



# **‘In wealth and in poverty?’ The changing role of Spanish municipalities in implementing childcare policies**

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## **Abstract**

In the context of more than a decade of economic expansion that ended in 2008, Spanish municipalities were active in expanding their functions through vigorous policy-making in numerous areas. The crisis meant that town halls had difficulty in providing these services and, in 2013, the central government approved a re-centralization policy driven by the belief that local governments had brought about unsustainable patterns of expenditure. Using a neo-institutionalist theoretical perspective, this article analyses the phenomena of expansion of municipal involvement in childcare policies and the impact of these processes on the functioning of local governments. We observe, as an unintended positive effect of the reallocation of tasks, that local governments have legitimized themselves through action in fields not initially foreseen in the formal decentralization arrangements, and are highly valued by citizens as welfare providers. However, they have not overcome the structural lack of autonomy in which the legal system places them and, so far, they have been able to meet citizens' expectations only when economic conditions have been favourable.

## **Points for practitioners**

The study may be taken to show that we can only understand the decentralization dynamics if we pay attention not only to the implementation of formal rules, but also to other aspects of the functioning of communities such as general favourable financial circumstances, particular citizens' demands at one point in time and strategic behaviour of political actors. Furthermore, the outputs of decentralization are not only changes

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in the reallocation of tasks but also in legitimacy of local governments that can be strengthened with good performance.

### **Keywords**

multi-level government, public sector reform, regional and local government

## **Introduction**

The distribution of public functions between levels of government designed in the 1978 Spanish Constitution focused almost exclusively on the decentralization process to the new regions; little attention was paid to municipal-level government functions. The subsequent 1985 national law regulating allocation of tasks to municipalities set an open framework whose actual implementation in the following years would determine the scope of local competences.

Decentralization's implementation within this open framework evolved into intense activity of municipalities in several fields of public action. Although they had only been granted implicit authority to act, local governments multiplied their activity in the context of economic expansion and sufficiency of financial resources that the country experienced up until the economic crisis. This trend can be mapped in a vast array of public policies, but the local provision of childcare services for children under 3 years illustrates particularly well the phenomenon. While regional governments focused on other priorities and neglected demands for such services, municipalities started the building of their own network of nursery schools that gradually but unquestionably increased enrolment levels. Regional governments also became involved in the provision of these services later on, but the initial impulse and the political vision had come from the local sphere. The expansion in local activity slowed only with the onset of the economic crisis; and the approval of the Rationalization and Sustainability of Local Administration 2013 Law reform<sup>1</sup> led to a re-centralization of tasks towards the regional and provincial levels.

Based on the study of childcare policies, this work aims to explore the logic of allocation of public functions among different levels of government in Spain and to examine how the implementation of such policies has impacted on local institutions. What is the actual functioning of the Spanish decentralization model? What intended and unintended effects did it produce in the local governments' performance? How did the decentralization process to regions and municipalities occur on reference to early childcare policies? Our analysis – guided by a neo-institutional theoretical perspective – builds on two main arguments. First, more than formal rules, it is the combination of the 'actual organization of political life' (March and Olsen, 1984), favourable financial circumstances and citizens' demands that have determined the implementation of the decentralization process in the Spanish multi-level system. Second, although local governments have reinforced their legitimacy through their role as welfare providers and as institutions closer to citizens,

the foundations continue to be weak. Through these years, local governments have not managed to overcome the structural lack of autonomy and they remain vulnerable to national authorities' re-centralization attempts. Methodologically, we conduct an analysis of selected laws, reports, surveys, our own previous research and secondary literature.

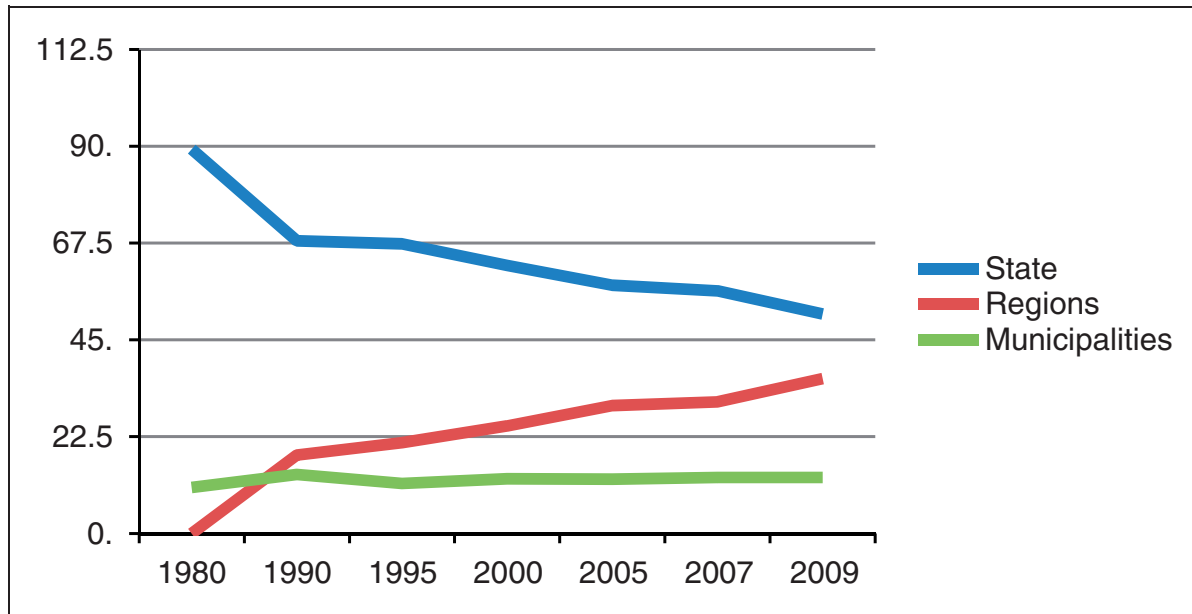
The article begins with a general review of the decentralization process from the enactment of the 1985 Local Government Act to the adoption of the 2013 Act on the 'Rationalization and Sustainability of Local Administration'. It then analyses the implementation of childcare public services by subnational authorities, exploring more in depth the cases of the Catalonia and Madrid regions during a decade (2002–11) that started with high economic expansion and ended with the first effects of the financial crisis. Finally, it discusses the positive and negative impacts of the local provision of services on the actual functioning of institutions.

