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**DIRECTORATE FOR EDUCATION
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Network on Early Childhood Education and Care

RESPONSES ON FINANCING ECEC SERVICES: JAPAN

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QUESTIONNAIRE FOR THE 7TH MEETING OF THE NETWORK ON EARLY CHILDHOOD EDUCATION AND CARE (ECEC): FINANCING ECEC SERVICES

PART I: Data on ECEC costs and financing and data-related issues

1.1 General information: types of ECEC services

1.1.1 This question aims to update the information on childcare and early education services presented for your country. Please review Annex A. If updates need to be made, please provide the necessary information below. If existing information is still accurate, simply indicate “No Change”; you do not need to duplicate.

- No Change

1.1.2 This question aims to complement Question 1.1.1 and elicit a fuller picture. Which type of ECEC provision is mostly in use or in operation in your country? Please indicate in the table below the proportion of:

- Children registered for each type of ECEC provision as a percentage of the total number of children of the age group; and
- Care services, centres or pre-schools for each type of ECEC provision as a percentage of the total number of such services.

Type of provision	Early Childcare		Pre-primary education		Integrated system	
	% of registered children	% of services, centres, pre-schools	% of registered children	% of services, centres, pre-schools	% of registered children	% of services, centres, pre-schools
Public provision			19.2	38.9	—	—
Private not for profit provision			n/a	n/a	—	—
Private for profit provision			80.8	61.1	—	—
Other type of provision: (please indicate)			n/a	n/a	—	—

Source(s): pre-primary education: MEXT “School Basic Survey” for FY2009

Known data limitations: _____

1.2 Public spending on ECEC services

1.2.1 Public spending on public and private ECEC services

This question aims to clarify whether public expenditure on ECEC services is spent *only* on public ECEC provision *or* on a mixture of public and private provision, which is not currently well understood.

Annex B provides the public expenditure data on childcare and early education currently available in the OECD Family Database (those figures are currently being updated through other OECD official channels). The public expenditure does not include cash allowances or tax expenditure such as tax credits, parental leave, etc.; here, you should include only public expenditure spent on ECEC services.

Please indicate in the table below the split in public expenditure between public and private ECEC services in your country, indicating the year the data is from.

	Early childcare		Pre-primary education		Integrated system	
	Public services	Private services	Public services	Private services	Public services	Private services
Public expenditure (as % of GDP)	110billion yen	116billion yen	m	m		

Source(s): _

Known data limitations: _____

1.2.2 Public spending on ECEC services at different levels of government

This question aims to clarify funding arrangements between national and sub-national governments.

While Annex B provides overall public expenditure data on ECEC services, we do not currently have figures for what is spent by national governments *versus* what is spent at sub-national levels (e.g. regional and/or local).

Please provide the most recent data for public spending for national and sub-national levels of government. Please note that “fiscal transfers” between levels of government should be netted out in order to avoid double-counting. Please also note that the question focuses on direct public spending on ECEC services, excluding cash benefits or tax credits.

Year _____	Early childcare		Pre-primary education		Integrated system	
	Total amount (local currency)	% of GDP	Total amount (local currency)	% of GDP	Total amount (local currency)	% of GDP
National/Federal	80billions (yen)		52.2billions (yen)	0.01		
State/Provincial/ Regional	40billions (yen)		158.4billions (yen)	0.03		
Local/Municipal	40billions (yen)		149.3billions (yen)	0.03		

Source(s): Pre-ormary education: Pre-primary education: Prepared by MEXT, based on FY2010 budget

Known data limitations: _____

1.2.3 What is covered by public spending?

This question aims to understand what the public money is specifically spent on. Please indicate the estimated share, as a percentage of total ECEC public spending, for each category in the table below. The total should add up to 100%.

Service category	% of total public expenditure on		
	Early childcare	Pre-primary education	Integrated system
Infrastructure	Number in 277 billion yen	1.68(※1)	
Workforce supply (e.g. salaries, recruitment etc.)	n/a	60.77(※2)	
Workforce development (e.g. in-service training, support services for staff, etc.)	n/a	m(※3-1)	
Curriculum and pedagogical materials	n/a	m(※3-2)	
Ancillary services (transport, meals, etc.)	n/a	n/a	
Research on ECEC	n/a	0.21(※4)	
Others, please specify	n/a	39.11	
Total	100%	100%	100%

Source(s): Pre-primary education :Prepared by MEXT, based on FY2010 budget

Known data limitations: National Budget only (municipal governments excluded; the total may not calculate as 100% because of rounding-off)

Note 1: Private schools only (grants/subsidies for private kindergarten facility maintenance expenditures); the figure for public schools cannot be calculated because of integration into the “Subsidies for Building Safe and Secure Schools”

Note 2: Private schools only [subsidies to private upper secondary schools for current expenditures, etc. (for kindergartens)]; the figure for public schools cannot be calculated because of integration into subsidies

Note 3-1: Law for Special Measures in Promoting Reconstruction of Regional Finances; figure for individual kindergartens cannot be calculated because of differences between local governments.

