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Minimum income support for families with children in Europe and the US: where does it stand?

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Abstract

This paper takes stock of income support provisions for families with children in the European Union, the United Kingdom and the United States. We look at the impact of regulatory instruments such as statutory minimum wages and also at the role of more direct income supports like child benefits and refundable tax credits. We also consider the impact of design. What is the relative role of universal as opposed to more targeted provisions, be it by family type or (pre-tax) income level? In short, what can we learn from the best-performing countries when it comes to ensuring that families with children have adequate minimum resources? We demonstrate that there is very substantial variation in the levels of income support provided to working and non-working families across Europe and the US. The most generous countries support incomes through layers of policies of which significant minimum wages and both universal and targeted child benefits (or tax credits) are key layers. The main lesson here is that, if the political will is there, workable policy mixes are available to make sure that parents have adequate minimum income resources to provide their children an upbringing free from poverty.

Keywords: minimum income protection, child benefits, targeting, model family simulations

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1. Introduction

This paper asks: what do European countries and the United States do to support the incomes of families with children? In particular, what do they do to protect families with children from financial poverty? We look at this from two perspectives. First, which policy instruments are used to provide income protections? What is the role of regulatory instruments such as statutory minimum wages as opposed to more direct income support provisions such as tax credits and child benefits? Second, what is the relative role of universally provided as opposed to more targeted provisions, be it by family type or (pre-tax) income level. In short, what can we learn from the best performing countries when it comes to ensuring that families with children have adequate minimum resources?

This matters because financial poverty hurts children. There is a great deal of evidence demonstrating that growing up in poverty has detrimental effects extending over the entire life of an individual, especially in terms of educational and cognitive outcomes (Lacour & Tissington, 2011; Najman et al., 2009; Van Lancker & Parolin, 2020).

It also matters because many governments have already formally committed themselves to providing adequate minimum income protection. In the European Union, for example, all countries are committed to implementing the European Pillar of Social Rights. Principle 14 of that Pillar states: ”Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labor market.”

We start this paper with a short review of prior research on minimum income protection and child benefits. We then discuss our data and methodology. Next, we provide an overview of minimum income provisions for working and jobless households with children in the EU, the UK and the US. The main focus is on the adequacy of these provisions in terms of preventing financial poverty. We then look in more depth at the structure of child benefit packages and the degree to which they are targeted at low-income families, large families and/or single parents. The paper ends with a discussion of the limitations of our approach and with some guidelines for policy.

2. Literature review

2.1. Adequacy of minimum income provisions

This paper adds to a rich tradition of earlier work on minimum income protection (MIP) in rich countries (Bahle et al., 2011; Immervoll, 2012; Marchal et al., 2016; Marchal & Siöland, 2019; Marx & Nelson, 2013; Wang & van Vliet, 2016). Studies have found that minimum income protections in most countries fall short of what is needed to protect households at working age against poverty, especially when they have no income from work (Immervoll, 2012; Marchal & Siöland, 2019; Nelson, 2013; Van Mechelen & Marchal, 2013).

The situation of households with labor earnings tends to be better (Marchal, 2020; Marchal & Marx, 2018; Marchal & Siöland, 2019; Marx, Marchal, et al., 2013; OECD, 2015a). Minimum wages are in many countries high enough to protect full-time working single persons against poverty. But as soon as children and/or other household members also depend on that sole minimum wage income, the situation changes drastically. Even though the share of social benefits in the net disposable income of minimum wage households has increased, families with children relying on one minimum wage income remain at a high risk of poverty.

Cantillon et al. (2020) argue that minimum income protection in much of the rich world is inadequate for structural reasons. Particularly, secular pressures on the lowest wages are said to impose a 'glass ceiling' on the power of governments to provide adequate protection against poverty. Wage stagnation, especially at the lower end, in an era of globalization and skill-biased technological change, is said to result in a social trilemma: a three-way choice between tax levels, inequality and employment growth.

2.2. Child benefits are the most common form of income support for families with children

Child benefits are the cornerstone of family policy in most advanced welfare states. By child benefits we refer to cash payments made to parents or other caregivers for children dependent on them. They bring horizontal redistribution from households without children towards households with children, and this to partially compensate them for the costs of childrearing (assumed to have collective benefits). In addition, child benefits have in many countries also an important vertical equity role as a policy instrument for supporting minimum incomes and preventing or alleviating poverty among children.

A large body of research has demonstrated that child benefit systems can contribute significantly to the reduction of child poverty, single-mother poverty and in-work poverty among families with children (Barrientos & DeJong, 2006; Immervoll et al., 2001; Leventi et al., 2019; Maldonado & Nieuwenhuis, 2015; Marchal et al., 2018; Van Lancker et al., 2015). A study by Penne et al. (2020) however reveals that in most welfare states, child benefits still do not fully compensate for the out-of-pocket costs of childrearing. Generally, less than 60% of the essential direct cost of a child is covered.

Child benefit design

Child benefits do not only differ across countries in terms of their overall (relative) generosity, they also vary in other respects. Multiple studies have looked in detail at the composition and design of child benefits (Bradshaw & Finch, 2002; Van Mechelen & Bradshaw, 2013). The literature points to policy design as one of the main determinants of the potential of child benefits to lift families with children out of poverty (Avram & Militaru, 2016; Notten & Gassmann, 2008; Popova, 2016; Van Lancker et al., 2015).

In fact, countries use different types of benefits to compensate for the costs related to raising a child. Most often the child benefit package is made up of a mixture of different types of cash and tax benefits. Whereas monetary transfers belong to the social policy branch, tax allowances and tax credits belong to fiscal policy. The importance of tax credits for families with children is said to have grown in importance over the years (Bradshaw & Finch, 2002; Ferrarini et al., 2013).

Child benefits usually also vary according to the needs of the family in which the child is living. Although all welfare states grant benefits to children, they do not always treat each child equally, reflecting different priorities of family policy. In most European countries the child benefit package varies by household size. Usually, the benefit level increases with the number of children in the household (Bradshaw & Finch, 2002; Ghysels & Van Lancker, 2011; Neyer, 2003). Research, however, indicates that the marginal cost of a child slightly decreases with the number of children in the household due to economies of scale (Bargain & Donni, 2012; Oldfield & Bradshaw, 2011; Thévenon, 2009). In light of the assumption that children of different ages incur different costs, some countries

also vary their benefits by the age of the child. The age ranges vary considerably across countries, though. Most often the benefit level increases as the child gets older (Neyer, 2003; Van Lancker & Ghysels, 2014). The literature confirms that the cost of a child generally increases progressively with age as a result of changing consumption patterns (Bradbury, 2008; Penne et al., 2020; Thévenon, 2009). A microsimulation study by Immervoll et al. (2000) shows that, even when controlling for the benefit amount, a child benefit system that pays more to older children and larger families is most efficient in reducing child poverty. The amount of benefit paid per child may also depend on the family type. Whether child benefits should be targeted at households in need rather than provided universally is part of a wider and longstanding debate about the effectiveness of universal versus targeted benefits.

The universalism-targeting debate

In 1998, Korpi and Palme introduced what has come to be known as "the paradox of redistribution". Essentially, the thesis is that the more countries seek to target benefits at the poor, the less successful they become in reducing poverty. That is, so the argument goes, because strongly targeted programs, being politically less popular and robust, tend to become smaller programs. It is also frequently argued that targeted benefits are more stigmatizing, hamper work incentives and come with administrative complexity, resulting in significant benefit non-take up. Others have contested the paradox of redistribution hypothesis. Recent comparative studies found that some level of targeting can be associated with higher instead of lower levels of redistribution, in particular when overall effort in terms of spending is strong (Kenworthy, 2011; Marx, Salanauskaite, et al., 2013; Marx et al., 2016).

In the literature, the concept of targeting is used in many ways. Child benefits are usually said to be universal if they are offered to (almost) all families with children, regardless of their income or other conditions. Child benefits are said to be targeted if income or other conditions determine eligibility. Targeting may take the form of providing benefits only to people who pass a means test. This is what is called low-income targeting. Targeting can also take the form of higher benefits for specific groups deemed to be more needy (e.g. disabled children, single parents). Of course, a system can be mixed as well, having both universal and targeted components.

The literature suggests that a strategy of 'targeting within universalism' works best when it comes to reducing poverty (Jacques & Noël, 2018; Marx et al., 2016). In general, countries that combine universal and means-tested or otherwise targeted child benefits appear to achieve the highest levels of poverty reduction (Popova, 2016; Salanauskaite & Verbist, 2013; Van Lancker & Van Mechelen, 2015; Van Mechelen & Bradshaw, 2013). That appears to be the case because two channels of poverty reduction are simultaneously at play: large budgets along with higher benefit levels for the families at the bottom of the income distribution.

Single-parent targeting

Single-parent households constitute less than 15 percent of households with children in Europe (Eurostat, 2020). Yet, their risk of poverty and non-employment is disproportionally high, especially for single mothers. Indeed, single parents are faced with barriers to work, both financially and practically. They find it not only difficult to combine the roles of sole breadwinner and sole care provider, but they are also more likely to experience disadvantages in the labor market. Nieuwenhuis and Maldonado (2018b) argue that single parents are caught in a triple bind of inadequate resources, inadequate employment and inadequate policies.

Even a full-time job will not safeguard single parents against poverty, while a dual-income situation does (Horemans & Marx, 2018; Lohmann & Marx, 2018; Nieuwenhuis & Maldonado, 2018a). And, as the majority of single-parent families are headed by women (Chzhen & Bradshaw, 2012; McLanahan, 2004), they tend to be at a disadvantage in terms of earnings, especially when they have lower levels of education (Gornick, 2004; Halldén et al., 2015; Härkönen et al., 2016). Some welfare states recognize the extra challenges faced by single parents. Family- and child-related benefits have been shown to have a sizeable impact on reducing the poverty risk of single-parent families, particularly when actually targeted toward single parents (Kilkey & Bradshaw, 1999; Morissens, 2018; Van Lancker et al., 2015).

Van Lancker et al. (2015) find that single parent targeting, independent of spending effort, achieves higher levels of poverty reduction. They also conclude that countries that combine a universal system of child benefits with generous benefits targeted toward single parents are the most successful in reducing single-parent poverty. Morissens (2018) makes similar claims. Brady and Burroway (2012), on the contrary, find that universal policies have better outcomes for single-parent poverty.

3. Data and method

Our objective is to compare the adequacy of minimum income support provisions for households with children across the EU, the UK and the US for 2020/21. We assess what we call "adequacy" as the extent to which tax-benefit provisions protect families with children against financial poverty as it is commonly defined in the EU. Net disposable incomes and their related income components are thus expressed as a percentage of the national at-risk of poverty threshold (AROP60 retrieved from Eurostat, 2020). This is the official poverty risk indicator used by the European Commission and it is also widely used by researchers. It labels a household (and all individuals in that household) as being at risk of financial poverty when the net disposable income of that household falls below 60% of the national median disposable household income, adjusted for household composition and size.

In the United States, poverty is typically measured differently. The Official Poverty Measure (OPM) compares pre-tax cash income against a threshold that is set at three times the cost of a minimum food diet in 1963. The threshold is updated annually for inflation using the Consumer Price Index and adjusted for family size, composition and age. The Supplemental Poverty Measure (SPM) extends the OPM by also taking into account government benefits and necessary expenses like taxes. The SPM threshold is based on people's basic cost-of-living expenses (food, clothing, shelter and utilities) and adjusted for several factors such as family size, composition and place of residence. In this paper, however, we apply the EU-style relative income threshold to maintain consistency across the countries examined.

To compare the adequacy of minimum income provisions across countries we use model family type simulations. We look at a limited number of stylized family types and standardized income situations. Our particular focus here is parents on social assistance and parents working for the minimum wage. These are evidently not necessarily equally common in each country under observation.

For our financial modeling we use EUROMOD, a state-of-the-art tax-benefit microsimulation model that enables researchers to calculate, in a comparable manner, the effects of taxes and benefits on household incomes for each EU member state and the UK. EUROMOD also includes an add-on, called the Hypothetical Household Tool (HHoT). HHoT is a flexible tool that allows users to generate their own model family-type data based on user-specified characteristics. Calculations for the US were made manually, using the same methodology and assumptions.