## **The implementation of the constitutional model of decentralization**

In 1978 a twofold process began in Spain: on the one hand democratization, after almost 40 years of authoritarian rule, and on the other intense decentralization. Democratization spread through all levels of government, including to the more than 8000 Spanish town halls. Decentralization, however, was unevenly distributed, as it was more focused on the new regions (the so-called Autonomous Communities) than on the local level of government. Significant public functions were given to the regions as a response to one of the great challenges of the democratic transition: the demand for self-government from some territories. While an extensive section of the Constitution was devoted to the powers and capacities of the Autonomous Communities, it only referred to municipalities in two brief sentences, exclusively to acknowledge their autonomy and financial sufficiency.

By means of distinct Autonomous Laws (*Estatutos de Autonomía*) approved by the national Parliament between 1979 and 1983, the regions undertook numerous responsibilities that up until that time had been the domain of the state. Although the system grants the central government responsibility for basic regulation in some sectors, political decentralization has been intense and the new regional governments have been required to structure and deliver key services – such as education, health and social services – with the material and human resources transferred from the central government (Figure 1).

For local governments, the new constitutional regime brought about a more marked change in terms of democratization than in terms of decentralization. In 1979 the first local elections were held and, since then, Spaniards have elected every four years the mayors and councillors that would carry out the governmental strategies for their communities. Decentralization, by contrast, was considerably more discrete.



**Figure 1.** Evolution of public expenditure by level of government (%).  
Source: Ministry of Economy (State budget includes social security).

Throughout the twentieth century up until the democratic regime, municipalities had gradually taken on a wide range of responsibilities (Orduña-Rebollo, 1988) and had increasingly delivered key public services for the functioning of local communities (e.g. water purification and supply, waste collection, the paving of streets, lighting, etc.), but the central administration maintained broad powers of intervention and control. With democracy, local governments gained political decision-making power over sectors they already administered (Mir-Bago, 1991). The new system also entailed a considerable recentralizing shift of responsibilities in such areas as health, education, urban, infra-structures and social services, from the second-tier (provincial) governments to the regions.

The distribution of public functions was settled with the 1985 Local Government Act,<sup>2</sup> which allocated the following tasks to the municipalities:

- a. The compulsory provision of a list of services; the number of which increases according to the population of the municipality. These are, essentially, the basic services necessary for the functioning of the body of the population (electric lighting, paving the streets, supply of drinking water, etc.).
- b. The development of other services or tasks in other fields of local importance (security, traffic, environment, urban planning, etc.) once the regions and the state have transferred them. Regions and the state are encouraged by this legal order to specifically transfer competencies to local government, sector by sector, so that the constitutional principle of local autonomy actually becomes effective.

The model included, in addition, a residual clause granting local governments the general capacity to 'complement' the activity of other tiers of government, fundamentally in appropriate spheres of the welfare state ('education, housing, youth, culture, women promotion, and others'). It also established that provincial governments must offer municipalities the technical and economic assistance necessary for those tasks they are unable to carry out due to their lack of size or resources. The organization of assistance to small municipalities from the meso-level of government is essential for a system where almost 85 percent of municipalities have less than 5000 inhabitants and where fulfilling responsibilities for the majority of them is only possible if they can rely on support from the provincial councils.

Within this open framework, actual transfers from regions and the use of the 'residual' clause by local governments would determine the degree and scope of decentralization along the following years. Against this background, two types of development occurred:

First, the state and the regions followed the mandate of the law and transferred tasks to local governments. However, in general, transfers were not particularly generous (MAP, 2005). In some cases they established guidelines or instruments of control over the municipalities. In others, they did not go beyond mere management tasks or they increased the municipal obligations in a detrimental way, by imposing obligations on the local governments without endowing them with the necessary resources to fulfil the transferred duties (Velasco, 2012). The regions were particularly strict and demonstrated no intention of devolving to the local level (Jiménez-Asensio, 2012). It was probably the result of the need to occupy the whole scene in a context in which they were the new invention of the democratic system and consolidating relations with the citizens was a priority (Alba and Navarro, 2003). Whatever the reason, the outcome was that the functions transferred in this way had limited scope.

Second, municipalities (particularly the large and medium-sized ones) made effective use of the autonomy granted by the Constitution and the residual clause established in the 1985 Local Government Act to develop a variety of municipal services previously unknown in the local sphere. Specifically, Spanish local authorities started tackling new challenges generated by economic and social change. Areas such as childcare provision, services for the elderly, immigrants' integration or local economic development were increasingly important in local agendas, fostered by two developments. First, they relied on greater economic resources since the late 1980s. In fact, in the years of great economic expansion between 1995 and 2006, annual local expenditure per inhabitant doubled, passing from 700 euros per inhabitant to approximately 1400 (Navarro, 2010). This growth in the local public budgets was as due to the general improvement in the economy as to the large number of municipal urban planning projects that resulted in significant increases in local tax revenue. Second, they received subsidies to undertake projects and deliver services from the state and the regions, which also had experienced relevant growths in income (FEMP, 2006; MAP, 2005). In sum, although

legislation had not envisioned specific municipal intervention for a number of services, actual decentralization took place in the form of expansion of local activity (Jiménez-Asensio, 2012; Velasco, 2012).

Gradually but consistently, local leaders found a way to answer to local demands, confirming with this behaviour what has been identified in the literature as one of the distinctive traits of local governments in the Franco-type countries: the promotion and defence of local community interests (Hesse and Sharpe, 1991). The neo-institutional approach, that suggests looking at both formal rules and informal conventions (Lowndes, 2001), would explain satisfactorily the evolution of the decentralization process. Both poor transfers of tasks from regions and a positive economic situation triggered a municipal dynamic of policy provision beyond the regulatory framework expectations. This result is worthy of attention, especially when contrasted with comparative studies that tend to place Spanish local governments among the least powerful in Europe measured by number and scope of functions, financial autonomy, and share of public spending (Heinelt and Hlepas, 2006).

In sum, within a flexible legal framework, the actual behaviour of municipal leaders – Spanish powerful mayors, the quasi-presidential figures described in the literature (Sweeting, 2009) – together with the economic situation, allowed decentralization to occur. Interestingly, the process did not consist of responsibilities being transferred vertically; it consisted of services being provided for the first time. In other words, regions did not end the delivery of particular services in order to transfer them to municipalities; rather, local governments took on functions in fields primarily assigned to the regions but that were underdeveloped by them. Some studies report that around 25 percent of total municipal expenses are devoted to implement these new local policies (Asamblea de Madrid, 2011; MAP, 2005).