Note 3-2: same as above

Note 4: Studies and research to improve and enhance pre-school education, and projects for promoting the understanding of kindergartens

1.3 Private spending on ECEC services

This question aims to give a comprehensive picture of private spending relative to public spending, covering both childcare services and early education, which has long been wished for by many countries.

The UOE (UNESCO-UIS/OECD/EUROSTAT) has attempted to answer this question with regard to early education (* in shaded cells) and is in the process of updating the data (See Annex C).

In order to complement what is already known from the UOE data, please provide in the table below figures on private spending for early childcare (please indicate the year the data is from).

If your country has an integrated system, please provide the figures, which have not been asked by the UOE data collection process.

		Total spent, in local currency		
		Early childcare	Pre-primary education	Integrated system
Private sources	Household expenditure (保護者負担)	469.1billions yen	*338.1billions yen	
	Expenditure of other private entities <small>田の民間会社の費用</small>		*0	
	All private sources		*0	
Private: of which subsidised		39.9%	*43 %	
Others, please specify			0	

Source(s):

Known data limitations: _____

1.4 Issues on data collection

Some network members have expressed their concern that data on ECEC in general are collected based on availability rather than policy needs.

1.4.1 What are the most critical gaps in national data and international comparisons?

- With regard to public kindergartens, the national government distributes maintenance and labor expenses to prefectural governments in a lump sum, making it impossible to discern the ECEC service-related expenses in public spending by prefectures.
- It is difficult to determine the relevant portion because investment objectives, investment methods, and educational systems differ by country, making the standards for comparison incompatible.

1.4.2 Bearing in mind the possible quality limitations of comparative data, what internationally comparable data on financing ECEC would be most relevant for policy making in your country?

- Data on budgets secured for various objectives related to ECEC

1.4.3 Where quantitative data is not available, what kind of qualitative information – at a national and international level – on financing ECEC would be most useful for policy making in your country?

- Information on (1) funds secured, (2) investment methods, and (3) operation/management methods for pre-school education and daycare, as well as information on educational content and objective by age group

1.4.4 What are the biggest challenges in collecting data on financial aspects of ECEC services in your country (e.g. low policy priority, jurisdictional, lack of resources and capacity, fragmentation of ECEC services, lack of agreed common definitions of ECEC services within a country, etc.)?

- It is difficult to gather and analyze data on actual expenses because kindergarten costs are discretionary; determined by municipalities in the case of public kindergartens, and individually in the case of private ones.
- It is also difficult to gather and analyze data on actual expenses with regard to daycare centers because daycare costs are established by municipalities, in accordance with individual income.
- It is also difficult to gather and analyze data on actual expenses with regard to daycare centers because although costs for maintaining the Minimum Standards for Child Welfare Facilities were covered by utilizing public funds, to provide a stable supply of daycare services, each municipality

implements independent policies such as providing additional assistance for mitigating daycare costs from national levies, in accordance with local circumstances.

1.4.5 If you have taken some actions to improve data on financial aspects or ECEC in general, please describe your country experience. n/a

Part II. Why invest in ECEC? Research on benefits of ECEC

This section aims to gather updated information on existing research from network member countries relating to ECEC participation and children's outcomes.

Please provide details of research NOT already included in *Starting Strong II*, which you do not need to duplicate. List relevant references and attach corresponding documents if available. If articles/reports are not in English or French, please provide abstracts in English or French.

2.1 What research has been carried out in your own country on:

- Net benefits to children, parents and society of public and private investment in ECEC
 - Net benefits or evaluations of specific ECEC programmes or initiatives
- n/a

2.2 What research has been carried out in your country on the relative benefits of public ECEC investment to increase accessibility (*i.e.* children's enrolment) *versus* increasing quality of services (*e.g.* raising staff qualifications, improving staff/ child ratio, etc.)?

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Part III. Financing mechanisms and funding strategies

This section aims to elicit:

1. information on overall policy contexts and trade-offs between different policy alternatives;
2. where resources on ECEC come from;
3. how the resources are managed; and
4. other policy issues.