The most interesting feature of the model family-type approach is that it is directly reflective of policy intent, i.e. it is reflective of what policy seeks to achieve. An alternative approach could be to look at observed poverty outcomes, for example on the basis of representative household survey data, but such outcomes are only partially driven by policy. Labor market and economic conditions, socio-demographic and other cross-country differences matter too. It is nevertheless important to stress that our family-type estimates represent a 'best case' scenario, in which families are fully aware of all the benefits to which they are entitled and take the necessary steps to apply. In reality, there is imperfect enforcement, for example of minimum wages, and there is imperfect take-up of benefits due to bureaucracy hurdles, stigma or low levels of knowledge of a given program. In the U.S., for example, we assume that jobless families receive both SNAP benefits and cash assistance from TANF. In reality, however, access to TANF cash assistance is increasingly difficult to acquire. Thus, our minimum income packages for jobless families in the U.S. may overstate the average level of income that these families receive in reality. Similar caveats are likely to apply to other countries, as well.

Table 1 provides an overview of our general assumptions regarding the selection of the model family types. For our purposes, we contrast a 35-year old single parent with a couple of the same age, both with two children aged seven and 14, in four different income situations.

- As we are interested here in the minimum income floor below which nobody is supposed to fall, we assume in the non-working case[1] that the adult(s) in the household are either not eligible for contributory benefits, like for example unemployment insurance, or have depleted such benefits. We assume they rely solely on social assistance benefits or equivalent benefits guaranteeing a subsistence minimum. We still assume that our model families are looking for work. In effect, in most countries, people have to be willing to work in order to get or keep social assistance benefits. This "work willingness" condition can for example take the form of regular meetings with a social worker, workfare measures or mandatory participation in active labor market programs. Note also that some countries have introduced earnings disregards so that social assistance beneficiaries can keep (at least for some time) their social assistance benefit even when earning some extra money, but in the cases modeled here no such earnings are assumed.

- In the in-work case[1], the breadwinner works full-time and is either remunerated at the statutory minimum wage, the average wage or twice the average wage offered in each country. If present, the second adult in the household is inactive.

Aside from the earned wage and/or income supplements provided by the tax-benefit system, the model families are assumed to have no savings or other income sources. Finally, households are assumed to be tenants on the private market. Rents are set at the national median market rent for each family type.

[1] In this paper we refer to work in the sense of paid work only. We however recognize that there are also many types of work that are unpaid – such as domestic and care work, volunteering or internships – but equally important to society.

Table 1. Core features of the model family types

Household type	Children	Housing costs	Income situation specific assumptions				General assumption
			Non-working households	*Working households*			
			Social assistance case	Minimum wage case	Average wage case	Twice the average wage case	
Single 	Two, aged 7 and 14, attending school	Median market rent for 3 person household[1]	Aged 35, looking for work	Aged 35, works full-time at minimum wage	Aged 35, works full-time at the average wage[2]	Aged 35, works full-time at twice the average wage[2]	Full benefit take-up and no access to social insurance
Married couple 	Two, aged 7 and 14, attending school	Median market rent for 4 person household[1]	Aged 35, all adults are looking for work	Aged 35, one adult works full-time at minimum wage, partner is inactive	Aged 35, one adult works full-time at average wage[2], partner is inactive	Aged 35, one adult works full-time at twice the average wage[2], partner is inactive	

Note: [1] Based on 2015 EU-SILC rents, uprated to 2020. The EU Statistics on Income and Living Conditions is a cross-sectional and longitudinal household survey on income, poverty, social exclusion and living conditions. [2] Wage information taken from EU-SILC or OECD data.

In measuring the legally guaranteed minimum situation in each country, we include all income transfers that people are entitled to by law and are simulated in the tax-benefit microsimulation model EUROMOD. We thus limit ourselves to a focus on income only. Admittedly, the adequacy of minimum income packages is defined not solely by the level of household income it guarantees, but also by inter alia additional cost compensations and in-kind benefits for low-income families, duration requirements, strict-means tests and sanctions.

Table 2 gives an overview of all the income components and protections we consider. In the selection of applicable schemes, we follow a risk-type approach, by first establishing the specific risk situation and then assessing which schemes would be applicable in each country. For working households, we naturally start with wages. In the non-working case, the first income component comprises social assistance. These earnings will then be affected by direct taxes – the income tax and social insurance contributions individuals have to pay. These typically reduce income, except in the case of (refundable) tax credits. Lastly, we take all non-discretionary and non-contributory cash benefits into account for which our model families are eligible. We exclude all temporary COVID-19-related policy measures as we are interested in the structural situation of households with children at the bottom of the income distribution.

Table 2. Income and tax components included in the hypothetical household calculation of net disposable income (if applicable according to national tax-benefit legislation)

Income components	**Description**
Wage	Statutory minimum wage, national average wage or twice the national average wage at full-time employment
Social assistance	Residual, means-tested minimum income provided to households without social insurance entitlements (and in some countries also as a top-up for working households)
Child benefits	Benefits compensating for the cost of having children, can either be universal and/or means-tested
Housing and heating allowances	Benefits relating to housing costs, energy and/or heating costs
Other benefits	All non-contributory and non-discretionary benefits that do not fit into other categories, mostly in the form of tax credits or in-work benefits.
Tax components	**Description**
Income taxes	Tax levied on wages, salaries, and/or other types of income
Social insurance contributions	Employee-specific social insurance contributions
Total	**Description**
Net disposable income	The total sum of the income of all members of the household, including social benefits, minus tax and other deductions, that is available for spending or saving

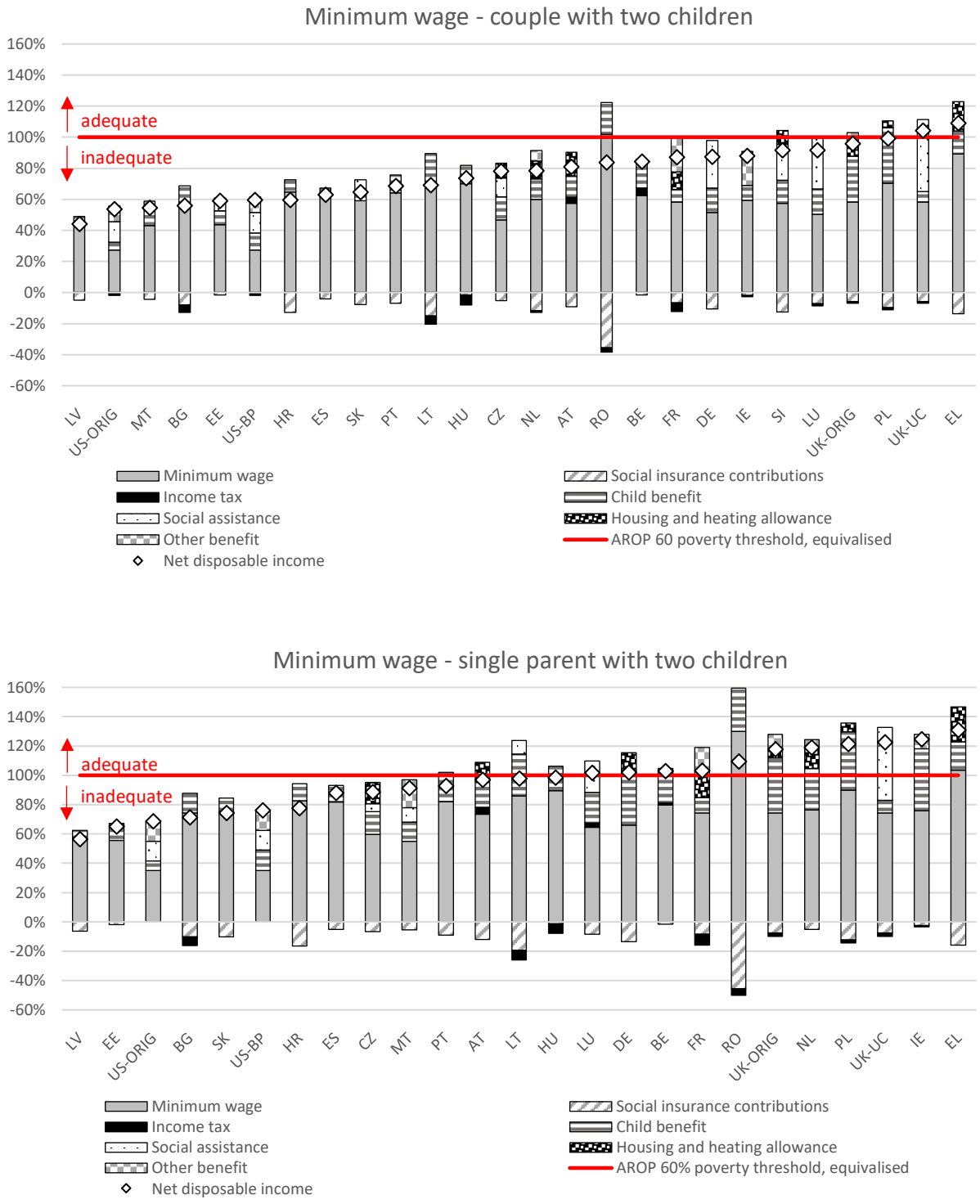
We calculate minimum income provisions for all EU member states, with two notable exceptions. In the working case, only countries with (quasi-)statutory minimum wages are considered. This rules out Cyprus, Denmark, Finland, Italy and Sweden. In addition, Denmark, Finland and Slovenia are excluded from the single-parent case due to missing single-parent benefits in the microsimulation model EUROMOD. In addition, we will also include the United Kingdom. The UK government is currently rolling out the Universal Credit, which is set to replace the so-called 'legacy' benefits – including unemployment benefits, tax credits and housing benefits – into one benefit paid monthly to claimants. With the roll-out still underway we estimate both the full legacy benefit situation (labeled UK – ORIG) as well as the universal credit situation (labeled UK – UC indicating 'Universal Credit').

In addition, we will pay particular attention to how the US compares relative to the UK and the EU member states. In 2021, the US saw the enactment of the American Rescue Plan of 2021 (ARP). The American Rescue Plan Act of 2021 was a $1.9 trillion aid package that President Joseph Biden signed into law in March 2021 to provide economic relief amidst the ongoing COVID-19 crisis. One key element of particular interest was the substantial expansion of the Child Tax Credit (CTC). For the 2021 tax year, the CTC was upped from the original $2,000 credit to $3,000 per child aged 17 or younger and $3,600 for children under the age of six. The CTC was fully refundable, meaning that non-working families also became eligible to receive the benefits. President Biden has pressed to make this measure permanent, which is the reason why we consider it here. We think it is interesting to gauge how this reform, if it were to be made permanent, would shift the level of minimum income protection provided in the US. Hence we estimate both the before (labeled US – ORIG) and after (labeled US – BP indicating 'Biden Plan') situation.

4. Results

4.1. Adequacy of minimum income protection for working families

Figure 1. Income components of active age families with one minimum wage-earner in relation to the poverty threshold (60% of median income)



We first compare and decompose the guaranteed minimum incomes for working households. Figure 1 presents the minimum income of a single-parent and coupled-parent household with two children depending on one full-time minimum wage and this relative to the poverty threshold.

Nearly all EU Member States have either a legal or collectively bargained minimum wage. Levels differ markedly between countries. Minimum wages for full-time workers are comparatively high in relative terms in Romania and Greece. At the other end of the spectrum, the US federal minimum wage is exceptionally low by international standards. In fact, the highest minimum wage outranks the lowest by a factor of almost 4 in relative terms. A single minimum wage income is almost never sufficient to lift a household with two children above the poverty line. The average minimum wage, net of taxes and social security contributions, relative to the poverty threshold equals only 65% for a single parent and 50% for a couple with two children. This is far below the level needed to be free of poverty.