Being aware of the weak formal foundations of the edifice they had built, local governments began to get organized under the National Association of Municipalities and Provinces' lobby to claim improved legal status in the political system as a way of guaranteeing and safeguarding their achievements. In 2003 these claims obtained a partial answer by means of Act 57/2003 on Measures for the Modernization of Local Government, which brought an amelioration in some organizational self-government aspects but not a formal expansion of competencies (Alba and Navarro, 2003). In 2005, the national authorities launched a new reform attempt towards greater clarification of responsibilities and resources and a closed list of local government tasks. But the project finally lost momentum due to the lack both of leadership on the government's side and of consensus between the two main political parties.

Then, the economic crisis began in 2008 and, from that moment onwards, with the large reduction in global public income, a retrenchment of municipal work started. In the first phase, the reduction was limited and centred on capital investment. Later, following the approval of the 2012 Budgetary Stability and Financial Sustainability Law,<sup>3</sup> the sharp drop in the public budget impacted on the expenditure of the municipalities as well.

In the midst of the financial crisis in 2012, Spain seemed to be heading towards an EU bailout that – although it never took place – appeared to be imminent. The huge deficit of all the public administrations and the widespread delays in local public payments to suppliers (delays in payments that forced the Ministry of Finance to devise a special plan to provide liquidity to municipalities) contributed to frame the debate on an inevitable reform of local government. In this context, the developments that had led to the participation of town halls in the provision of welfare services were targeted as the problem to fight and were labelled as hyper-activity of local governments that had resulted in inefficient and unsustainable expenditure.

With a marked emphasis on output legitimacy aspects, particularly efficiency, a reform law was passed in the national parliament at the end of 2013 under the heading ‘Rationalization and Sustainability of Local Administration Act’.<sup>4</sup> It sought a wider and deeper scrutiny of local government expenses by strengthening the watchdogs of the municipalities. Although it is still soon to make a definite assessment of its outcomes, the new controls are already resulting in reductions in municipal activity. In some territories the reduction has resulted in an actual regionalization of previous municipal activities, provoking a re-centralization effect while in others the space left by the local governments is simply not being occupied by any other public body.

### **The provision of early childcare (0–3 years) services in Spain**

The process of expansion of local functions can be analysed in greater detail by looking at a specific policy: the provision of early childcare services. Together with other policies such as immigration, economic development or housing, early childcare services belong to that part of municipal activity intensively developed during the last two decades. The great changes in outcomes in a relatively short period of time, as well as the diversity of implementation models among regions make childcare services an interesting case for observing the dynamics of decentralization and re-centralization processes, their conditions and effects.

Childcare services, with their distinct objectives and curricula, are integrated into the general Spanish educational system. ‘Infant Education’ is addressed to children from 0 to 6 years of age and is organized in two stages. The second stage – 3 to 6 – gives free access, delivered typically through regional public centres which currently enrol 95 percent of children in this age group. In the first stage – 0 to 3 years – formal childcare can be delivered by private, public regional or public municipal infant schools. The three combined covered in 2012 almost one-third (30.2 percent) of the target population (Ministerio de Educación, 2014). The rest of the infants are cared for by their parents, grandparents or nannies and, in the Spanish system, in line with the Southern European model of welfare state, grandmothers still play an important role as carers in the social organization (León, 2007; Salido, 2011). The public network of nurseries is heavily subsidized, although it is not entirely free and families have to finance part of the total cost. It is the

sector that has grown the most during the past 15 years having reached, in 2012, 51 percent of the total coverage (Ministerio de Educación, 2014) and it is emblematic of the gradual assumption of public responsibilities by the state in this sector. Childcare services for children 0 to 3 are the focus of what follows as they are a good illustration of the processes described above, consisting of a functional expansion of local government activity in the sphere of the welfare state.

Because of the interrelation between childcare services and other aims to which democratic societies aspire such as gender equality, women's access to employment or the reconciliation of work and family life (Lewis, 2002), policies for its provision became a focus of attention by governments in recent times. These services further the goal of socially integrating children at the first stage of their lives, and both the availability of high-quality childcare services and higher enrolment percentages are linked not only with the participation of women in the labour market but also with the possibility of reversing the worrying low fertility rate.

There is a combination of factors in the country that provided the potential for childcare issues to occupy a high place on government agendas. It has first to be acknowledged that the important changes the Spanish society went through after the democratic transition referred not only to the distancing from a Catholic and conservative tradition and the evolution from a male breadwinner model to the spread of the dual earner model (Tobío, 2001), but also to significant shifts in values regarding family arrangements. Asked, for instance, about non-traditional gender practices on families and work, Spaniards have shown progressive attitudes compared to the rest of Europe and are, for instance, on the top of the list of those who approve of women having full-time jobs while they have children under the age of 3 (European Social Survey, EES-2006).<sup>5</sup> Against this background, the participation of women in the labour market has increased notably over recent decades growing from 42 percent in 1990 to more than 55 percent in 2008 (OECD), just before the beginning of the economic crisis that resulted hundreds of thousands female workers becoming unemployed. This growth was due, to a significant extent, to the greater presence of working mothers with small children. The rigidity of the labour market that only provides a small percentage of part-time contracts and the level of debt in homes (around 80 percent of Spaniards aspire to own their homes and dedicate a significant part of their earnings to paying the mortgage) has led to a form of family organization in Spain with both parents in full-time employment. Studies show that the participation of Spaniards in the workforce is especially sensitive to childcare prices and that increasing fees reduce the probability of women working (Borra, 2010). In sum, the availability of a network of subsidized public arrangements is a natural need of families. This all put pressure on the political system for the provision of childcare services and the demand started to increase during the 1980s (Bianculli and Jordana, 2013). And yet it was not addressed by either central or regional governments in its early years.