3.1 Overall policy contexts

3.1.1 Policy objectives

Starting Strong II identified 5 main policy objectives for public investment in ECEC:

1. Responding to the rise of the service economy and the influx of women into salaried employment;
2. Reconciling work and family responsibilities in a manner more equitable for women;
3. Managing demographic challenges: falling fertility and continuing immigration;
4. Acting against child poverty and educational disadvantage;
5. Early childhood education and care as a public good.

Please indicate which of the above can explain the current policy objectives, underpinning your country's public investment in ECEC. If there has been a shift of policy focus in recent years, please describe how policy thinking has evolved.

- Kindergartens are stipulated, in the School Education Act, as facilities for providing childcare and an environment for the healthy upbringing and physical/emotional development of children, in their capacity as the foundation for mandatory education, as well as all education thereafter. Public spending on education is an investment in the foundations for the future development of society and individuals; hence, one aspect is the provision of a solid pre-school education to all children who desire it.
- On the other hand, the Child Welfare Act stipulates daycare centers as facilities that are commissioned by parents/guardians to provide childcare to infants or children that lack adequate care. In response to a diverse range of demands, they also operate extended daycare, holiday daycare, daycare for handicapped children, temporary daycare, convalescent daycare, and regional child-rearing assistance center projects.

3.1.2 *Political debate – balance between parental leave benefits and childcare services*

Countries often look to find a balance between encouraging parents with young children to stay home to care for their children and encouraging parents, especially mothers, to maintain an attachment to the labour market by providing ECEC services. Policy instruments – which can be used in combination – include:

- Paying parents through “parental leave”, “child-rearing leave” with low flat-rate payment, etc.
- Giving universal child/ family allowances;
- Giving targeted child/ family allowances by income level,
- Giving targeted child/ family allowances by work status, etc.

Regarding public investment in childcare services *versus* parental leave benefits, what are the current challenges and trade-offs in your country? Are these underpinned by specific policy objectives?

- With regard to childcare services and parental leave benefits, the issue of balancing work and home life come into play. In Japan, more than 60% of women resign from their workplace upon marriage or pregnancy, with 35% giving their reasons as “I couldn’t balance both so I quit” and “I was terminated/They encouraged me to resign.” Therefore, efforts are currently underway to effect: (1) steady implementation of revisions to the Child Care and Family Care Leave Act which include a mandatory system of shorter work hours, and adoption of a system to promote the use of childcare leave among men; (2) further promotion for the formulation and implementation of corporate action plans, in accordance with the revised Next Generation Act; and (3) promotion of efforts by corporations to provide support through grants/aid and citations conducive to a flexible working style that facilitates work-life harmony.

3.2 *Main sources of financing ECEC – where do resources come from?*

3.2.1 *Various sources*

This question aims to give a fuller picture of the main sources of financing ECEC services in your country to complement your responses in questions under 1.1.2 and 1.3. Six major sources of financial resources have been identified in past research:

1. governments (See question 3.2.2);
2. parents;
3. for-profit providers,
4. ECEC as business communities;
5. social organisations, and
6. international organisations

Please indicate which of the above is applicable in your country and describe challenges and advantages associated with the current financing mechanism. Feel free to answer separately for the childcare and early education sectors if more appropriate in countries with the “split systems”.

- Public and private kindergarten fees are determined by municipalities and individual kindergartens, respectively, and to secure stable implementation, costs are covered through both public funds and parents/guardians. The government provides assistance to municipalities that provide assistance to low income earners as a percentage of the national average. Private kindergarten funds break down 26:33 (costs covered by parents/guardians : public funds), with a 5:4:1 ratio (national govt.: prefectural govt.: municipalities) for costs covered by public funds.
- As for childcare, costs for maintaining the Minimum Standards for Child Welfare Facilities in the implementation of childcare were covered by utilizing public funds, to achieve stable supply of daycare services. Private facilities have a 4:6 parents/guardians to public funds funding ratio, in general, with the national, prefectural, and municipal governments making up 1/2, 1/4, and 1/4 of these public funds, respectively. Additionally, municipalities designate a certain amount of assistance to parents/guardians to mitigate the economic effects of childcare costs, based on children’s ages.

3.2.2 Sources from governments

This question aims to identify what kind of public revenue sources are allocated to ECEC services at different levels of governments. Please complete the table below, indicating “x” in the columns applicable in your country.