Fortunately, tax-benefit systems have an important impact on the living standard of working families. The value of the benefits families get generally surpasses any taxes or social insurance contributions. The overall level of financial support provided to families nonetheless varies a lot across countries. Gross-to-net efforts range for example from a gross to net income loss of about 20% of the poverty line in Romania to a net income boost equal to almost 50% of the poverty line in the United Kingdom.

We see that child benefits are not only the most common, but also the most important form of additional income support for households with children. All countries provide some type of child benefit, whether it is universal or means-tested, or both. In a third of the countries covered here, working households are also eligible for means-tested social assistance top-ups. These ensure that in-work income exceeds the out-of-work social assistance benefit, through earnings disregards in the calculation of the top-up. Next, some families in the situation simulated here are granted housing and/or heating allowances[2] to compensate for the cost of living. Finally, targeted income support is available to those in work in a limited number of countries. These take the shape of employment-conditional benefits of one type or another to boost in-work income and reinforce financial incentives. Some of these programs also employ family-based or low-income criteria. Examples of considerable in-work benefits are the Prime d'Activité in France, the In-Work Benefit in Malta, the Earned Income Tax Credit (EITC) in the US and the Working Tax Credit in the UK, which is being replaced by the Universal Credit.

All these different income components make up the total net disposable incomes of families. For a couple with children, we find that the poverty threshold is only exceeded or reached in three countries, which are Poland, the UK and Greece. This implies that in all other countries coupled-parent families will inevitably be at risk of poverty if they have no other source of income besides the earnings from one minimum wage employment.

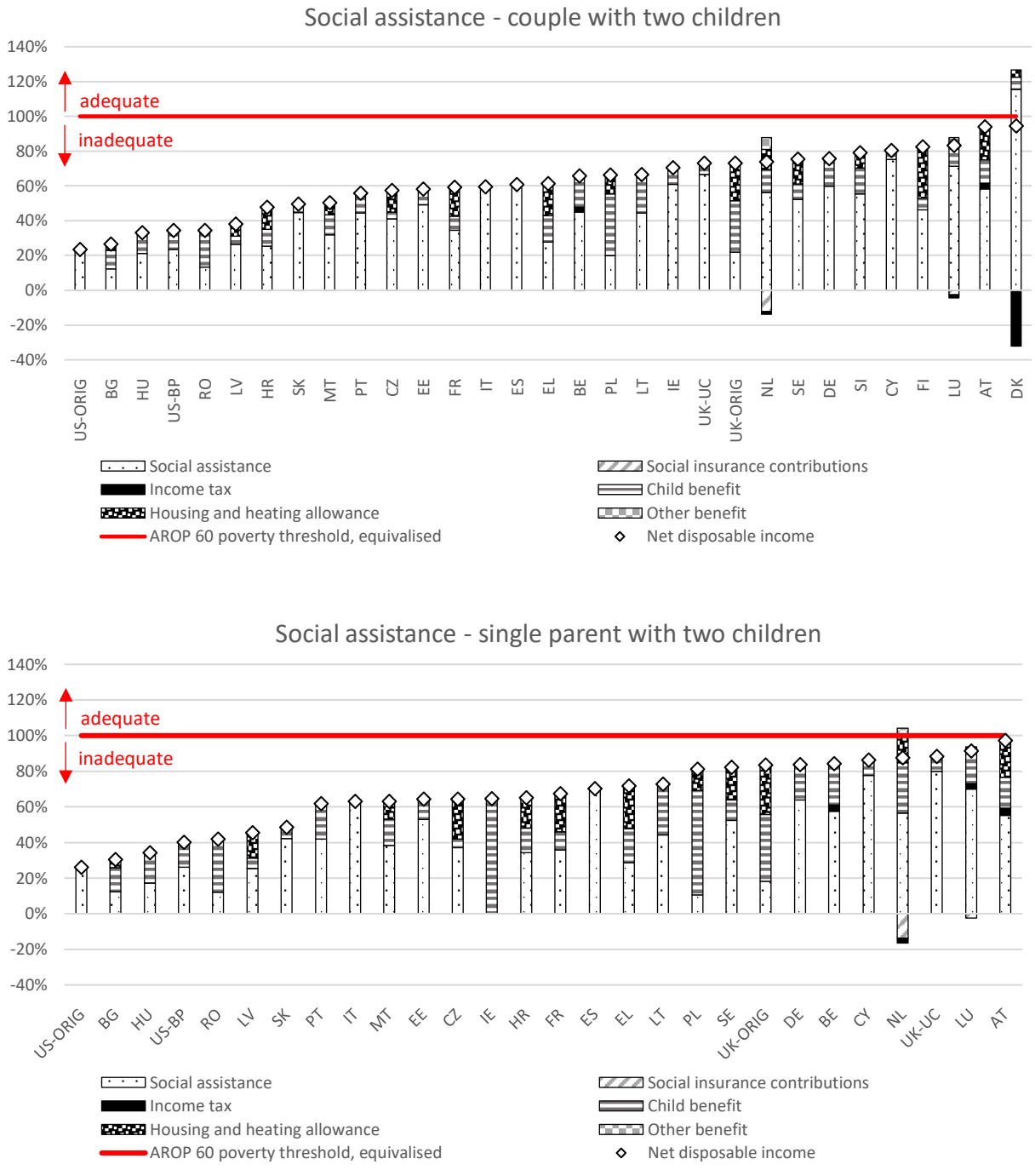
Surprisingly perhaps, net disposable incomes tend to be slightly more sufficient for low-paid single-parent households. That is mainly because single parents often receive benefits that are as high as what couples with children get, while having one adult mouth less to feed. The effect thus stems from the way the equivalence scale is calculated and not necessarily from more generous support. Some countries do have specific single-parent benefits or social assistance top-ups. In about half of the countries, a single parent raising two children and working full-time at the minimum wage will have an income package above or around the poverty threshold. The countries that ensure the highest net disposable incomes are again Poland, the UK and Greece, along with Ireland.

[2] Housing allowances are particularly hard to compare across countries in a systematic way because they tend to depend on many assumed parameters and local conditions, such as dwelling size and rent levels.

Figure 1 also shows that the level of income protection guaranteed in the US is worryingly low. The expansion of the Child Tax Credit, part of President Biden's American Rescue Plan, if it were to be made permanent, would certainly improve the situation of single parents in the US, but would not yet propel the US to a leading position compared to other peer nations. The CTC would bring the net disposable income of working single-parent and coupled-parent families up to respectively 80% and 60% of the at-risk-of-poverty threshold, comparable to Croatia, Slovakia and Spain.

4.2. Adequacy of minimum income protection for non-working families

Figure 2. Income components of non-working families at active age relative to the poverty threshold (60% of median income)



We now move on to minimum income provisions for non-working families. In figure 2, we show the adequacy of minimum income protection schemes for a single-parent and coupled-parent family with two children receiving social assistance. Social assistance is a means-tested, residual benefit that serves as the ultimate safety net provision in most rich welfare states.

For jobless households with children, the situation is markedly bleaker. Virtually none of the countries included in our study ensure adequate income support to jobless families with children. Net disposable incomes are at the poverty line in only Austria and Denmark. Again, there are massive disparities across the welfare states. The US, Hungary and Bulgaria cluster at the very bottom with benefit levels below half of the poverty line, indicating severe exposure to poverty for non-working households with no social insurance or other entitlements. Our data confirm the picture presented by past studies: social assistance is inadequate for poverty prevention in most countries.

Households with children of course do not solely rely on (general or categorical) social assistance. In most countries, child benefits and housing allowances provide an important income supplement. However, in around half of the EU member states, child benefits are included in the social assistance means-test. Taxes and social insurance contributions are rarely a heavy burden on jobless households receiving social assistance because such benefits are usually exempt from taxes. In a few countries, social assistance beneficiaries can even claim a tax refund through refundable tax credits. There are often also additional benefits or social assistance top-ups available for single parents, which is why in general guaranteed minimum incomes are again higher for single-parent households.

4.3. Child benefits play an important role in ensuring adequate minimum incomes

Our findings emphasize the importance of child benefits in supplementing the incomes of households with dependent children. Child benefits often make up a substantial part of the household budget of low-income families and can have an immediate impact on poverty among those at high risk. In this section, we examine the child benefit package provided to low-income families more closely. Following Van Lancker and Van Mechelen (2015) and Bradshaw et al. (2018), we gauge the relative size of the child benefit package by deducting the net income of a hypothetical childless family from the net income of an identical family with children at the same earnings level. This measure thus includes all child-related income support that is simulated in the tax-benefit model EUROMOD, going from child benefits and child tax credits to social assistance top-ups or housing allowances that take account of the presence of a child. Due to a lack of cross-nationally comparable and up-to-date child care costs in EUROMOD, our analysis is confined to primary and/or secondary school children only. A caveat thus is that we do not factor in any benefits geared towards young children, such as childcare compensation schemes. Note also that child care compensations depend on the actual take-up of and availability of child care. The minimum wage worker we look at here is very likely to be employed in hospitality, retail or services, where non-standard hours are common. People in such jobs have a very hard time finding suitable child care. So the assumption that low-income households will always get the full compensation they are entitled to on paper would be a very strong one indeed, even if we had the data on that. This having been said, policies aimed at making childcare more affordable can nonetheless have an important poverty-alleviating effect for single parents, but only if these childcare investments are actually being allocated to poor households with children (Hufkens et al., 2020; Pavolini & Van Lancker, 2018; Van Lancker & Ghysels, 2012). If subsidized childcare slots for example flow back to those already at work, the so-called Matthew effect, then the poverty impact is low.

In figure 3 we compare the level and components of the child benefit package across countries for a single-parent and coupled-parent family depending on social assistance (SA) and working at the minimum wage (MW). A first observation is that not only the level of child benefits, but also their design differs immensely across countries.

Child benefits naturally make up a very important part of these child-related benefit packages. There are a few countries where child benefits are strictly universal: Slovakia, Latvia, Estonia, France, Sweden, Finland, Austria, the UK and Luxembourg. Another third of the countries have a strictly means-tested policy model, providing child benefits only to families with an income below a certain threshold: Bulgaria, Spain, Croatia, Malta, Czechia, Portugal, Cyprus and Greece. The remaining countries adopt a strategy of targeting within universalism, which according to the literature should yield the best outcomes. Spain and Italy surprisingly do not grant child benefits to social assistance households by reason of incompatibility with the minimum income scheme.

A limited number of countries also have a specific single-parent benefit. Ireland is a case in point having a means-tested benefit targeted at single parents, called the One-Parent Family Payment (if the children are aged under 7) or the Jobseeker's Transitional Payment (if the children are aged between 7 and 13). Furthermore, Spain has a working single parent tax credit, Cyprus has a single-parent child allowance and Poland has a supplement for single parents.

Countries not only use cash transfers to compensate for the costs related to raising a child, but increasingly also tax credits and tax allowances. This phenomenon is referred to as the fiscalization of social benefits (Bradshaw & Finch, 2002; Ferrarini et al., 2013). Slovakia, Spain, Czechia, Austria, the UK and the US for example already have a refundable child tax credit in place. The US is however the only country where the child benefit package consists chiefly of tax benefits.

In addition, most countries provide a specific childcare allowance and/or educational allowance to assist eligible families with the care and education of their children. Note that childcare allowances are however not relevant here due to the assumed ages of the children in our model families. Educational allowances, usually means-tested and provided at the start of the school year, apply only in a quarter of the observed countries.

