty in the Scandinavian countries (the case of Denmark is detailed here, but we can also study the case of Finland, as the European panel exists for both countries), and of studying the case of the United Kingdom (or that of Ireland) where the child poverty rate is distinctly higher than in France.

(20) As of the first child for a six month duration, from January 2004 within the framework of the PAJE young child allowance.

United Kingdom

In the mid-nineties, according to the ECHP²¹, the United Kingdom held the unflattering record of the highest child poverty rate in Europe (Table 1).

Moreover, there was a major increase in the child poverty rate since the end-seventies. Between 1979 and 1997-1998, the number of poor children (poverty line at 50% of the median income) rose from about 1.4 to 4.4 million²².

At the root of this extremely high child poverty rate as also its deterioration since the end-seventies, lies the gross inequality of primary income.

In the mid-nineties, wage inequalities (hourly wages) were rampant in the United Kingdom (as also in several Anglo Saxon countries; see Graph 1). They rose sharply²³ since 1977 (McKnight, 2000). The inter-decile ratio (ratio of the 9th decile to the 1st decile) rose from about 2.75 to 4 between 1977 and 1997.

Furthermore, the income mobility was reduced during this twenty year period – there were fewer number of persons in the low-income or unemployed category whose condition improved (for example by passing, from one year to the next or over a period of seven years, from the first quartile of wage gains to the second). This probably aggravated the persistent poverty numbers.

The proportion of lone parents is high (one out of five families whose head of household is in the working age bracket is a single-parent family, with a high proportion of mothers who have never been married or never cohabited with a partner²⁴). Their employment rate is particularly low and those in employment usually hold part-time jobs.

Where couples are concerned, job polarization is high – the proportion of couples without any job on the one hand, and households with two jobs on the other, is high, and the polarization also increased.

These two factors lead to a high frequency, among the poor child population, of poor children coming from families in which no adult was in employment (Table 5).

(21) Other British sources confirm these very high levels. When using national references, we must take care to consider the differences in method between the national publications and publications harmonized at the European level. The former in particular, use an equivalency scale called McClements, that tends to lower the child poverty rate slightly with respect to the scale used by Eurostat or Insee (see Department for Work and Pensions, 2002a, "Low-Income Dynamics 1991-2000", Appendix 5).

(22) HM Treasury (1999a) "Supporting Children through the Tax and Benefit System" using the annual data published by the Department for Work and Pensions under the title Households Below Average Income HBAI.

(23) The increase in wage inequalities affected the entire distribution. It was particularly marked at the top of the distribution (for example between the median and the ninth decile), but without any incidence on the poverty rate. It was also high between the first decile and the median, which directly affects the "pre-transfer" poverty rate.

(24) The rates are among the highest in Europe. It is even higher in the United States and in New Zealand.

"Tackling child poverty"

The fight against poverty was initiated right from 1997 by the new government headed by T. Blair. Given that in the previous policy phase, the poverty rate of the entire population and notably that of young people had soared, the Labour party had explicitly stated in its electoral commitments, its objective to combat poverty²⁵. In 1999, the government spelt out its objectives, namely "eradicate child poverty within twenty years²⁶" and halve child poverty rates within ten years.

The government defined an overall strategy, laid out in particular, in a report²⁷ « *Tackling child poverty: giving every child the best possible start in life* » by the Ministry of Finance (HM Treasury, 1999b), which was entrusted with the key role of spurring the required reforms.

Strategy for "Tackling child poverty"

This strategy was developed based on the diagnosis of child poverty and its future consequences, conducted with the huge participation of the scientific community²⁸.

Considering the fact that child poverty is mostly engendered through low work income linked to the low employment rate in families with children and the high numbers of low wage earners (see above), the first move of this strategy was **to make work pay**.

In this regard, a minimum wage (National minimum wage) was introduced on April 1, 1999 and a premium for employment mechanism for families was developed by replacing the Family Credit by the more generous Working Family Tax Credit²⁹ (WFTC) in October 1999. Besides, the social contribution profile (employer and employee contributions) was modified to do away with the highly marked low wage trap; finally the tax burden of the low wage earners was lightened by creating a first tax bracket with the rate of 10%.