The inactivity of central government is worth highlighting because it constitutes an exceptional country case where the presence of strong Social Democratic parties in power (specifically, the Socialist Party, 1982–96) does not go in hand with the



expansion of childcare services provision, contrary to what the literature suggests (Bonoli and Reber, 2010). In fact, in the 1980s and 1990s the opposite occurred: there was a total deactivation of state policies to support families that only changed from 2000 onwards (Bianculli and Jordana, 2013). First, a combination of internal divisions regarding this question in the parties that held power, along with the absence of a strong alliance of social, institutional and party interests, impeded the development of such policies. Second, the historic legacy of 40 years of authoritarianism founded on the value of the family impeded progressive groups from take these policies onto the agenda. It seems as if the rhetoric of family protection that had characterized the authoritarian period was still so alive during the first phase of the democratic period that any initiative that would devalue the family was consciously or unconsciously rejected (Meil, 2006; Valiente, 2002).

As for regional governments, they faced difficult and overcrowded agendas in their first years of existence. The constitutional rules had made them responsible for countless tasks as providers of health, education and infrastructure and, given that decentralization to the regions coincided with the expansion of the welfare state, they clearly had other priorities. Only in the field of education policies, for instance, did regions confront the enormous challenges of achieving universal coverage in compulsory education and pre-school years (3–6) and the enlargement of the public centres network.

With all these factors forming part of the context, local governments took a distinctive approach and started opening public infant schools. There were historical reasons why local governments were sensitive to this field of public action. Town halls had been in the past heavily involved in education at all stages; even at university level (Tardío-Pato, 2010). From the end of the nineteenth century, and throughout the whole of the twentieth century, the state gradually took responsibility for teaching at the expense of the municipalities. However, the Constitution changed the model and all levels of education became the responsibility of the regions. Current national laws only recognize that municipalities undertake 'auxiliary tasks' that are not really educational (such as the maintenance of schools and the surveillance of attendance at school at compulsory education stages). But in the collective national memory of local issues, schools remain present.

In the first phase, in a sphere that was relatively ignored by the regions, local governments (both closer to the problem and pressured by citizens) addressed the demand that had grown from the late 1980s with the inclusion of women in the labour market. Later, the Autonomous Communities, which were also aware of the strong social demand for higher public coverage, took two complementary paths. First, they created their own infant schools network; second, they stimulated the creation of new infant schools by employing subsidies for municipalities (Velasco, 2012). These subsidies have been articulated through collaboration agreements in which the region takes on a part of the total cost of each centre and the remainder is financed by the town halls and the families. Hence, after an initial kick-start from the municipalities, there followed the involvement of regions in childcare issues, by either developing the same services or by co-financing what

municipalities initiated and offered. Since then, when municipalities act it normally involves a lower degree of decentralization, sometimes only administrative decentralization (Pollitt, 2005) in which local authorities can decide only on certain aspects but they are limited in their autonomy and subjected to the many criteria and conditions imposed by regions.

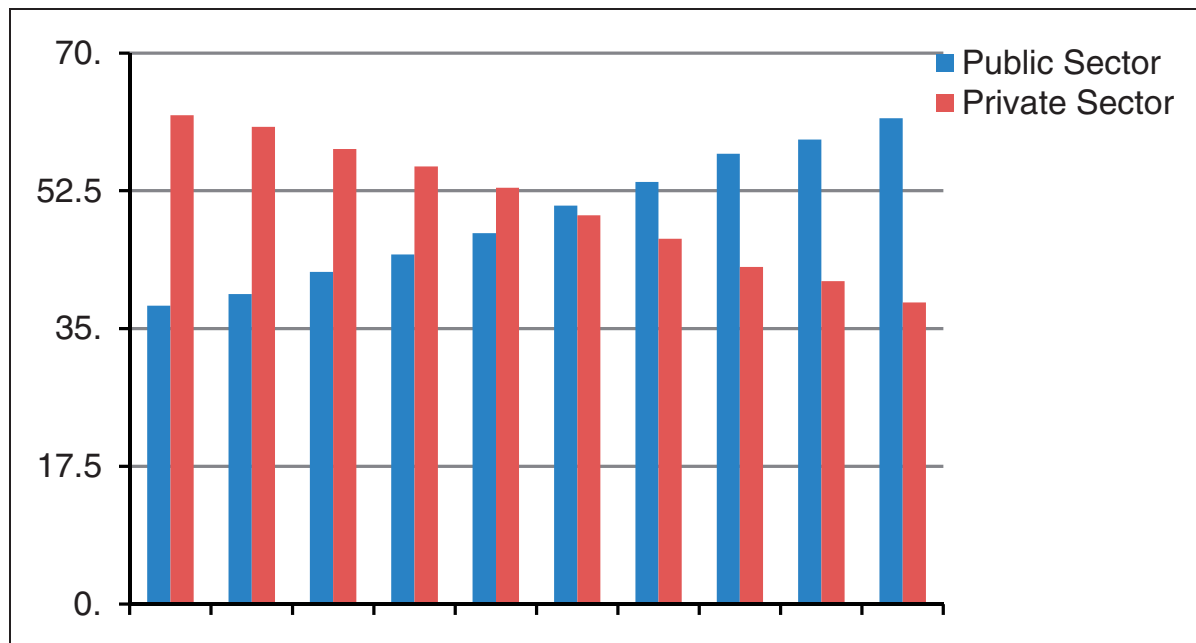
In sum, various factors came together in the same period: (a) a strong demand for infant school places, (b) significant financial capacity of town halls and regions and (c) a flexible legal framework favourably interpreted for the implementation of childcare services by local governments. The interaction of these three factors opened a window for municipalities to act that led to intense local activity in the field and the subsequent growth of municipally-owned facilities.

In an unprecedented expansion, the provision of formal childcare (including both public and private) passed from a rate of coverage of 11.3 percent in 2002 to 30.2 percent a decade later, driven in part by private involvement, but supported by substantial public intervention as well. However, behind this relatively successful national average there is regional variation in the rate of coverage, the percentage of public places on offer and the role of local governments in its provision. Only referring to coverage, data from 2012 reveal enormous differences among territories, pointing to a positive relationship between the affluence of the regions and the rate of coverage, with the Basque Country (51.9 percent), Catalonia (36.4 percent) and Madrid (43.3 percent) boasting the highest percentages of children under 3 enrolled in formal childcare (Ministerio de Educación, 2014)

### *The cases of the Catalonia and Madrid regions in the provision of childcare services*

In addition to coverage rate, there are other distinctive differences among territories, particularly those that relate to the processes of implementation, that makes exploring them more in depth worthwhile. Given the infeasibility of studying all 17 regional models, we have selected the cases of Catalonia and Madrid. These regions make good cases for a further analysis for several reasons. With a similar level of total coverage (public and private combined), economic situation and citizens' needs, however, they represent differentiated cases regarding aspects such as the varying level of public sector presence in service provision, and the involvement of local governments. What follows explores the patterns of growth and the dynamics of interaction between regional and local governments. The period under examination – 2002 to 2012 – was selected because it covers the decade of major expansion of local policies in the sector.