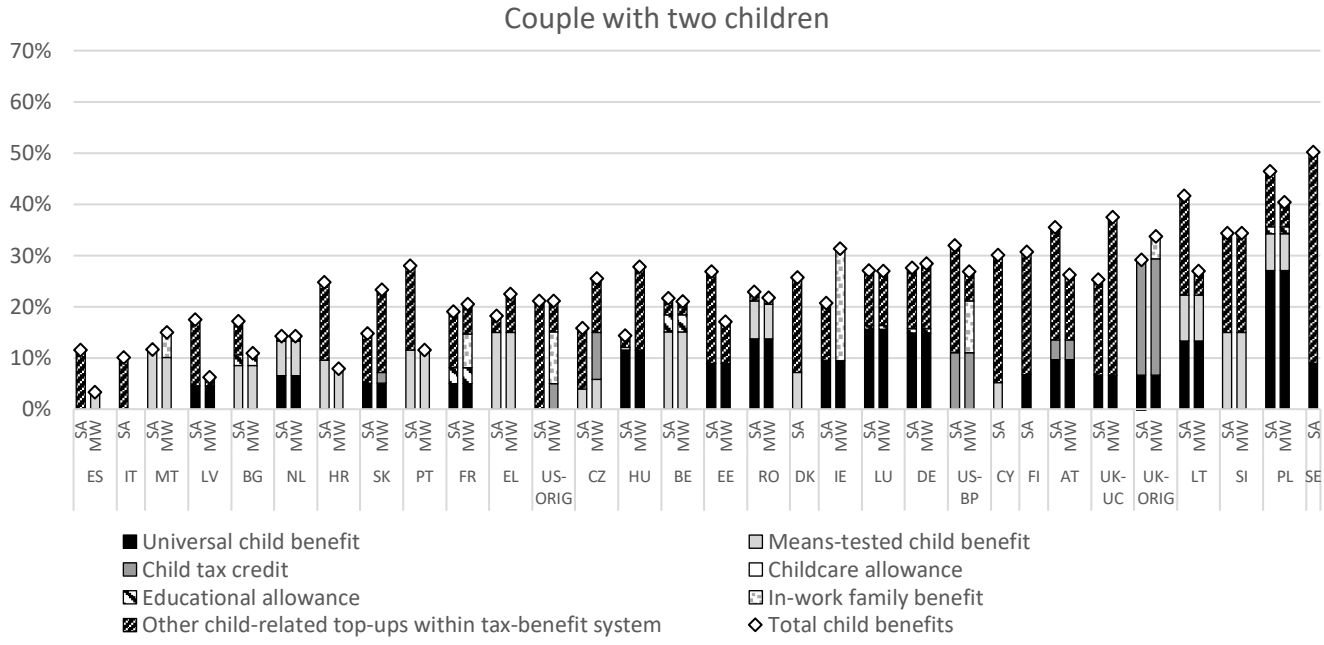
Sometimes additional child income support is also available to those in work. Malta and Ireland for instance have a sizeable in-work benefit for low-income households with children. Yet, this also means that work-poor parents are put at a disadvantage in these countries. The activity allowance in France, the working tax credit in the UK and the EITC in the US do not impose the presence of children as an eligibility criterium, but the income threshold and/or benefit amount do depend on the family composition.

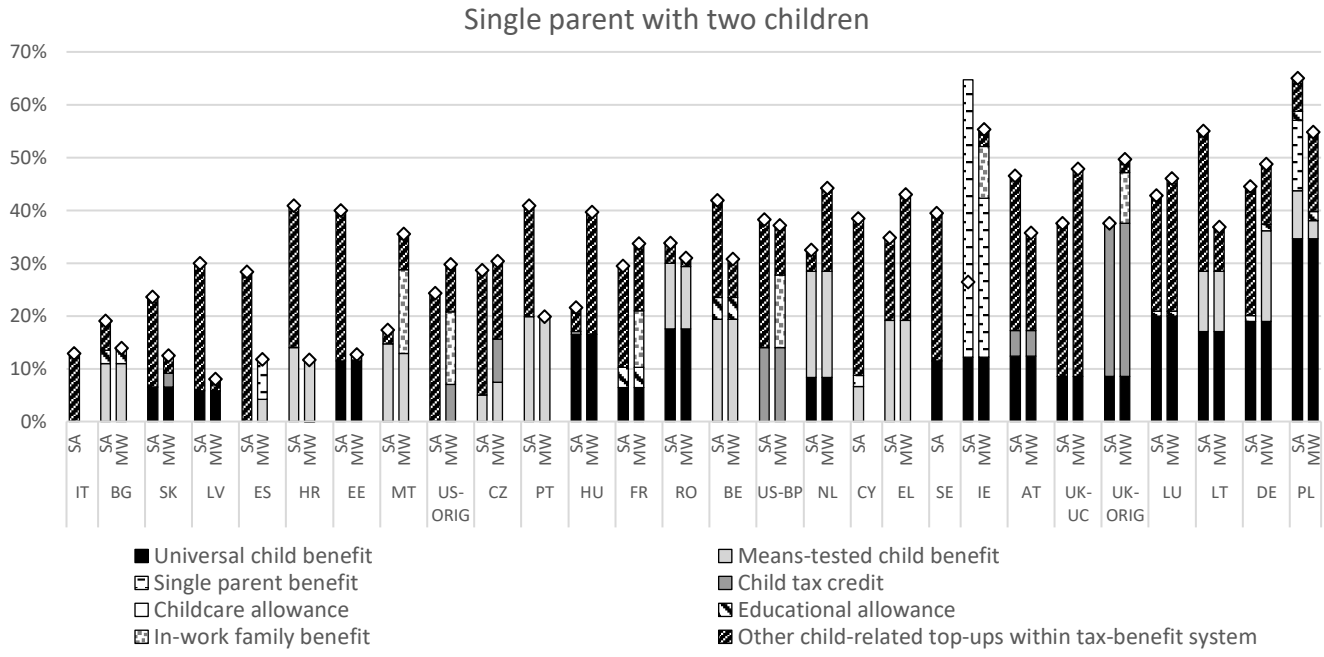
The final component of the child-related benefit package captures all other top-ups within the tax-benefit system related to the presence of a child. This could for example be any mitigation of taxes or social insurance contributions, or social assistance and housing benefits that vary by the number of children.

There is thus sizable variation in both the generosity and composition of the child benefit package. The graph reveals that the most generous child benefit packages are to be found in countries where income support is multi-layered and combines a universal child benefit system with well-targeted supplements by means of income-related cash benefits, tax credits or social assistance top-ups.

Overall, the child-related benefit package for a working parent is the most generous in Ireland, Slovenia, Poland and the UK, with levels equivalent to around 35 to 55 percent of the income needed to stay out of poverty. Austria, Sweden, Lithuania and Poland are on the other hand the most generous to jobless parents. In sharp contrast, there are also countries, notably Spain, Italy, Latvia and Bulgaria, where the child-related benefit package barely equals 10 to 20 percent of the at-risk-of-poverty threshold. Figure 3 also substantiates the potential importance of the expanded US Child Tax Credit for poverty reduction. If the CTC were to be made permanent, the overall level of child benefits offered to households with children would be equivalent to over 30 percent of the income needed to stay out of poverty, lifting the US at par with levels seen in other rich European welfare states.

Figure 3. Child benefit package of non-working and working families with children at active age relative to the poverty threshold (60 % of median income)





Which countries provide extra financial support to large families?

The total amount of child benefits received is not always purely proportional to the number of children. Figure 4 presents the percentage more (or less) that all subsequent children receive compared to the first child. Positive values indicate that respectively the second, third, fourth or fifth child in the household receives a higher amount of child benefits than the first child.

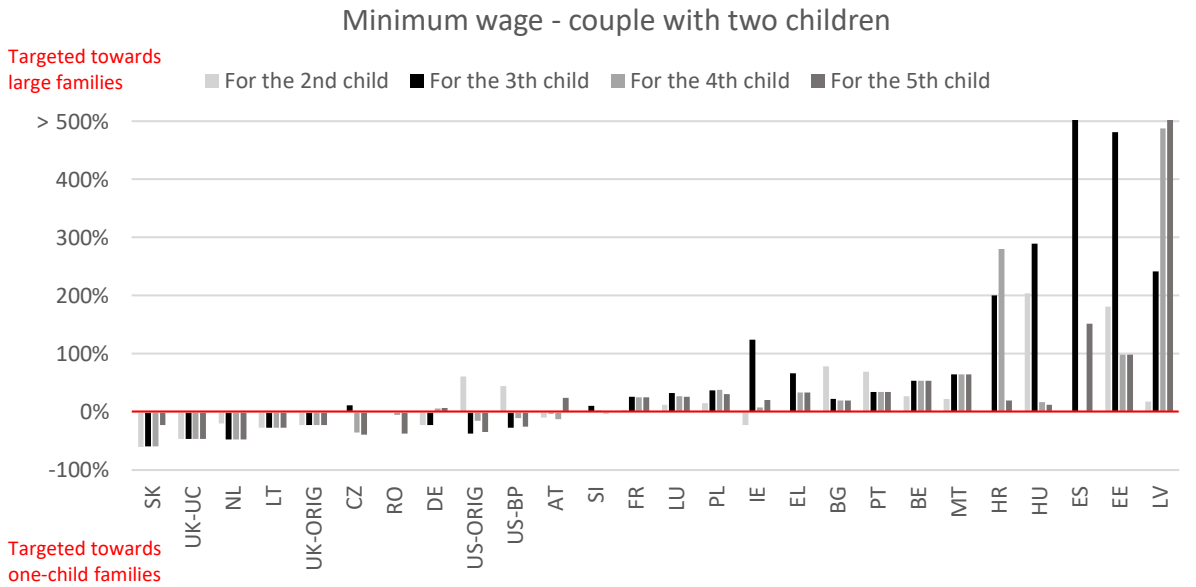
For working households, we see that, in effect, the total child-related benefit package depends on the child's birth rank in all countries. Most countries raise the benefit level with the number of children in the household. They thus provide relatively more financial support to large families. This increase usually does not proceed proportionally, but peaks at the third child. Some countries even specifically target large families with a categorical benefit. In France, Slovenia and Poland for example families with three or more dependent children are granted a means-tested large family benefit. Spain and Estonia have a large family tax credit in place.

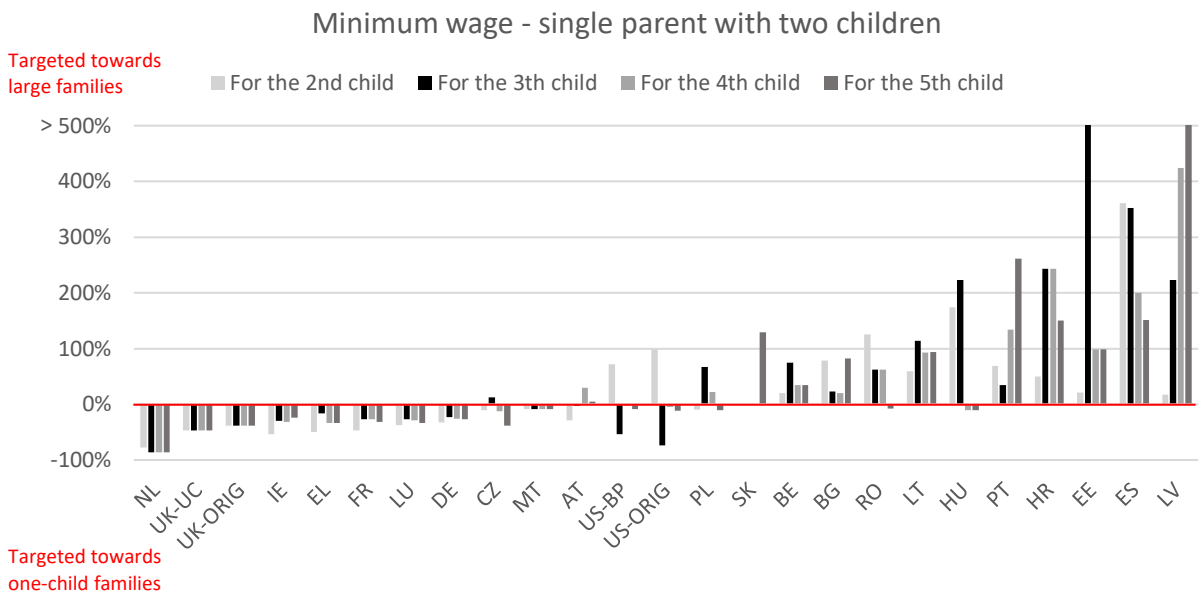
For non-working households the situation is different. In some countries – including Portugal, Estonia, Ireland and Lithuania – each child is rewarded the exact same amount, regardless of the presence of any siblings. In addition, we see that the main logic has been reversed: the majority of the countries grant the firstborn child in a jobless household the most generous child benefit package. Around two-third of the countries have a lower benefit level for the second and all following children, effectively assuming that there are economies of scale.