The aids and incentives to help people in finding a job or in going back to one were stepped up by developing specific programs for the return to employment for the unemployed: the New Deal for Young People (since April 1998) and the New Deal for Lone Parents for unemployed heads of single-parent families. Besides, the scarcity of child care arrangement provisions (allowances and availability of a high-quality service) is one of the factors that hinder the access to employment for parents of young children (in the pre-school and elementary levels).

These two aspects were improved by stepping up the financial aid (through a WFTC component) and the child care service, especially in deprived districts. The child care service was enhanced in collaboration with the local authorities and associations (National Childcare Strategy introduced in May 1998).

Another initiative that contributes to the fight against monetary poverty among children, is the increase in family allowances (for all families and right from the first child) that is clearly higher than the inflation rate.

(25) "If the next Labour Government has not raised the living standards of the poorest by the end of its time in office it will have failed." T. Blair (July 1996).

(26) Extract from Blair, T. (Beveridge lecture, Toynbee Hall) *Beveridge revisited: A welfare state for the 21st Century*, "Our historic aim will be for ours to be the first generation to end child poverty forever, and it will take a generation. It is a 20 year mission, but I believe it can be done." in Walker, 1999.

(27) HM Treasury, 1999b. This report is a presentation model integrating a diagnosis, of the outline of the strategy and the explanation of the instruments implemented for the same. Also see HM Treasury, 1999a, "Supporting children through the Tax and Benefit system".

(28) Notably through a seminar organized by The HM Treasury and chaired by Hill, 1999 from CASE "Persistent Poverty and Lifetime Inequality: The Evidence" CASE report no. 5.

(29) Chambaz and Lequet-Slama (2000), Delarue (2000).

In acknowledging the multi-dimensionality of poverty, the government strategy aims at reducing the main risk factors, including:

- Learning difficulties, being expanded through the Sure Start program. The program was set up in underprivileged zones in coordination with the local actors. It aims at helping families and children up to the age of 3, to improve the latter's capabilities before starting school (social and emotional development, cognitive capacity, health). Measures have also been implemented to avoid early exit from schooling and/or to assist in the transition from school to work.
- The frequency of teen pregnancies is particularly high in the United Kingdom³⁰; this has an impact on the future of the young mothers and their children.

Encouraging results

According to the United Kingdom National Action Plan on Social Inclusion (NAP/incl) 2003-2005, child poverty appears to have fallen drastically between 1996/1997 and 2001/2002 – the poverty rate went down by about four points and the persistent poverty rate was reduced by as much.

Enhanced assessment methods

The last aspect characterizing the British experience was the definition of quantitative objectives in each area, the regular publication of tracking indicators, and the continued development of methods for assessing the measures implemented.

To assist in the fight against child poverty and enable its assessment, the British government undertook to define a range of indicators; it is interesting to note its methods.

First of all, it decided upon the publication of an annual report on poverty and social exclusion called "Opportunity for all", containing a vast range of indicators to measure the progress made against the quantitative objectives that were defined at the outset.

Of these indicators, the ones that pertain to children and young people are as follows:

1. *An increase in the proportion of seven-year-old Sure Start children achieving level 1 or above in the Key Stage 1 English and maths tests.*
2. *Health outcomes in Sure Start areas:*
 - *a reduction in the proportion of low birth-weight babies in Sure Start areas; and*
 - *a reduction in the rate of hospital admissions as a result of serious injury in Sure Start areas.*
3. *An increase in the proportion of those aged 11 achieving level 4 or above in the key stage 2 tests for literacy and numeracy.*
4. *A reduction in the proportion of trancies and exclusions from school.*
5. *An increase in the proportion of 19-year-olds with at least a level 2 qualification or equivalent.*
6. *A reduction in the proportion of children living in workless households, for households of a given size, over the economic cycle.*
7. *Low-income indicators:*
 - a. *A reduction in the proportion of children in households with relatively low incomes;*
 - b. *A reduction in the proportion of children in households with low incomes in an absolute sense; and*
 - c. *A reduction in the proportion of children with persistently low incomes.*
8. *A reduction in the proportion of children living in poor housing.*
9. *A reduction in the proportion of households with children experiencing fuel poverty.*

(30) The number of teen pregnancies in the United Kingdom is thrice the number in France, and a high proportion of these (about two-thirds) result in birth (over 50,000 per year), (Social Exclusion Unit, 1999).