With a current population of 7.4 million inhabitants living in 947 municipalities, Catalonia belongs to the group of regions included in the so-called 'fast-track' devolution process. Catalonia took on responsibilities and expenditure transfers in education, health and social services at the start of the 1980s. At the beginning of the period under study, in 2002, the level of coverage of childcare services – 28 percent of the total target population – significantly surpassed the national



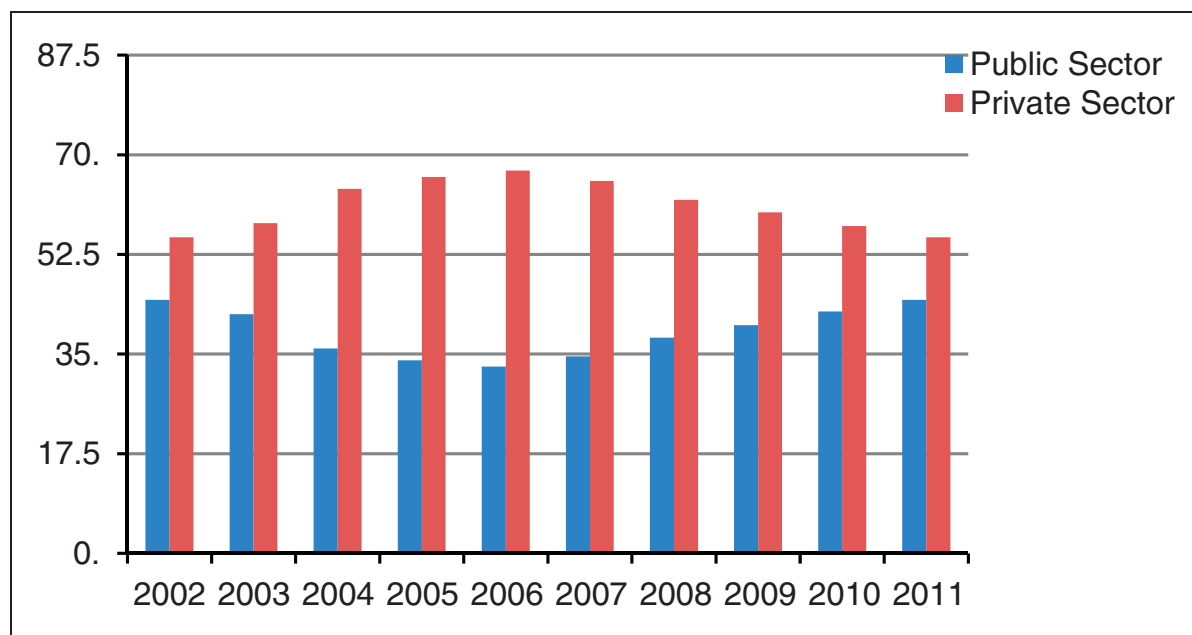
**Figure 2.** Catalonia. Public and private sector coverage share (2002–12) (%).  
 Source: Spanish Ministry of Education (2014, [www.mecd.gob.es](http://www.mecd.gob.es) 2014).

average of 11.3 percent. Almost two-thirds (62.1 percent) was provided by private centres (Figure 2).

In the region of Madrid, 6.5 million inhabitants are distributed in 179 municipalities grouped around a large city – the city of Madrid – in which reside approximately half of the region’s inhabitants. The Madrid regional government received responsibility for delivering education at the end of the 1990s. In 2002 it presented a lower rate (19 percent) of childcare provision coverage than Catalonia, and 55.5 percent of it was in the private sector.

From 2002 onwards, the public coverage rate increased at a brisk pace in both regions. During the following ten years, childcare policies developed distinctively by territory around the following variables: the public sector’s share of the total number of places offered, the ownership – local or regional – of the new public infant schools and the formal-legal transfer of tasks in childcare policy from the regions to municipalities.

The share of the public sector among the total on offer presents variety in both regions. In Catalonia there was steady growth of public nurseries throughout the decade, not only in absolute numbers but also in the percentage that public coverage represented over the total enrolment. Starting with approximately one-third of the total children’s enrolment in formal childcare, public centres experienced a remarkable growth and by 2007 they had surpassed private provision. In 2012, two out of three children in formal childcare in Catalonia were enrolled in public (municipal) centres. Madrid presents a contrasting case, with a traditionally higher presence of the private initiative during the whole period (Figure 3). In the first



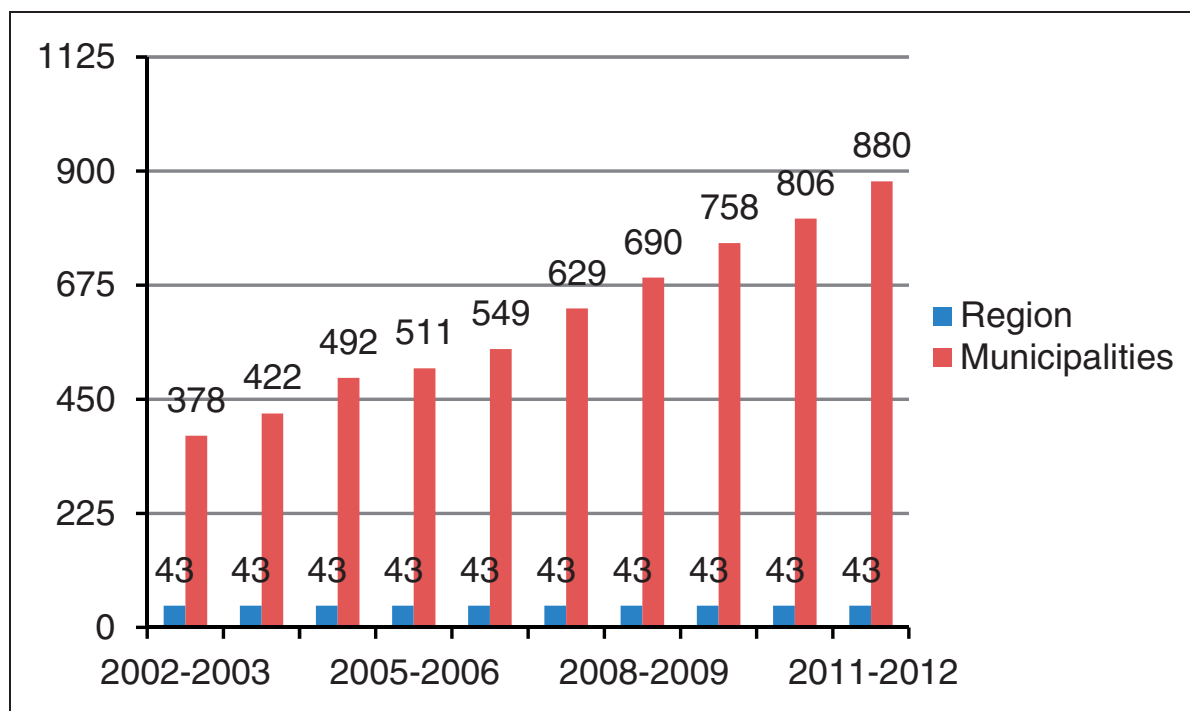
**Figure 3.** Madrid. Public and private sector coverage share (2002–12) (%).  
 Source: Spanish Ministry of Education (2014, [www.mecd.gob.es](http://www.mecd.gob.es) 2014).