Figure 4. Percentual difference in the child benefit package between the first and all subsequent children

Interpretation of values

- **< 0%:** the firstborn child receives the highest amount
- **= 0%:** benefit amount does not depend on birth rank
- **> 0%:** the second/third/fourth/fifth child receives the highest amount




Minimum wage - single parent with two children
Targeted towards large families
For the 2nd child
For the 3th child
For the 4th child
For the 5th child
> 500%
400%
300%
200%
100%
0%
-100%
NL
UK-UC
UK-ORIG
IE
EL
FR
LU
DE
CZ
MT
AT
US-BP
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EE
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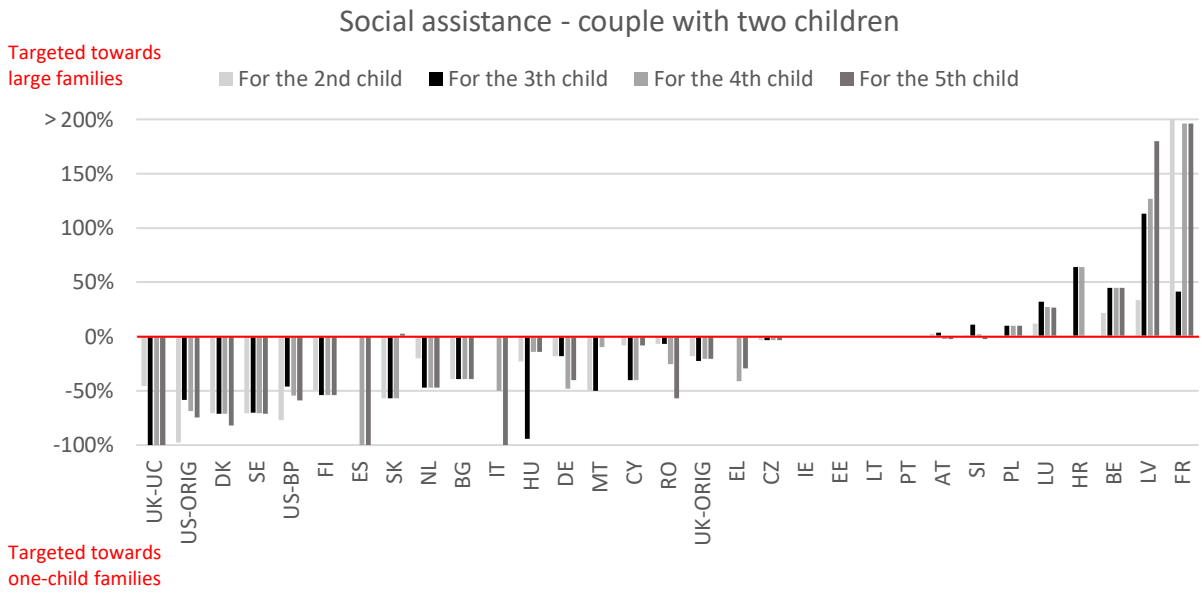
LV
Targeted towards one-child families


Social assistance - couple with two children
Targeted towards large families
For the 2nd child
For the 3th child
For the 4th child
For the 5th child
> 200%
150%
100%
50%
0%
-50%
-100%
UK-UC
US-ORIG
DK
SE
US-BP
FI
ES
SK
NL
BG
IT
HU
DE
MT
CY
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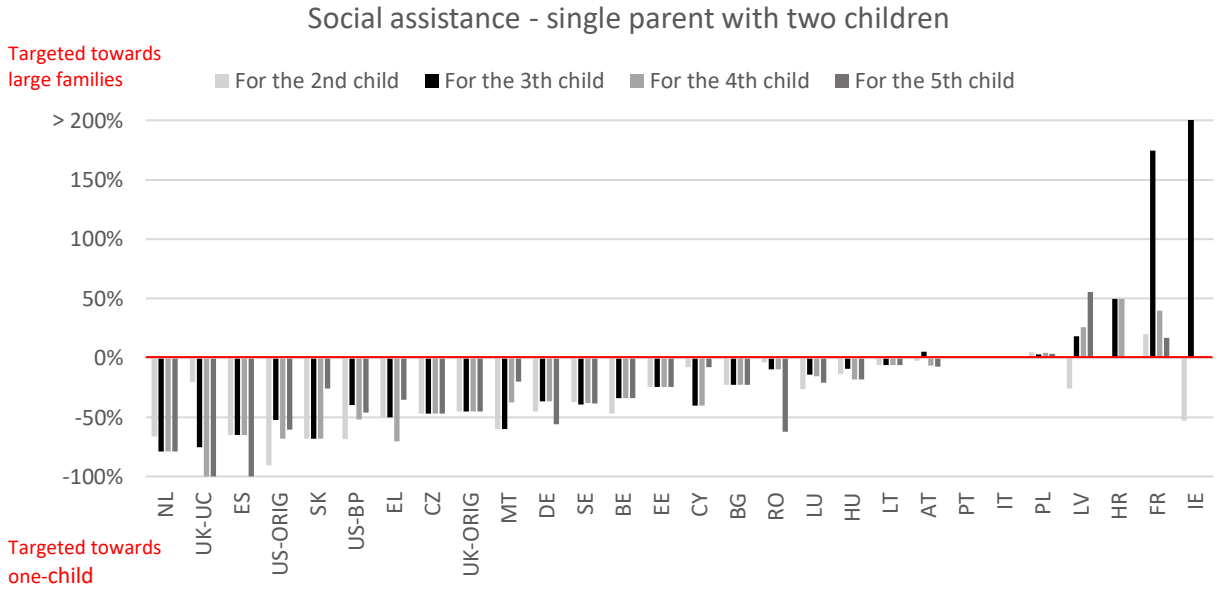
Targeted towards one-child families


Social assistance - single parent with two children
Targeted towards large families
For the 2nd child
For the 3th child
For the 4th child
For the 5th child
> 200%
150%
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IT
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LV
HR
FR
IE
Targeted towards one-child

Which countries provide extra financial support to low-income families?

In most countries, child benefits are higher for families with lower incomes. To show that we compare the child benefit package of a family with two children at various earnings levels.

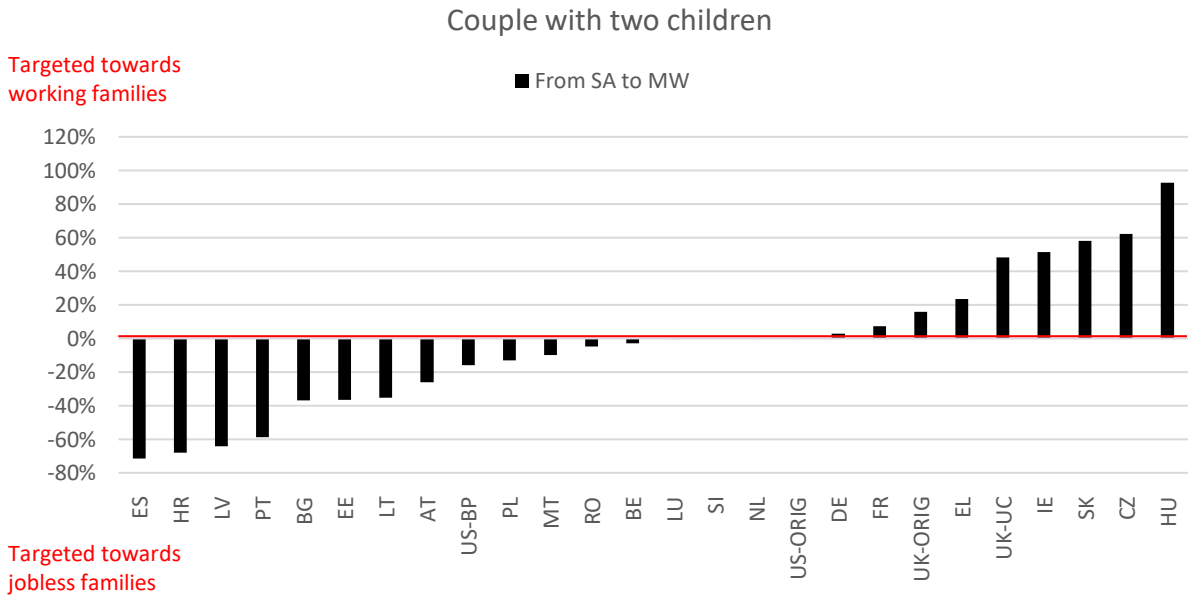
First, we compare how countries differentiate their child benefit package between working and non-working households. Figure 5 presents the percentage more (or less) that a family with two children working at the minimum wage (MW) receives compared to a similar family on social assistance (SA). Positive values indicate that working households receive higher child benefits than non-working households and vice versa.

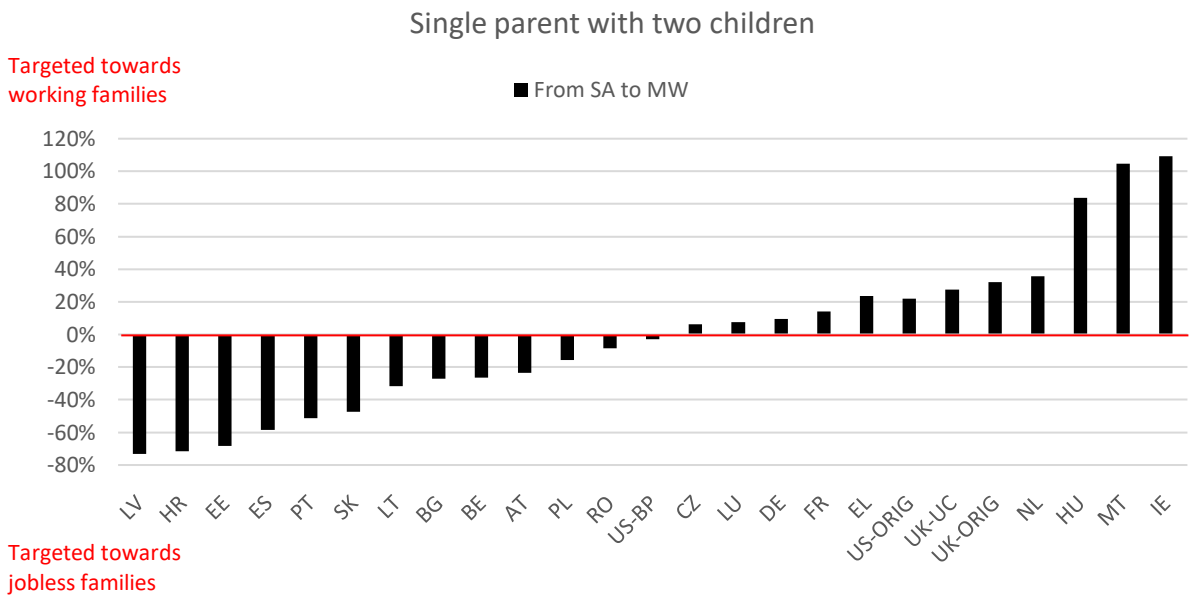
The graph suggests that there is not much similarity across countries in who is favored. There are countries with a pronounced preference for stronger support toward minimum wage earners, but there are also countries strongly targeting child benefit packages towards social assistance households. Only a few tax-benefit systems are broadly neutral between the working and non-working case. Overall, in just under half of the countries working parents are treated more generously than jobless parents.