Types of public finance	Federal/ national	State/ province/ region	Local/ municipal
General tax revenues	m	m	m
Ear-marked tax revenues for ECEC sector	m	m	m
Earmarked tax revenues for specific ECEC programmes, type of services or categories of expenditure	m	m	m
Transfers from other levels of government as part of general block grants	m	m	m
Transfers from other levels of government as block grants to ECEC sector	m	m	m
Transfers from other levels of government earmarked for specific ECEC programmes, type of services or categories of expenditure	m	m	m

Source(s):

Known data limitations: _____

3.3 Funding strategy – how to manage financial resources for ECEC

3.3.1 Strategies to increase public spending on ECEC

Has there been an increase in public spending on ECEC services since 2005? If yes, how much increase? What were the driving forces in making a case for increased spending on ECEC? Feel free to answer separately for the childcare and early education sectors if more appropriate in countries with the “split systems”.

- The kindergarten-related budget has been on the same level since 2004, with very little change. The daycare center-related budget has been on a rising trend, influenced by efforts to resolve issues related to waiting-listed children, extended daycare hours, and other efforts related to diversifying the services that daycare centers offer. (as at 2004)

Please share your country experience such as:

- where the increased resources came from;
- strategies or research evidence that helped the argument for the increase;
- challenges associated with the increase and policy lessons you have learnt in tackling them;
- key political debates among politicians, general public, and the media of the time;
- how the increased budget was spent (e.g. to build more childcare places, increase the number of staff, increase staff salaries, increase participation of low-income families, etc.)

3.3.2 Distribution of public resources to the providers (supply-side subsidies)

Past research categorises supply-side subsidies broadly into two types:

1. government-run and subsidised non-profit private ECEC services; and
2. subsidies to for-profit private providers.

Please fill in the table below with relevant information. Examples are provided in Annex E. Where information is missing, please enter “m”. If your country has the “split system” for childcare and early education sectors, please prepare separate tables; one table for childcare and another for early education.

	Government-run and subsidised non-profit private ECEC services	Subsidies to for-profit private providers	Others (Specify)
Name/ type of scheme	m	m	
Duration of programme: hours per day, days per week, hours per year	m	m	
Purpose of subsidies	m	m	
Universal or targeted	m	m	
Parents' share	m	m	
Annual costs of programme per child/family	m	m	

Source(s):

Known data limitations: _____

3.4 *Other policy issues*

Market mechanisms to widen access to, and ensure quality of, ECEC services

3.4.1 How are ECEC services regulated by public authorities? Please detail minimum quality standards. How are these statutory quality standards set? Who polices them and how? How is the quality (e.g. curriculum, staff qualifications, staff-child ratio, space, etc.) of individual services communicated to parents?

- The following items are clearly stipulated regarding the operation of kindergartens: target students, business days, hours of operation (for childcare), employment standards, establishment standards, and teacher licensing, etc. Furthermore, the national government, local governments/agencies, and school corporations are the only entities authorized to operate kindergartens. These standards are established as the foundation for mandatory education, as well as all education thereafter, with the objective of providing childcare and an environment for the healthy upbringing and physical/emotional development of children. The law stipulates evaluations of kindergartens to be conducted by implementing both self-evaluations and evaluations by school staff that are to be publicized, along with a report that describes evaluation results to its operators.

- The national government has mandated the Minimum Standards for Child Welfare Facilities to establish quality standards for daycare services provided, since infants end up spending most of their day in daycare centers. It mainly consists of employment standards, establishment standards, and hours of operation (for childcare), etc. As for quality standards, opinions of the Central Child Welfare Council are taken into consideration, in stipulating that children enrolled in such centers are cultivated to develop sound minds and bodies along with the ability to adapt to society, in a bright, sanitary environment through instruction from staff members with sufficient education and training. Furthermore, these standards are widely publicized to the general public as a ministerial ordinance.

3.4.2 Are the for-profit providers eligible for public funding in your country? If yes, besides the financial incentives, what other incentives do you give to stimulate them to provide more and better ECEC services (e.g. regulation or deregulation on the minimum standards)?

- Although there are no limits to venues for establishing daycare centers, only social welfare corporations, etc., are eligible to receive facility assistance. The state of facilities will be up for deliberation with the aim of encouraging more new entrants.

3.4.3 If your country has any case studies of a provider failure, inspectorate reports, and/or research on low quality of the private ECEC services, please list references and attach relevant documents, if available. • m

Financial crisis and ECEC

3.4.4 Please share your country experience with an increase/ decrease on the budget on ECEC services as a result of, or in response to, the economic crisis. Was there a budget cut on ECEC as a result of the crisis; if yes, how much? Has ECEC been included in the stimulus package; if yes, what was the rationale/ policy thinking behind the decision? n/a