10. *A reduction in the rate at which children are admitted to hospital as a result of an unintentional injury resulting in a hospital stay of longer than three days.*
11. *A reduction in the proportion of 16 – 18-year-olds not in education or training.*
12. *An improvement in the educational attainment of children looked after by local authorities.*
13. *Teenage pregnancy: a reduction in the rate of conceptions for those aged under 18 and an increase in the proportion of those who are teenage parents, in education, employment or training.*

This set of indicators used in the "Opportunity for all" report brings out the multidimensional nature of poverty as seen by the government and highlights the fact that, barring the monetary angle, child poverty in its other aspects is not the same as adult poverty. It is mostly defined in terms of its impact on the child's future. In this wide variety of indicators, we have those that represent conditions of poverty, others that correspond more to the outcomes, and yet others that reflect the measures implemented.

In the light of this fact, several analysts³¹ advocated reducing the palette of indicators. Given this overly long and diverse list of indicators, persons involved could pick and choose the ones that would show the results that they desired³². These analysts deemed it necessary to distinguish between outcomes indicators and means indicators. They insisted upon the necessity to consider the reliability of the information gathering process and the non-manipulation from political sources. In some cases, they proposed substituting more pertinent indicators for certain areas, and raised the question of creating a hierarchy of indicators, namely a central indicator (that may be composite) and ancillary indicators.

The government finally took the initiative of proposing the use of synthetic indicators for measuring child poverty, so as to be able to assess the progress made in its child poverty eradication program. For this, based on two seminars held with scientists (including the Case seminar mentioned earlier), the Department for Work and Pensions organized a public consultation³³, open until July 2002, regarding the definition of the poverty indicators to be used. Four options were open to measure the progress of the program in the long term.

In May 2003, the Department for Work and Pensions (2003a, 2003b) published a report on the preliminary conclusions drawn from the consultation, and a final report "Measuring child poverty" in December 2003 that finally decided upon a three-fold measurement of child poverty, namely "absolute" poverty rate, "relative" poverty rate, and "consistent" poverty rate combining (Chapter I) both poverty of living conditions and monetary poverty. In order to consider that poverty has been reduced, there must be an improvement in all three indicators.

The British example is noteworthy as it shows the association between the initial diagnosis of child poverty, the definition of a strategy with precise long term objectives and intermediate stages, and the definition of measurement tools. It is also interesting to note the preparation process of the government's choices based on open consultations that were fully detailed by the government before its decision-making.

(31) See, in particular, Levitas (2000), "Defining and measuring social exclusion: a critical overview of current proposals".

(32) In a way, these criticisms may be directed at the range of indicators developed in the national action plans on social inclusion that each European country has set up since 2000, within the framework of the open coordination method. See, for example, PNAI France 2003 (French national action plan on social inclusion), Appendix 1B.

(33) Department for Work and Pensions (2002b) "Measuring child poverty: a consultation document".

Denmark

According to European data, Denmark not only has the lowest poverty rate for the entire population, but also an even lower child poverty rate (Table 1). What is the basis of this remarkable performance?

First of all, wage inequalities are not rampant in Denmark, as also in the other Nordic countries; they are far lower than in France and even more so than in the United Kingdom³⁴.

Secondly, the activity rate among women is particularly high, especially in the 20 to 44 year bracket³⁵, i.e. the period in which it is most essential to facilitate the reconciliation between professional and family lives. It is in this aspect that the Danish experience is particularly important; this point is developed further in the insert below³⁶.

Professional life and family life

The focus is on the public (municipal) facilities for child care (collective child care like the *crèche* in France, children playgroups, or individual care by child minders employed by the municipalities). This service, whose cost varies according to the family income, is considered as the legal right of all parents. The number of families using this service is extremely high (over 60% of children from 6 months to 2 years, and over 80% of 3 to 9-year olds).