Figure 5. Percentual difference in the child benefit package between a working and non-working family with two children

Interpretation of values

- **< 0%:** jobless households receive the highest amount
- **= 0%:** benefit amount does not depend on labor market status
- **> 0%:** working households receive the highest amount





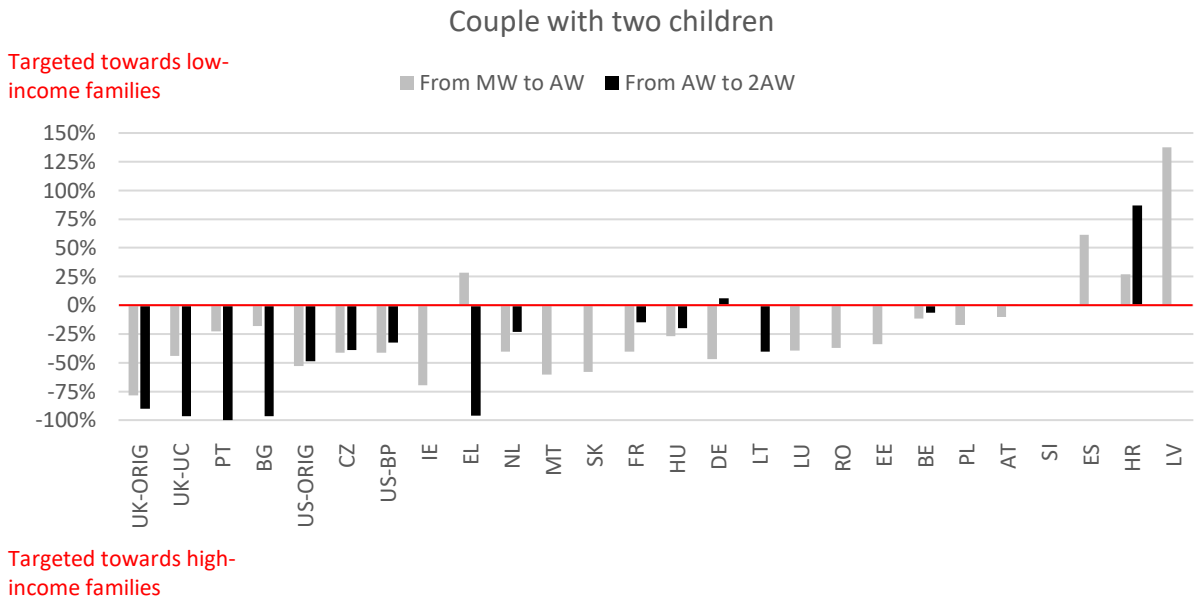
Next, we compare the child benefit package at different wage levels. Figure 6 presents the percentual difference between a low-income, middle-income and high-income household. Negative values thus imply that lower income families receive a more generous child benefit package than families earning a higher wage. Take for example a single parent in Ireland: a single parent earning the average wage (AW) will receive 70% less in child benefits than a single parent working at the minimum wage (MW), while a single parent making twice the average wage (2AW) will still be granted the exact same amount as the average wage earner.

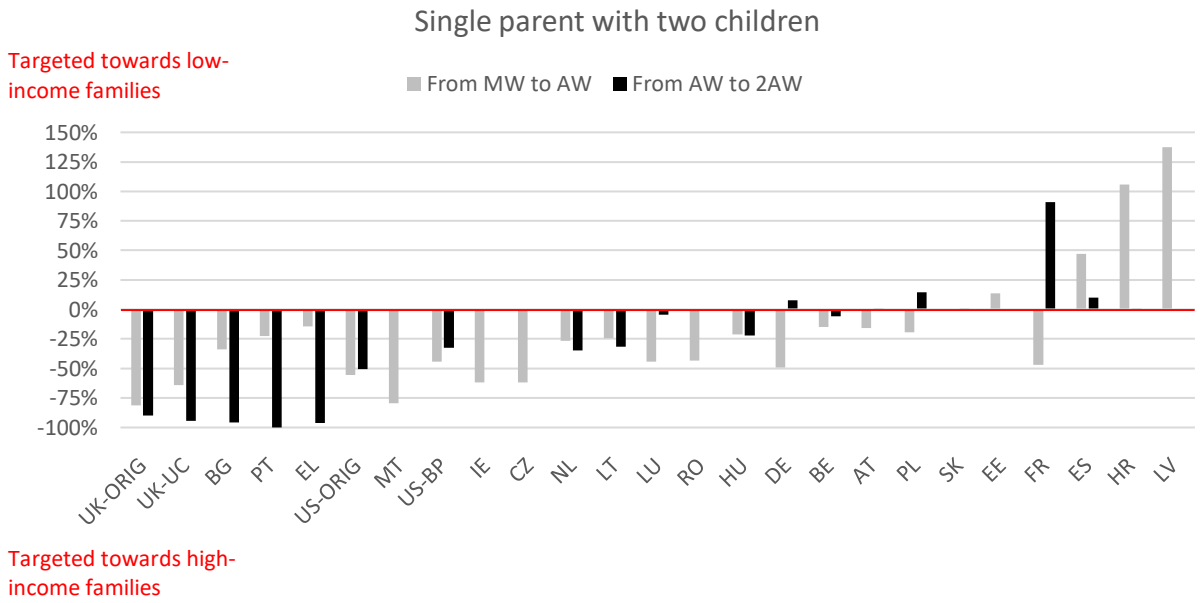
We immediately see that in the vast majority of the countries the child benefit package is income targeted by design: low-income families are entitled to more generous benefits than higher income families. Especially in the UK, Ireland and Malta average earners receive well less than half of the amount that is given to a minimum wage family. Yet, in some countries, including Croatia, Spain and Latvia, high-income families receive more child benefits compared to lower income families. This is due to certain tax advantages benefiting households higher up the income distribution.

Figure 6. Percentual difference in the child benefit package between different wage levels

Interpretation of values

- **< 0%:** low-income households receive the highest amount
- **= 0%:** benefit amount does not depend on income
- **> 0%:** high-income households receive the highest amount





Which countries provide extra financial support to single parents?

Supplements for specific segments of the population, particularly single parents, are far less well-established. This may come as a surprise as it is widely acknowledged that single parents are a distinctly needy group. In order to discover which countries provide extra support for single parents within the child benefit package, we compare the child benefit package of a single-parent and coupled-parent household at three earnings levels.

Figure 7 presents the percentage more (or less) that a single parent with two children would receive compared to a couple with the same earnings. Positive values indicate that single-parent households receive higher child benefits than coupled-parent households and vice versa.

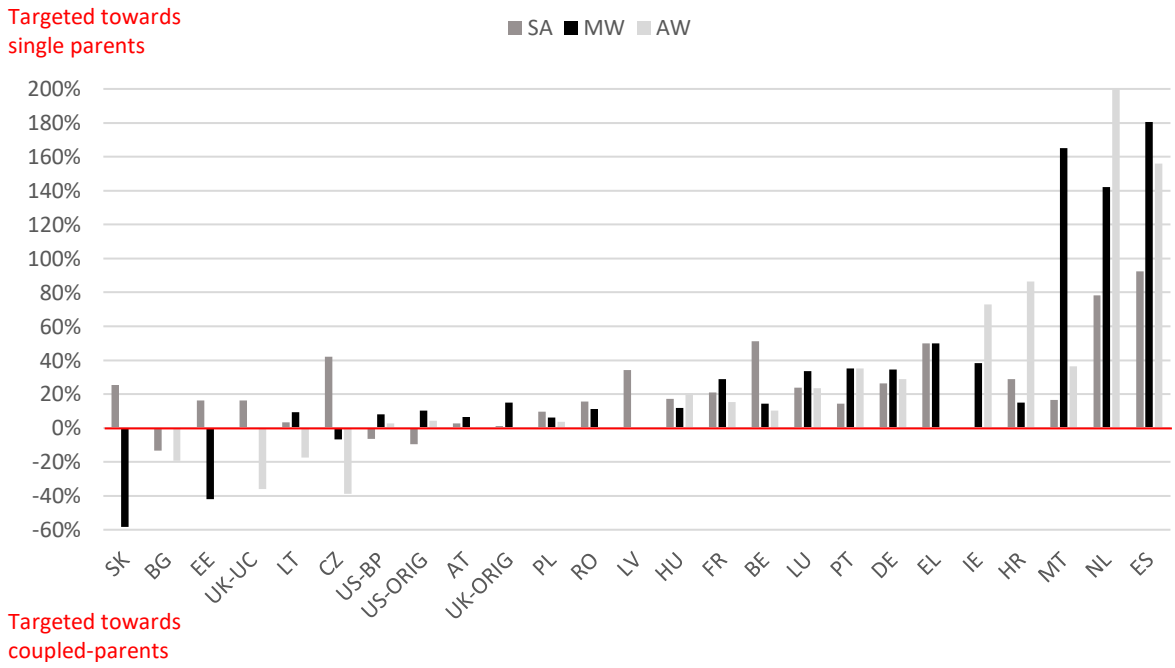
Additional support for single parents is most often provided for those on social assistance, but it is most generous for those working at the minimum wage. In general, the degree of single-parent targeting decreases with the earnings level.

Especially, Ireland, Malta, Spain and the Netherlands are prime examples of single-parent targeting. In Ireland, single parents receive either the 'One-Parent Family Supplement' (if the children are aged under 7) or the 'Jobseeker's Transitional Payment' (if the children are aged between 7 and 13). The in-work benefit in Malta is substantially more generous toward single parents. The Netherlands has a single parent supplement within the child-related budget in place, while in Spain single parents are entitled to a tax credit for working single parents. This proves that there are thus multiple possibilities to provide extra support to single parents. Countries can either give higher benefit amounts to single parents within their existing provisions or they can offer a specific single parent benefit.

Figure 7. Percentual difference in the child benefit package between a single-parent and coupled-parent family with two children earning the same earnings

Interpretation of values:

- **< 0%:** coupled-parent households receive the highest amount
- **= 0%:** benefit amount does not depend on marital status
- **> 0%:** single-parent households receive the highest amount



Where does the United States stand?

The graphs in this paper show that the levels of minimum income protection guaranteed in the US are worryingly low, especially compared to the richer European countries. The expanded Child Tax Credit, part of President Biden's American Rescue Plan, if it were to be made permanent, would certainly improve the situation of families in the US, but would not yet bring the US to the level of peer nations in terms of adequacy of minimum income packages.

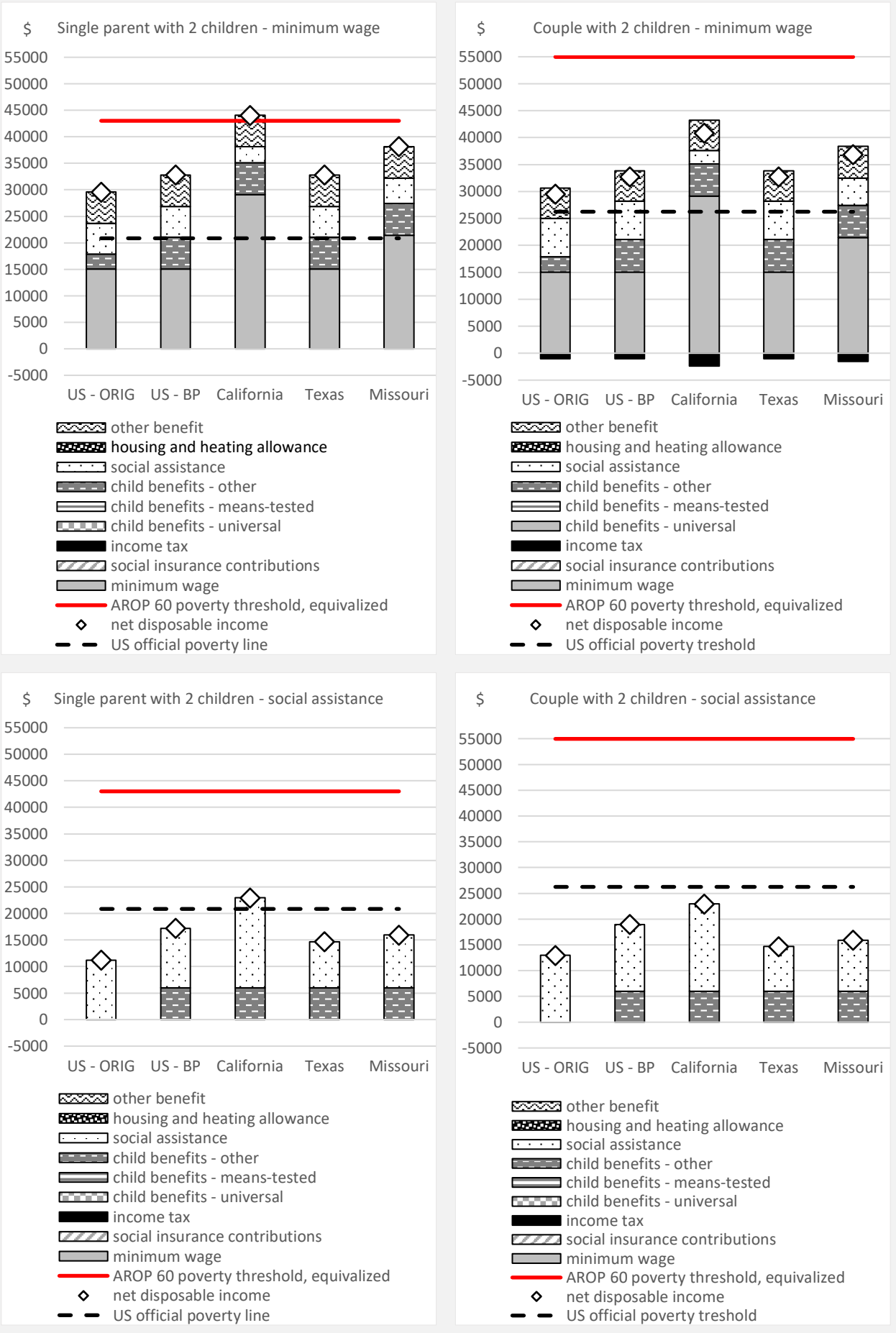
The net disposable income of a single parent with 2 children working at the minimum wage would grow by $3,200 dollar per year, representing an increase from 69% to 76% of the poverty threshold. The biggest progress would be among jobless families receiving social assistance. Their net disposable incomes would increase by $6,000 annually, which corresponds to a rise from 26% to 40% of the poverty threshold. The child benefit package of the US would then already be comparable in relative terms to that of for example Finland or Belgium. This highlights again the importance of a generous child benefit package as a first layer of supplementary income protection for households with children.