years private centres even increased their presence and only from 2006 onwards did public nurseries take the lead and managed to grow to substantive figures in 2012. In other words, while in Catalonia the expansion is dominated by public centres, the private sector was dominant in Madrid, and only recently has there been a substantial investment in public centres.

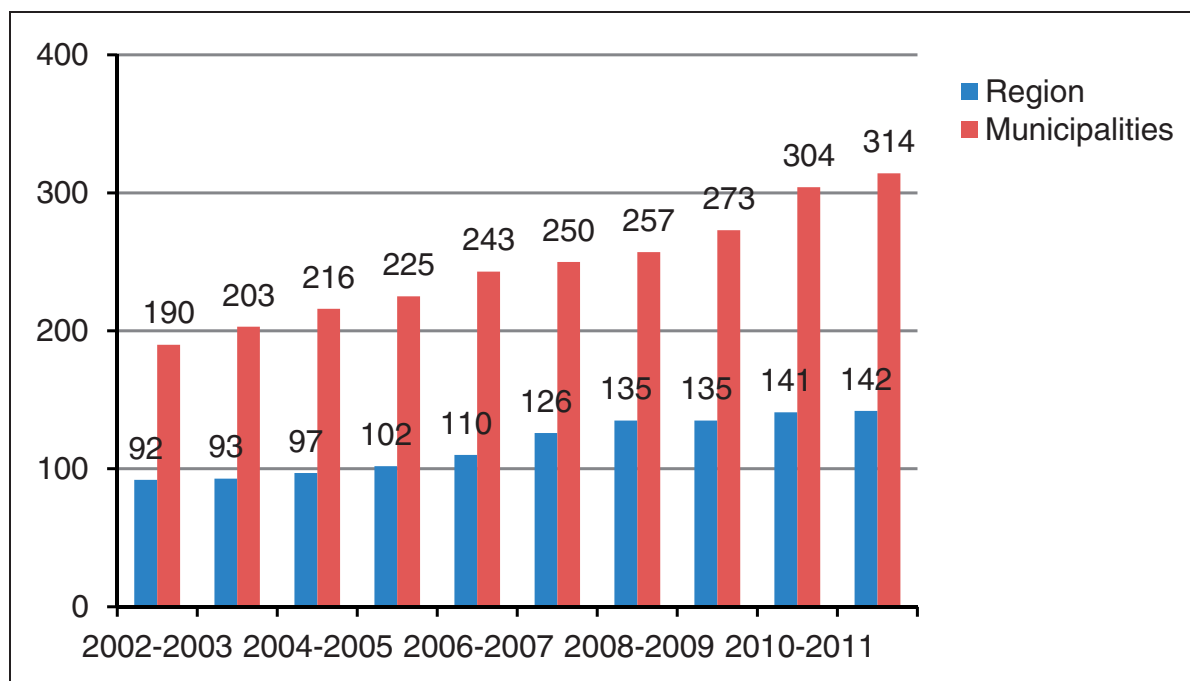
What made the public sector lead in the case of Catalonia and the private in Madrid? A stimulating research agenda explaining differences – unfortunately beyond the limits of this study – starts here and would probably include not only political variables such as governments’ ideological differences or different degrees of stakeholders’ activism and influence, but also contrasting levels of municipal initiative and margin for action in the multilevel system. For the purpose of this article it is just relevant to point to the performance disparities generated.

In reference to the role of municipalities vis-à-vis the regions in the public sector, again Catalonia and Madrid show different strategies. The Catalan model seems more ordered and rational as if it is the result of what could be seen as a better understanding and coordination between the regional and the local levels (Figure 4). All new schools in this region followed a uniform model, municipal ownership. By contrast, Madrid shows a mixed picture in which the expansion of municipal infant schools occurred in parallel with the emergence of a weak but growing regional network (Figure 5), apparently without a clear logic explaining one or other choice.

In what concerns the formal-legal implementation of the decentralization process, differences among territories also emerge. In Catalonia, municipalities



**Figure 4.** Catalonia. Growth of public infant schools by ownership (2002–12).  
 Source: Generalitat de Catalunya. Departament d’Ensenyament.



**Figure 5.** Madrid. Growth of public infant schools by ownership (2002–12).  
 Source: Comunidad de Madrid. Consejería de Educación.

acquired a higher level of autonomy thanks to formal transfers from the regional government. In the 2009 Catalan Education Law<sup>6</sup> local governments were recognized as part of the educational administration. They were granted authority to participate in some aspects of the decision-making processes such as the organization and management of their own centres or admission processes in infant schools. Although, strictly speaking, we cannot speak of political decentralization (transfer of full responsibility over the tasks), the regional legal framework guaranteed local governments a certain scope for action. Service provision continues to be greatly determined by the agreements that local governments sign with the regional government (Medir, 2013), but the model also offers some space for local differentiated strategies. Catalan local administrators' perceptions confirm the emergence of local co-responsibility in childcare and education policies (Albaigés, 2012). When questioned about the role of local administrations in this field, they declare a deep involvement of municipalities in the production, implementation and evaluation of plans for educational policies, among which 0–3 years infant schools are, for a large percentage of municipalities, an important priority. The great majority of municipalities with more than 10,000 inhabitants have their own strategic plans for education as well. Among all the specific actions in education, childcare policies are the most highly valued. Notwithstanding the substantial power of the regional government, there seems to be margin for local manoeuvre.