Reconciling professional life and family life in Denmark

The aid offered for reconciling one's professional life and one's family life is underpinned by a number of instruments, namely maternity leave, parental leave in the event of the child's sickness in particular, child care aid or aid in minding pre-adolescent children, schooling methods and early education.

Child care aid

Compulsory schooling begins as of the child's seventh year. On the parents' request, the child may be enrolled in a pre-school class (*bornehaveklasse*) during the calendar year of his or her sixth birthday (actually when the child has completed 4 years and 10 months). More than in France, aid to families is mainly granted in the form of these provisions of child care arrangements, .

Although the broad political orientations are defined at the national level, the responsibility of implementing them falls on the municipalities (of which there are less than 280 for the whole of Denmark) and the "counties" (14), the latter being mostly in charge of handicap cases.

Based on the law on social aid of 1999 (*Bistandloven*), the municipalities are obliged to offer child care facilities to all parents residing in the municipality, and who have submitted their request thirty weeks after the child's birth, i.e. four weeks after the end of the maternity leave.

(34) See, for instance, the OECD reports on "Employment perspectives", or Martins and Pereira (2000), or Bradshaw and Finch (2002).

(35) In 1999, considered in brackets of five years as of the 20th year, it exceeded the French rate by six points. The female employment rate is also very high in Denmark in the 25-49 age cohort (81% in 2001) compared to France (72%) or the United Kingdom (74%).

(36) The results given here are based in particular, on a report drawn up by the Danish Ministry of Social Affairs as part of the OECD program concerning pre-school education and child care policies "Early Childhood Education and Care". France unfortunately did not participate in this program.

The arrangements vary from one municipality to another, and according to the child's age. They may include collective child care arrangements (*daginstitutioner*) such as for children from 0 to 2 years, playgroup facilities (3 to 5 years), "integrated facilities" (*aldersintegrede institutioner*) catering to children from 6 months to 6 years, or 9-10 years, after-school centers (*fritidshjem*) for children of schoolgoing age, or individual child care by child minders (*dagplejere*). There has been a high-paced growth in the child care systems integrated in schools (*SFO*) which normally cater to children of schoolgoing and pre-school age, but may be extended to include younger children (up to the age of 3), in order to maintain small schools in use (less than 150 students).

The institution's operators may be a part of the municipality, or a certified association whose working costs are reimbursed by the municipality.

Certified child minders are employed by the municipalities. They can care for up to five children. They usually mind the children in their own homes, but are subject to regular inspection, and are obliged to go once a week to a center where the children can participate in common activities with other children. This promotes the socialization of the children and allows for easier replacements (leave, sickness) as the children are already familiar with the adults replacing their child minder and also the other children with whom they will be cared for.

Table 12 – Use of child care facilities in April 1999

as a % age

	Certified child minders	Collective child care centers	Playgroups	After-school centers	Integrated institutions	SFO	Clubs	Total
6 months to 2 years	41	10	1	0	12	0	0	64
3 years to 5 years	6	1	51	0	31	1	0	91
6 years to 9 years	0	0	6	12	11	49	2	81
6 months to 9 years	13	3	19	5	18	21	1	80

The use of child care arrangements increased considerably in the nineties.

Table 13 – Evolution in the child care rate

as a % age

	1989	1994	1999
6 months to 2 years	56	60	64
3 years to 5 years	75	85	92
6 years to 9 years	49	64	81

Parents must contribute towards financing the child care arrangement. They are exempted if their monthly income is less than 1,200 euros. Their contribution then increases to up to 30% of the cost (varies with the municipality and the type of child care facility) for a monthly income of about 3,800 euros.

However, all the municipalities do not as yet manage to meet the demand at all times. The numbers waitlisted for the children aged 6 months to 2 years was 4,000 in 2000, i.e. 2% of that age cohort.

Given this fact, and in order to have the "freedom of choice of the child care facility", parents may opt for the services of a private child minder (who must be certified by the municipality). The municipality pays out an allowance to these parents that can cover 80% of the cost incurred, but not exceeding 85% of the cost of a place in a municipal child care facility. This provision is rarely used (less than 1% of children between 0 and 3 years).