It is, however, important to note that the US does feature large state-level heterogeneity in wage-setting and social assistance policies. The federal minimum wage is determined by the federal government, but the states can set higher minimum wages. In some states, for example, the statutory minimum wage is twice as high as the federal minimum. As a result, there is also large variation in states' minimum income packages. Figure 8 shows the minimum income protection packages in California, Texas and Missouri. These three states approximately represent the spectrum from least generous (Texas) to most generous (California), with Missouri somewhere in between. The US official poverty line has been added for reference.

The findings show that only in California (among the states examined) does a working single parent with two children achieve an income above 60% of the national equivalized median income. While the level of direct income support offered to low-income working families in the US is substantial, the national minimum wage remains in most states far too low to ensure decent minimum incomes to families working full-time. As mentioned before, the US is actually an outlier compared to other high-income countries in its relatively low wage floor, at least at the federal level. Among jobless families no state performs particularly well in boosting minimum incomes, despite modest variation across California, Texas, and Missouri.

In conclusion, the Biden Child Tax Credit expansion, if made permanent, would not propel the US to a leading position compared to other rich countries. Even with the expanded Child Tax Credit taken into account, the net disposable incomes of low-income families still remain far below the poverty threshold. In addition to child benefits, minimum wages are also key to adequate minimum income protection. The new child tax credit is a major step forward, but in order to actually ensure adequate minimum income protection to families, the US would need to set higher minimum wages and further expand its provision of social assistance.

Figure 8. Net disposable income of families with children at active age before and after the US Biden Plan in relation to the poverty threshold (60 % of median income)



5. Limitations of our approach

We want to reemphasize that we are looking at income support packages as they exist on paper. Our calculations represent the situation that would prevail under conditions of full enforcement of rights and full take-up of benefits. In that sense, we are looking at best-case scenarios. (However, countries may also provide all kinds of discretionary benefits that are not featured in the calculations.)

It is important to stress that enforcement matters. The minimum wage we use in our calculations does not necessarily reflect actual low pay levels. To start with, some countries exclude certain groups like tipped workers. Lack of monitoring and effective sanctioning may mean that workers are paid below the minimum, for example because actual working hours are underreported. The bite of the minimum wage also differs quite substantially across countries. Estimates by the OECD for 2010 (OECD, 2015b) suggest that in countries like Latvia close to 15 percent of workers were earning at or close to the legal minimum, while in countries like Belgium or Spain the percentage was almost negligible. In Belgium, where the minimum wage sits at a moderately high level, few employees are actually paid the minimum, because collective agreements set wage floors above the minimum wage. More generally, cross-country research shows that union strength and collective bargaining institutions matter far more for actual wage floors than statutory minimum wages. The cross-country correlation between the observed prevalence of low pay in a country and the (relative) level of the statutory minimum wage is not very strong. But the correlation across countries between the incidence of low pay (and other measures of wage dispersion) on the one hand and collective bargaining strength and especially coverage is quite strong (Garnero, 2020; Gornick & Smeeding, 2018).

In addition, our calculations assume full take-up of benefits and tax measures. It is important to note that (quasi-) universal cash benefits tend to have far higher take-up rates than more targeted benefits, especially tax credits. The more tightly one seeks to target minimum income protection on those in financial need and only on those in need, from exactly the moment that situation arises until it ends, the more complex this administrative challenge becomes. That targeted benefits often do not reach the people they aim to reach, at the time at which they need it, is well documented. That the administrative execution of targeted benefits that follow closely changes in need and household situation remains very complex even in times of tremendous ICT capacity is amply illustrated by the Universal Credit rollout debacle in the UK. Similarly, many sophisticated studies have looked at the EITC in the United States, a comparatively large targeted benefit, and all have established very significant rates of non-take-up (Chetty & Saez, 2013; Kleven, 2019). The complex schedule of the scheme accounts in part for these frictions as do the procedures for filing taxes and claiming the credit. Many potential recipients are either unaware of the EITC or have a limited understanding of the schedule and eligibility requirements. It is entirely reasonable to assume similar problems with other targeted benefits.

6. Conclusion

Income support provisions for families with children come in many different guises in the rich world. Regulatory instruments like statutory minimum wages are often complemented with direct income support instruments like tax credits and child benefits. This paper has demonstrated that there is very substantial variation in the levels of income support provided to working and non-working families across Europe and the US. The most generous countries support parents' incomes through layers of policies, including minimum wages, tax provisions, child benefits, social assistance top-ups and other allowances. These policies often interact in complex ways. In the best cases they complement and reinforce each other.

Several countries show that the state can help to make sure that working parents have adequate minimum incomes if they work full-time. This is particularly relevant for working single-parent households putting in full work effort. (Dual earner households putting in full work effort are almost nowhere at any significant risk of poverty.) Income support provisions for working single-parent households reach adequacy by the poverty thresholds used here in a significant number of countries, demonstrating that poverty among low-income working single parents is avoidable if there is sufficient political will. The plight of jobless families with children on the other hand remains extremely worrisome nearly everywhere. In almost all countries, minimum income protection fails to ensure an acceptable minimum living standard, usually by a wide margin.

Child benefits and other transfers or tax advantages associated with having children play a particularly significant role in supporting the income of households with children, whether working or not. Overall, the child-related benefit package is the most generous in Poland, Sweden, Lithuania, Germany and the UK, with levels of state support equivalent to up to 50 percent of the income needed to stay out of poverty. The most generous child benefit packages tend to combine universal and targeted benefits. Universal child benefits provide a first layer of immediate and stable income support at a low administrative cost and without causing disincentives to work or to move up the earnings ladder, whereas means-tested benefits add support to families most at risk of financial hardship and poverty. Our analysis indicates a clear pattern of additional income support toward low-income households and single parents, although the degree of it varies widely across countries.

In addition, we paid particular attention to how the child benefit package in the US compares relative to Europe. While the temporary expansion of the Child Tax Credit, a component of President Biden's American Rescue Plan of 2021, did constitute a major step forward in the level of financial support provided to families with children, it did not propel the US to a leading position as compared to other rich countries. The main reason was that the US federal minimum wage remains exceptionally low compared to other rich countries. If there is no action on this front and if the expansion of the Child Tax Credit does not become permanent, as now looks likely, child poverty in the US is destined to remain exceptionally high.

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Appendix

Table 1. Overview of MIP income components of active age families with children in relation to the poverty threshold (%)

Country	Family type	Income situation	Minimum wage	Social assistance	Social insurance contributions	Income tax	Child benefit	Housing and heating allowance	Other benefit	Net disposable income
AT	couple with two children	minimum wage	57	0	-9	4	14	16	0	81
		social assistance	0	58	0	3	14	19	0	94
	single parent with two children	minimum wage	73	0	-12	5	17	13	0	97
		social assistance	0	55	0	4	17	21	0	97
BE	couple with two children	minimum wage	62	0	-1	5	18	0	0	84
		social assistance	0	45	0	3	18	0	0	66
	single parent with two children	minimum wage	80	0	-2	1	23	0	0	103
		social assistance	0	58	0	3	23	0	0	84
BG	couple with two children	minimum wage	58	0	-8	-5	11	0	0	56
		social assistance	0	12	0	0	11	4	0	27
	single parent with two children	minimum wage	74	0	-10	-6	14	0	0	71
		social assistance	0	12	0	0	14	5	0	30
CY	couple with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	75	0	0	5	0	0	80
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	78	0	0	9	0	0	86
CZ	couple with two children	minimum wage	47	12	-5	0	12	10	0	78
		social assistance	0	41	0	0	4	13	0	58
	single parent with two children	minimum wage	60	5	-7	0	15	15	0	89
		social assistance	0	37	0	0	5	22	0	64
DE	couple with two children	minimum wage	52	31	-11	0	16	0	0	87
		social assistance	0	60	0	0	16	0	0	76
	single parent with two children	minimum wage	66	0	-13	0	37	12	0	102
		social assistance	0	64	0	0	20	0	0	84
DK	couple with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	115	0	-32	7	4	0	95
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-
EE	couple with two children	minimum wage	44	8	-2	0	9	0	0	59
		social assistance	0	49	0	0	9	0	0	58
	single parent with two children	minimum wage	56	0	-2	0	11	0	0	65
		social assistance	0	53	0	0	11	0	0	64
EL	couple with two children	minimum wage	89	0	-14	0	15	19	0	109
		social assistance	0	28	0	0	15	19	0	61
	single parent with two children	minimum wage	104	0	-16	0	19	24	0	131
		social assistance	0	29	0	0	19	24	0	72
ES	couple with two children	minimum wage	64	0	-4	0	3	0	0	63
		social assistance	0	61	0	0	0	0	0	61

	single parent with two children	minimum wage	82	0	-5	0	11	0	0	88
		social assistance	0	70	0	0	0	0	0	70
FI	couple with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	46	0	0	7	30	0	83
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-
FR	couple with two children	minimum wage	58	0	-7	-6	8	11	22	87
		social assistance	0	35	0	0	8	17	0	59
	single parent with two children	minimum wage	74	0	-9	-7	10	14	20	103
		social assistance	0	36	0	0	10	21	0	68
HR	couple with two children	minimum wage	65	0	-13	0	8	0	0	60
		social assistance	0	25	0	0	10	13	0	48
	single parent with two children	minimum wage	83	0	-17	0	12	0	0	78
		social assistance	0	34	0	0	14	17	0	65
HU	couple with two children	minimum wage	70	0	-1	-7	12	0	0	74
		social assistance	0	21	0	0	12	0	0	33
	single parent with two children	minimum wage	90	0	-1	-6	16	0	0	98
		social assistance	0	17	0	0	17	0	0	34
IE	couple with two children	minimum wage	59	0	-2	-1	9	0	22	88
		social assistance	0	61	0	0	9	0	0	70
	single parent with two children	minimum wage	76	0	-2	-1	42	0	10	125
		social assistance	0	0	0	0	65	0	0	65
IT	couple with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	59	0	0	0	0	0	59
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	63	0	0	0	0	0	63
LT	couple with two children	minimum wage	67	0	-15	-5	22	0	0	69
		social assistance	0	44	0	0	22	0	0	67
	single parent with two children	minimum wage	86	9	-19	-7	28	0	0	98
		social assistance	0	44	0	0	28	0	0	73
LU	couple with two children	minimum wage	50	34	-7	-2	17	0	0	92
		social assistance	0	71	-3	-2	17	0	0	83
	single parent with two children	minimum wage	64	22	-8	3	21	0	0	102
		social assistance	0	70	-3	3	21	0	0	91
LV	couple with two children	minimum wage	44	0	-5	0	5	0	0	44
		social assistance	0	26	0	0	5	7	0	38
	single parent with two children	minimum wage	57	0	-6	0	6	0	0	56
		social assistance	0	25	0	0	6	14	0	46
MT	couple with two children	minimum wage	43	0	-4	0	10	0	6	55
		social assistance	0	32	0	0	12	5	2	50
	single parent with two children	minimum wage	55	10	-6	0	13	0	19	91
		social assistance	0	38	0	0	15	7	3	63
NL	couple with two children	minimum wage	60	0	-12	-1	14	12	7	78
		social assistance	0	56	-12	-2	14	12	7	74
	single parent with two children	minimum wage	76	0	-5	0	28	15	4	119
		social assistance	0	56	-14	-3	28	15	4	88