Madrid followed a different pattern of legal decentralization. In 2003 the regional parliament passed a regulation for the devolution of tasks to municipalities (the so-called 'Local Pact'). What the upper level of government finally ended up transferring were only management tasks; in fact, it was specifically stated that only 'service provision' was devolved, and not an autonomous responsibility. This law and other regulations of childcare services in Madrid show, in general, a restrictive vision of the kind of authority that is or can be transferred to local entities. The devolution exclusively encompasses management authority and does not fulfil the expectations of a qualitative improvement in local responsibilities (Galán-Galán and Prieto-Romero, 2009). Interestingly, the law anticipates differentiated treatment for Madrid city. But, other than that, the regional government determines the organization of the centres, the establishment of criteria over the admission process, timetables, evaluation of the students and all the decisions that derive from these processes. It is responsible for establishing the minimum requirements of the centres (public or private) as well. In sum, it controls every single aspect of responsibility where political decisions are taken.

This brief look at general aspects of service provision (public coverage, regional-local ownership of centres and the legal framework) has allowed us to detect significant variation among regions, showing that implementation makes a difference. A stronger network of public centres and consistent support from the regional government to municipalities in providing the service seems to characterize the Catalan model, while a weak presence of the public sector and a less defined and more ambiguous regional strategy defines Madrid.

## The 2013 re-centralization reform

When the fiscal crisis arrived and public budget deficits had to be reduced, the expansion of public infant schools in both regions was threatened. Regional governments had to make great efforts in budget control, and local policies are highly dependent on financial transfers from upper levels of government. The acquired commitment of the national government to invest in programmes in order to increase the availability of services at affordable prices – Plan Educa3 – came to an end as well.

Hence, at the end of our period of study, in 2012, there were signals of a retrenchment of the policy first as a result of a drop in demand due to the increase in prices for families, growth in unemployment which sent many parents (mainly mothers) back to their households, and the emerging return of immigrants and their children to their countries of origin.

The 2013 reform of local government dramatically affected the local service provision of childcare. The aim of the new ‘Law for the Rationalization and Sustainability of Local Administration’ was that municipalities should not develop activities beyond a list of basic services. These basic services are, essentially, infrastructure services necessary for the functioning of the nucleus of the population (electric lighting, paving the streets, supply of drinking water, etc.). The law only allows local policies in other fields if: (1) the financial situation of the municipality in question is sustainable and (2) the specific task is not exercised by other levels of government; conditions which either the central or the regional government have to confirm before the local government begins implementing the policy. Under the new framework, local governments are impeded from continuing to expand their intervention in general welfare matters. Those fields in which municipalities had been active thanks to their general capacity to ‘complement’ the activity of other tiers of government (education, housing, youth, culture, immigration, etc.), became, under the reform, spaces of controlled and conditioned action, if not forbidden ground altogether. Childcare services were affected as well.

The national government, with a top-down strategy, has sought that regional governments should not take responsibility for services that were not typically local before the economic expansion. And, by requiring prior authorization, it has put in place a system in which supra-municipal administration preventively controls the development of municipal activities that are not expressly assigned by sectorial laws. In sum, the reform strategy has meant the re-centralization of competences and the reduction of local autonomy (Velasco, 2014; Zafra, 2014).

However, it is doubtful that the formal reform will be successful in producing actual re-centralization effects. That is so, first, because – as has been seen in the case of Catalonia in reference to education policies – regional laws have granted over the years some responsibilities to local governments, which cannot be altered by a national law (Velasco, 2014). Further, even though childcare services are now classified as falling beyond municipal responsibility, this only means that new municipal infant schools, when planned, will have to pass a test for ‘sustainability’ and ‘non-duplication’. Given that a new expansion of infant schools is

unimaginable in the current financial situation, what is certain is that the legal change consolidates the status quo. Hence, again in a process of re-centralization outputs are not determined only by legal requirements but by the economic situation as well.

### *Effects of de/re-centralization processes*

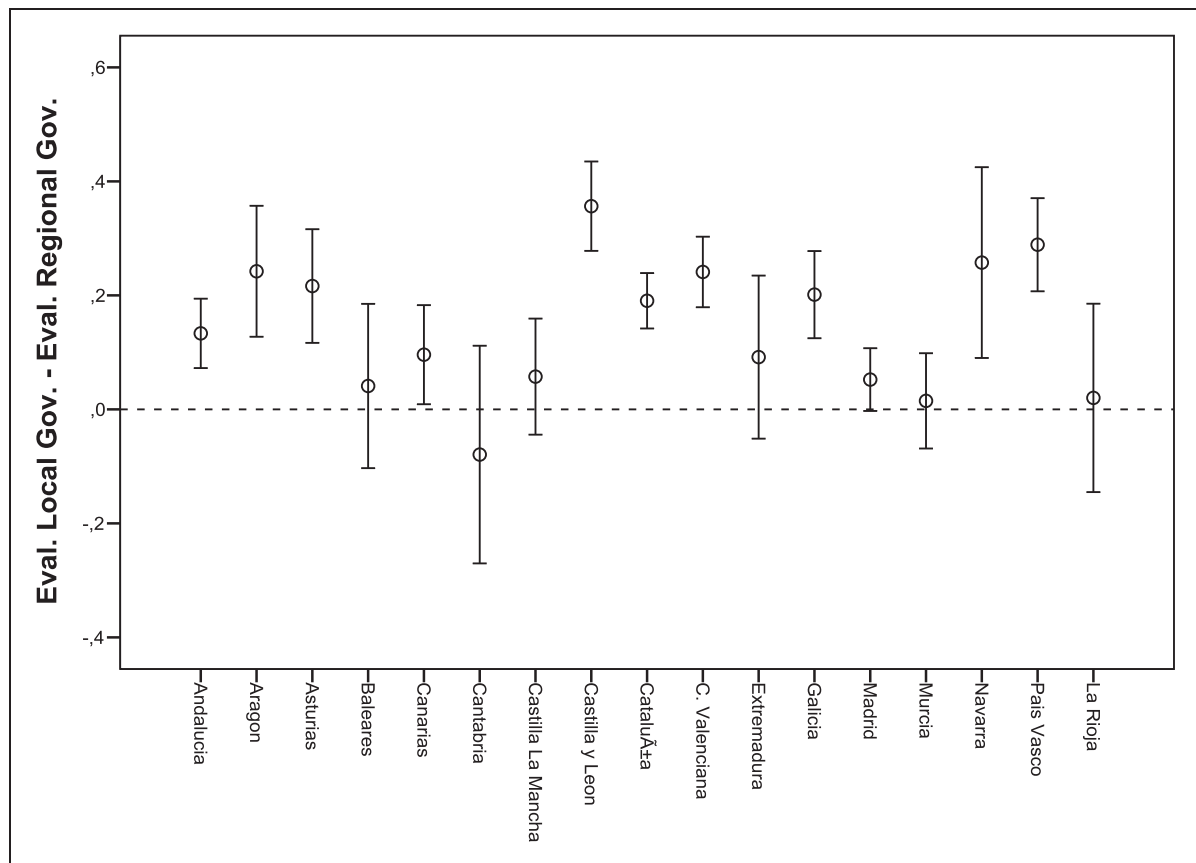
Overall, childcare policies in Spain have been successful if we measure them in terms of outputs and trend. The country has met the objectives set in the 2002 European Council (the so-called Barcelona targets) to improve the childcare to a 33 percent rate of coverage for children younger under 3 years. A significant part of these services are now public in Spain, with families paying a fraction of the cost. On the whole, compared to the situation pre-2000, the sector has improved, the number of places offered has increased and family contributions have been reduced.