In addition, lone parents who are obliged to stop working to take care of their child aged between 24 weeks and 5 years (due to the lack of child care possibilities) may receive a specific allowance from the municipality to supplement the general allowance granted for being off work to rear one's children (similar to the APE in France).

Leave at childbirth

It is 24 weeks long, of which the first 14 weeks must be taken by the mother, the remaining weeks may be taken by the mother or the father, and the father can take two weeks of parental leave (the 25th and 26th week). The compensation paid by the employer may be the full wage; but it must at least be equal to the unemployment allowance, i.e. 90% of the previous wage (capped at 1,700 euros monthly in July 2001).

Child care leave

Parents are entitled to leave for child care reasons (aged under 9 years) of at least eight weeks and no more than thirteen (twenty-six if the leave begins before the child is 1 year old). Additional arrangements may be made with the employer for a leave of at least eight weeks. The total duration of the parental leave cannot exceed 52 weeks. The parents receive an allowance of up to 60% of the maximum unemployment allowance (about 1,000 euros per month). The person's rehire is guaranteed at the end of the parental leave.

During the parental leave, the child cannot use any child care facility.

Various characteristics of the Danish example, compared to the situation in France, must be underscored. The provisions for reconciling professional life and parental duties are based less on aid aimed at financing private child care demands, and more on developing a high-quality public child care offering, managed by the municipality:

- Public services, open to all without means-testing (even though the cost borne by the families increases with their income level).
- Public services that enable families to choose between individual child care by certified child minders, or collective child care centers.
- A child care offering that goes far beyond the child's infant years and largely covers the initial schoolgoing years.
- A well-knit coordination between schooling and extra-curricular activities.

Besides, the provisions relative to the suspension of one's work to rear one's children enable maintaining the family income to a greater extent (see parental leave) and, given that the work contract is maintained, guarantee the return to one's job.

Social transfers

Another characteristic of the Danish situation is that the transfers in favor of families with children are notably more generous than in France, and even more so than the United Kingdom (Tables 8 and 9), especially in cases of non-employment (Table 8).

Finally, these transfers are stepped up for single-parent families (or cases where only one parent is able of providing for the cost of rearing the child).

Child-related transfers in Denmark

Given that there is no direct tax credits linked to the presence of children, the transfers associated with the presence of a child are granted in the form of family allowances.

The general allowance *Bornefamilietydelse*, paid out for each child aged under 18 years, varies according to the child's age – 2,925 Kr (about 394 euros) per quarter, i.e. 131 euros per month for a child aged from 0 to 2 years, 2,650 Kr for a child between 3 and 7 years, and 2,100 Kr for older children.

Additional allowances are paid out to single-parent families (or other cases such as a parent being in prison for over three months); the first is an allowance for each child (3,916 Kr per year, i.e. 44 euros per month), to which is added a supplement per family of 3,980 Kr per year (45 euros per month), and a special supplement of 9,984 Kr (i.e. 112 euros per month) in certain specific cases (unknown father, for example). These various allowances are not means-tested.

Note finally, that the social minima allowances provide a disposable income 40 to 80% (based on the different lead cases) higher than in France.

CONCLUSION

By placing the French situation in a European setting, this chapter underscored various important points.

First of all, as concerns child poverty (and overall poverty), France is within the European average. This European average masks a wide variety of situations that stem from major differences in social systems, namely wage inequalities, job polarization, extent and forms of social protection. This observation is nothing new in itself. It does, however, highlight the complexity of defining a program for reducing poverty among children, and its outcomes in the long term.

Secondly, the analysis confirms the major incidence of inequality of earned income at the root of poverty; France's problem is not so much the inequality of wage rates as the inequality in the access to employment and in holding a job. Apart from the policies aimed at improving employment in general, it may be useful to concentrate on the conditions that would enable families with children to reconcile their professional life and their child-rearing duties. In this respect, the experiences of the Scandinavian countries demonstrate the advantage of developing a public child care service for both infants and young school-going children.