PL	couple with two children	minimum wage	70	0	-10	-2	35	4	0	99
		social assistance	0	20	0	0	35	11	0	66
	single parent with two children	minimum wage	90	0	-12	-2	41	6	0	121
		social assistance	0	10	0	0	59	12	0	81
PT	couple with two children	minimum wage	64	0	-7	0	12	0	0	69
		social assistance	0	44	0	0	12	0	0	56
	single parent with two children	minimum wage	82	0	-9	0	20	0	0	93
		social assistance	0	42	0	0	20	0	0	62
RO	couple with two children	minimum wage	102	0	-36	-3	21	0	0	84
		social assistance	0	13	0	0	21	0	0	34
	single parent with two children	minimum wage	130	0	-46	-4	29	0	0	109
		social assistance	0	12	0	0	29	0	0	42
SE	couple with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	52	0	0	9	14	0	76
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	0	52	0	0	11	18	0	82
SI	couple with two children	minimum wage	57	23	-13	0	15	9	0	92
		social assistance	0	55	0	0	15	9	0	79
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-
SK	couple with two children	minimum wage	59	6	-8	0	7	0	0	65
		social assistance	0	45	0	0	5	0	0	50
	single parent with two children	minimum wage	75	0	-10	0	10	0	0	74
		social assistance	0	42	0	0	7	0	0	49
UK-ORIG	couple with two children	minimum wage	58	0	-6	-1	30	6	9	96
		social assistance	0	22	0	0	30	22	0	73
	single parent with two children	minimum wage	74	0	-8	-2	38	5	11	118
		social assistance	0	18	0	0	38	28	0	84
UK-UC	couple with two children	minimum wage	58	46	-6	-1	7	0	0	104
		social assistance	0	67	0	0	7	0	0	73
	single parent with two children	minimum wage	74	50	-8	-2	9	0	0	123
		social assistance	0	80	0	0	9	0	0	88
US-ORIG	couple with two children	minimum wage	27	13	0	-2	5	0	10	54
		social assistance	0	24	0	0	0	0	0	24
	single parent with two children	minimum wage	35	13	0	0	7	0	14	69
		social assistance	0	26	0	0	0	0	0	26
US-BP	couple with two children	minimum wage	27	13	0	-2	11	0	10	60
		social assistance	0	24	0	0	11	0	0	34
	single parent with two children	minimum wage	35	13	0	0	14	0	14	76
		social assistance	0	26	0	0	14	0	0	40

Note: Only countries with (quasi)statutory minimum wages are included. Denmark, Finland and Slovenia are excluded from the single-parent case due to missing single parent benefits in EUROMOD.

Table 2. Overview of child benefit package of active age families with children in relation to the poverty threshold (%)

Country	Family type	Income situation	Universal child benefit	Means-tested child benefit	Single parent benefit	Child tax credit	Childcare allowance	Educational allowance	In-work family benefit	Other child-related top-ups within tax-benefit system	Total child benefit package
AT	couple with two children	minimum wage	10	0	0	4	0	0	0	13	26
		social assistance	10	0	0	4	0	0	0	22	35
	single parent with two children	minimum wage	12	0	0	5	0	0	0	18	36
		social assistance	12	0	0	5	0	0	0	29	47
BE	couple with two children	minimum wage	0	15	0	0	0	3	0	3	22
		social assistance	0	15	0	0	0	3	0	3	21
	single parent with two children	minimum wage	0	19	0	0	0	4	0	7	31
		social assistance	0	19	0	0	0	4	0	18	42
BG	couple with two children	minimum wage	0	9	0	0	0	2	0	0	11
		social assistance	0	9	0	0	0	2	0	7	17
	single parent with two children	minimum wage	0	11	0	0	0	3	0	0	14
		social assistance	0	11	0	0	0	3	0	6	19
CY	couple with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	0	5	0	0	0	0	0	25	30
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	0	7	2	0	0	0	0	30	38
CZ	couple with two children	minimum wage	0	6	0	9	0	0	0	11	26
		social assistance	0	4	0	0	0	0	0	12	16
	single parent with two children	minimum wage	0	7	0	8	0	0	0	15	30
		social assistance	0	5	0	0	0	0	0	24	29
DE	couple with two children	minimum wage	15	0	0	0	0	1	0	13	28
		social assistance	15	0	0	0	0	1	0	12	28
	single parent with two children	minimum wage	19	17	0	0	0	1	0	11	49
		social assistance	19	0	0	0	0	1	0	24	45
DK	couple with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	0	7	0	0	0	0	0	19	26
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-	-
EE	couple with two children	minimum wage	9	0	0	0	0	0	0	8	17
		social assistance	9	0	0	0	0	0	0	18	27
	single parent with two children	minimum wage	11	0	0	0	0	0	0	1	13
		social assistance	11	0	0	0	0	0	0	29	40
EL	couple with two children	minimum wage	0	15	0	0	0	0	0	7	22
		social assistance	0	15	0	0	0	0	0	3	18
	single parent with two children	minimum wage	0	19	0	0	0	0	0	24	43
		social assistance	0	19	0	0	0	0	0	16	35
ES	couple with two children	minimum wage	0	3	0	0	0	0	0	0	3
		social assistance	0	0	0	0	0	0	0	12	12

	single parent with two children	minimum wage	0	4	7	0	0	0	0	0	12
		social assistance	0	0	0	0	0	0	0	28	28
FI	couple with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	7	0	0	0	0	0	0	24	31
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-	-
FR	couple with two children	minimum wage	5	0	0	0	0	3	7	6	20
		social assistance	5	0	0	0	0	3	0	11	19
	single parent with two children	minimum wage	6	0	0	0	0	4	11	13	34
		social assistance	6	0	0	0	0	4	0	19	29
HR	couple with two children	minimum wage	0	8	0	0	0	0	0	0	8
		social assistance	0	10	0	0	0	0	0	15	25
	single parent with two children	minimum wage	0	12	0	0	0	0	0	0	12
		social assistance	0	14	0	0	0	0	0	27	41
HU	couple with two children	minimum wage	12	0	0	0	0	0	0	16	28
		social assistance	12	0	0	0	0	0	0	2	14
	single parent with two children	minimum wage	16	0	0	0	0	0	0	23	40
		social assistance	16	1	0	0	0	0	0	5	22
IE	couple with two children	minimum wage	9	0	0	0	0	0	22	0	31
		social assistance	9	0	0	0	0	0	0	11	21
	single parent with two children	minimum wage	12	0	30	0	0	0	10	3	55
		social assistance	12	0	53	0	0	0	0	-	26
IT	couple with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	0	0	0	0	0	0	0	10	10
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	0	0	0	0	0	0	0	13	13
LT	couple with two children	minimum wage	13	9	0	0	0	0	0	5	27
		social assistance	13	9	0	0	0	0	0	19	42
	single parent with two children	minimum wage	17	11	0	0	0	0	0	8	37
		social assistance	17	11	0	0	0	0	0	27	55
LU	couple with two children	minimum wage	16	0	0	0	0	1	0	11	27
		social assistance	16	0	0	0	0	1	0	11	27
	single parent with two children	minimum wage	20	0	0	0	0	1	0	25	46
		social assistance	20	0	0	0	0	1	0	22	43
LV	couple with two children	minimum wage	5	0	0	0	0	0	0	2	6
		social assistance	5	0	0	0	0	0	0	13	17
	single parent with two children	minimum wage	6	0	0	0	0	0	0	2	8
		social assistance	6	0	0	0	0	0	0	24	30
MT	couple with two children	minimum wage	0	10	0	0	0	0	5	0	15
		social assistance	0	12	0	0	0	0	0	0	12
	single parent with two children	minimum wage	0	13	0	0	0	0	16	7	35
		social assistance	0	15	0	0	0	0	0	3	17
NL	couple with two children	minimum wage	7	7	0	0	0	0	0	1	14
		social assistance	7	7	0	0	0	0	0	1	14
	single parent with two children	minimum wage	8	20	0	0	0	0	0	16	44
		social assistance	8	20	0	0	0	0	0	4	33

PL	couple with two children	minimum wage	27	7	0	0	0	1	0	5	40
		social assistance	27	7	0	0	0	1	0	11	46
	single parent with two children	minimum wage	35	4	0	0	0	2	0	15	55
		social assistance	35	9	13	0	0	2	0	6	65
PT	couple with two children	minimum wage	0	12	0	0	0	0	0	0	12
		social assistance	0	12	0	0	0	0	0	16	28
	single parent with two children	minimum wage	0	20	0	0	0	0	0	0	20
		social assistance	0	20	0	0	0	0	0	21	41
RO	couple with two children	minimum wage	14	7	0	0	0	0	0	1	22
		social assistance	14	7	0	0	0	0	0	2	23
	single parent with two children	minimum wage	17	12	0	0	0	0	0	2	31
		social assistance	17	12	0	0	0	0	0	4	34
SE	couple with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	9	0	0	0	0	0	0	41	50
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	11	0	0	0	0	0	0	28	39
SI	couple with two children	minimum wage	0	15	0	0	0	0	0	19	34
		social assistance	0	15	0	0	0	0	0	19	34
	single parent with two children	minimum wage	-	-	-	-	-	-	-	-	-
		social assistance	-	-	-	-	-	-	-	-	-
SK	couple with two children	minimum wage	5	0	0	2	0	0	0	16	23
		social assistance	5	0	0	0	0	0	0	10	15
	single parent with two children	minimum wage	7	0	0	3	0	0	0	3	12
		social assistance	7	0	0	0	0	0	0	17	24
UK-ORIG	couple with two children	minimum wage	7	0	0	23	0	0	4	0	34
		social assistance	7	0	0	23	0	0	0	0	29
	single parent with two children	minimum wage	9	0	0	29	0	0	10	3	50
		social assistance	9	0	0	29	0	0	0	0	38
UK-UC	couple with two children	minimum wage	7	0	0	0	0	0	0	31	37
		social assistance	7	0	0	0	0	0	0	19	25
	single parent with two children	minimum wage	9	0	0	0	0	0	0	39	48
		social assistance	9	0	0	0	0	0	0	29	38
US-ORIG	couple with two children	minimum wage	0	0	0	5	0	0	10	6	21
		social assistance	0	0	0	0	0	0	0	21	21
	single parent with two children	minimum wage	0	0	0	7	0	0	14	9	30
		social assistance	0	0	0	0	0	0	0	24	24
US-BP	couple with two children	minimum wage	0	0	0	11	0	0	10	6	27
		social assistance	0	0	0	11	0	0	0	21	32
	single parent with two children	minimum wage	0	0	0	14	0	0	0	24	37
		social assistance	0	0	0	14	0	0	14	9	38

Note: Only countries with (quasi)statutory minimum wages are included. Denmark, Finland and Slovenia are excluded from the single-parent case due to missing single parent benefits in EUROMOD.