Decentralization has made a difference. If the impetus had not come from municipalities, the outputs would probably not have been so developed or they would have come later. National and regional governments had for a long time neglected the field, either because of the historic legacy in the case of the national government or due to other priorities on the regional governments' side. The formal allocation of functions in the Spanish legal system makes regions responsible for these services, but there are reasons to believe that, left entirely to them, they could trivialize and economically under-resource them, as other issues (compulsory education, health, infrastructure) tend to define the electoral contests and get much more focused attention from parties and authorities. From this perspective, citizens have benefited from the expected positive effects that a decentralized allocation of public tasks produces (Pollitt and Bouckaert, 2004), particularly in what refers to the effectiveness of public action.

The same can be concluded with respect to other fields of municipal activity in which local governments took the lead and answered citizens' demands. Thus, although formally Spanish municipalities have always been subject to a legal system that limits their financial resources and increases their dependency on other governments, their advocacy capacity has tended to grow. Despite the excessive fragmentation, financial constraints and the legal limits in tasks that municipalities face, local policies continue to be important for the development of communities. From this perspective, local governments have developed a remarkable capacity of initiative in response to citizens' demands.

It is no mere coincidence that when citizens have evaluated public services, they have expressed the most positive views of local administrations, compared to regional and national governments. A significantly higher percentage of respondents consider local administrations to be the fastest, the best in terms of treatment of citizens, and the first in providing information (CIS, 2007–2013). In addition, when asked to compare the overall performance of regional and local governments, citizens declare a greater appreciation of the work municipalities do, and this is





**Figure 6.** Citizens’ evaluation of the regional and the local government by region (2009).  
 Source: CIS databank 2813. www.cis.es. ‘Question: Overall, how would you rate the performance of the Regional Government/Local Government: very good, good, fair, poor or very poor?’

generalized among all the regions, almost without exception. The indicator created for Figure 6 assesses the differences between the two tiers of government. Positive values (almost all) indicate a more favourable assessment of local governments when compared with regional ones and, interestingly, we can identify that opinions vary significantly among regions. Although testing hypotheses is not possible here, it would be plausible to suggest that part of it is due to two decades of being responsive to citizens’ demands and positioning themselves in the multi-level system as welfare providers.

### Conclusions

The expansion of public childcare services that took place in Spain was led and partially financed by local governments, and could not have occurred without propitious economic circumstances and the vigorous policy-making of local leaders who were able to overcome the legal-formal framework attributed to local governments. The decentralization process dynamic did not consist of responsibilities being transferred vertically from regional governments to town halls; rather,

certain services were provided at municipal level for the first time ever as this process took place simultaneously with the expansion of the welfare state. The Spanish model of decentralization to local governments shows that, more than national formal rules, it is municipalities' leadership and favourable financial circumstances that have modelled the re-structuring of public functions in the multi-level system. The diversified approach of regions to the devolution of tasks to municipalities has also had an effect in the decentralization process, as the cases of Catalonia and Madrid confirm.

The Spanish formal system of allocation of functions is certainly complex and, above all, its logic places municipalities in circumstances of uncertainty about what, in fact, the responsibilities they face are, a situation which, added to a structural weakness in financial resources, provokes a relationship of some dependency on – or subordination to – other levels of government.

The recent national reform has sought to limit local action but, again, in the open model it designs, implementation will determine the re-structuring of public functions and, due to the role of regions and the distinctive way they have approached decentralization towards municipalities, a map of variable geometry will arise. We are certain that municipalities perform well during periods of prosperity; time will tell how they will fare under more challenging economic circumstances, although we have neither evidence nor arguments to predict very optimistic scenarios.

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## Notes

1. Ley 27/2013 de Racionalización y Sostenibilidad de la Administración Local (Spanish Parliament, 27 December 2013).
2. Ley 7/1985 Reguladora de las Bases del Régimen Local (National Congress, 2 April 1985).
3. Ley Orgánica 2/2012 de Estabilidad Presupuestaria y Sostenibilidad Financiera, 27 April.
4. Ley 27/2013 de Racionalización y Sostenibilidad de la Administración Local.
5. The European Social Survey covers 30 countries in Europe, and in 2006 included a module on Timing of Life with, among others, the following questions: Do you approve or disapprove if a woman/man: . . . lives with a partner without being married to him/her? . . . has a child with a partner she/he lives with but is not married to? . . . gets divorced while she/he has children aged under 12? . . . chooses never to have children? . . . has a full-time job while she/he has children aged under 3?
6. Ley 12/2009 de Educación, Comunidad Autónoma de Cataluña.

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