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AFEAMA	Aide à la famille pour l'emploi d'une assistante maternelle agréée (<i>Family aid for employing a certified child-minder</i>)
AGED	Allocation de garde d'enfants à domicile (<i>Home-based Child Care Allowance</i>)
AL/APL	Allocation logement /Aide personnalisée au logement (<i>Housing Allowance</i>)
APE	Allocation parentale d'éducation (<i>Parental child rearing allowance</i>)
API	Allocation de parent isolé (<i>Single Parent Allowance</i>)
APJE	Allocation pour jeune enfant (<i>Young Child Allowance</i>)
ARAF	Aide à la reprise d'activité des femmes (<i>Women Returners Allowance</i>)
ARS	Allocation de rentrée scolaire (<i>New school year allowance</i>)
ASE	Aide sociale à l'enfance (<i>Child Welfare Agency</i>)
ASF	Allocation de soutien familial (<i>Family support allowance</i>)
ASS	Allocation spécifique de solidarité (<i>Specific Solidarity Allowance</i>)
BEP	Brevet d'études professionnelles (<i>Professional studies certificate</i>)
BEPC	Brevet d'études du premier cycle du second degré (<i>lower secondary certificate</i>)
CAF	Caisse d'allocations familiales (<i>Local Family Allowance Agency</i>)
CAP	Certificat d'aptitude professionnelle (<i>Vocational Training Certificate</i>)
CHRS	Centre d'hébergement et de réinsertion sociale (<i>Housing and Social Re-integration Centre</i>)
CMU	Couverture maladie universelle (<i>Universal Health Coverage</i>)
CNAF	Caisse nationale des allocations familiales (<i>National Family Allowance Agency</i>)
CNIS	Conseil national de l'information statistique (<i>National Council for Statistical information</i>)
CP	Cours préparatoire (<i>1st grade</i>)
CREDOC	Centre de recherche pour l'étude et l'observation des conditions de vie (<i>Research Center on Living Conditions</i>)
DEP	Direction de l'évaluation et de la prospective (<i>Directory for evaluation and prospective, Department for Education</i>)
DGI	Direction générale des impôts (<i>French tax authority</i>)
DREES	Direction de la recherche, des études, de l'évaluation et des statistiques (<i>Directorate for research, studies, evaluation, and statistics, Department of social affairs</i>)
EPCV	Enquête permanente sur les conditions de vie des ménages (<i>Permanent Survey on Living Conditions of Households</i>)

ERF	Enquête Revenus fiscaux (<i>Tax Income Survey</i>)
ESPS	Enquête santé et protection sociale (<i>Health and Social Protection Survey</i>)
FQP	Formation et qualification professionnelle (<i>Education and Professional Qualification Survey</i>)
INSEE	Institut national de la statistique et des études économiques (<i>French Institute of Statistics and Economic Studies</i>)
INSERM	Institut national de la santé et de la recherche médicale (<i>French Institute of Health and Medical Research</i>)
PAJE	Prestation d'accueil du jeune enfant (<i>General young child benefit replacing, since january 2004, APJE, APE, AFEAMA and AGED</i>)
PCS	Profession et catégorie sociale (<i>Social and Occupational Category</i>)
PISA	Programme international de suivi des acquis (<i>Programme for International Student Assessment</i>)
PJJ	Protection judiciaire de la jeunesse (<i>Judicial protection of youth</i>)
PMI	Protection maternelle et infantile (<i>Mother and Child Welfare Services</i>)
PNAI	Programme national d'action pour l'inclusion sociale (<i>NAPs/incl: National Action Plans on Social Inclusion</i>)
RASED	Réseaux d'aides spécialisées aux enfants en difficulté (<i>Specific Help to childrens in difficulties' Network</i>)
RMA	Revenu minimum d'activité (<i>Specific working contract for RMI beneficiaries</i>)
RMI	Revenu minimum d'insertion (<i>Minimum Income</i>)
SMIC	Salaire minimum de croissance (<i>Minimum Wage</i>)
UC	Unité de consommation (<i>Consumption Unit</i>)
ZEP	Zone d'éducation prioritaire (<i>Priority education zone</i>)
ZUS	Zone urbaine sensible (<i>Deprived Urban Area</i>)