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SUBJECT: Education and childcare benefits reform

SUBMITTED BY: President of the European Patent Office

ADDRESSEES: 1. Budget and Finance Committee (for opinion)  
2. Administrative Council (for decision)

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#### SUMMARY

As an employer of choice, the EPO provides a wide range of benefits to support its staff and their families. The education-related benefits and childcare allowance are included in this remuneration package.

Over the past 40 years the schemes governing these allowances have, however, evolved into a complex, uneven and partially outdated set of rules. This has prompted a full-scale review of these benefits.

Further to an in-depth analysis by the Office as well as discussions with social partners, this document presents a proposal to reform the education and childcare schemes. The reform is designed to enable all EPO staff with dependent children to benefit from these schemes, regardless of their nationality, by introducing a fairer scheme that is designed to be easier to understand, access and administrate. The new scheme is also designed to provide greater financial predictability.

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## PART I

### I. **STRATEGIC/OPERATIONAL**

1. Strategic

### II. **RECOMMENDATION**

2. The Administrative Council is invited to approve the proposed revision of the education and childcare benefits of permanent and other employees of the European Patent Office with effect from 1 July 2021, including transitional measures.
3. The specific amendments to the Service Regulations for permanent and other employees of the European Patent Office (ServRegs), Article 1(4) of the Implementing Rule for Article 64 ServRegs, the Pension Scheme Regulations (PenRegs) and the New Pension Scheme Regulations (New PenRegs) of the European Patent Office as well as their Implementing Rules are set out in Part II of this document.

### III. **MAJORITY NEEDED**

4. A majority of three-quarters of the votes is necessary.

### IV. **CONTEXT**

5. In order to attract and recruit the best talent, the EPO offers a remuneration package which is considered to be very attractive and generally above benchmark. As approximately 70% of EPO staff have dependent children, education and childcare benefits give the Office an additional advantage in the competition for talent.
6. The EPO's current education and childcare benefits comprise the following elements:
  - a childcare allowance consisting of the partial reimbursement of costs incurred for children aged three or under who attend childcare facilities.
  - three distinct schemes for schoolchildren (aged four, up to the end of secondary school):
    - (i) an education allowance mostly reserved for non-nationals;
    - (ii) cost-free tuition at the European School Munich; or
    - (iii) the reimbursement of fees charged by an international school.

- post-secondary education is also covered partially by an education allowance mostly reserved for non-nationals.
- the support system detailed above is supplemented by other benefits, including an expatriation allowance supplement and a childcare allowance for after-school care.

7. The main features of the current education and childcare schemes are presented below:

<b>Current education and childcare schemes</b>			
	<b>Schemes</b>	<b>Beneficiaries</b>	<b>Support provided</b>
<b>Pillar I</b> Children aged 3 or under	<b>Childcare allowance</b> (Art. 70a ServRegs)	Staff with children aged 3 or under	Reimbursement of between 45% and 60% of direct costs for attendance at recognised day-care facilities
<b>Pillar II</b> Schoolchildren (aged 4 or over, up to the end of secondary school)  Three different schemes are provided	<b>Education allowance</b> (Art. 71 ServRegs)	Generally reserved for non-national staff	Reimbursement of direct education costs up to ceilings dependent on multiple parameters (e.g. country of study, boarding, lodging)
			A monthly lump sum towards miscellaneous education costs
			Reimbursement of travel expenses for one round-trip per year
	<b>European School Munich</b>	For all EPO employees	Cost-free and guaranteed admission
	<b>Reimbursements under Art. 120a ServRegs</b>	For employees who are unable to have their child educated at a European School  Restricted to international schools located in the immediate district of a branch of the Office	Full reimbursement of all educational costs without a ceiling (direct and miscellaneous costs)

	<b>Childcare allowance</b> (Art. 70a ServRegs)	Staff with children aged 4 to 12	Partial reimbursement of costs incurred for after-school care and for childcare during school holidays
<b>Pillar III</b> Post-secondary up to age 26	<b>Education allowance</b> (Art. 71 ServRegs)	Generally reserved for non-national staff with children in post-secondary education	Reimbursement of 70% of direct education costs up to ceilings dependent on multiple parameters (e.g. boarding, lodging, country of study)
			A monthly lump sum towards miscellaneous education costs
			Reimbursement of travel expenses for one round-trip per year
<b>All pillars</b>	<b>Expatriation allowance supplement</b> (Art. 72(5) ServRegs)	EPO employees benefiting from the expatriation allowance	Paid towards indirect education costs incurred by expatriated staff with children.  The education allowance cannot be claimed alongside the expatriation allowance supplement.

8. In the scope of the EPO's Strategic Plan 2023, the Office has undertaken a review of the EPO's education-related benefits and childcare allowance. The respective objectives set under Goal 1 of the plan are (i) to reform the education-related benefits and (ii) simplify the childcare allowance. As part of the review, an in-depth analysis of the current schemes was undertaken from a legal, financial, social and operational perspective. This review included a benchmark analysis of the EPO against other international organisations.

#### **A. BENCHMARKING WITH PEER INTERNATIONAL ORGANISATIONS**

9. The EPO's financial support towards staff's education and childcare costs outperforms globally that of other international organisations in terms of benefits, levels of payments and entitlement conditions.

10. A common feature of the latest reforms to education benefits at other international organisations is the simplification of existing legal frameworks and the introduction, where possible, of flat-rates or fixed payments. These simplification initiatives are also, in some instances, accompanied by a reduction in entitlement or the scope of benefits (e.g. lowering of upper age limit for education allowance, or excluding pensioners).
11. Regarding support for children aged three or under (**pillar I**), the provision of a childcare allowance, as currently in place at the EPO, is not common among international organisations. Several organisations provide benefits only as of compulsory education age, whilst others offer their staff a lower flat-rate amount than the EPO. Only one of the organisations identified uses the same approach as the EPO.
12. As regards schoolchildren aged four or over, up to the end of secondary school (**pillar II**), the EPO offers a three-tier system of parallel benefits, which compares to the schemes in place at other international organisations, as follows:
  - (i) education allowance: other international organisations reimburse direct education costs at a lower rate and apply lower thresholds for miscellaneous education costs than the EPO,
  - (ii) cost-free tuition and guaranteed access to European Schools is a benefit which is mostly limited to EU institutions or agencies, and
  - (iii) no other international organisation offers a benefit comparable to the reimbursement of the fees charged by schools under Article 120a, which provides support in situations where an employee cannot have their child educated at a European School for reasons beyond their control, without applying a nationality criterion or a ceiling.
13. For post-secondary education (**pillar III**), some organisations offer staff an education allowance – similar to the benefit provided by the EPO – though at a lower level of financial support.

## **B. MAIN SHORTCOMINGS IDENTIFIED**

14. Over the past 40 years the childcare and education-related benefit schemes have evolved into a complex, uneven set of support for staff, with limited financial predictability in relation to costs; this lack of predictability has been underlined in audits and has given rise to persistent litigation.
- a) Complex legal and operational framework**
15. The reimbursement of direct costs under the childcare allowance (children aged three or under) requires:
- cumbersome operations to calculate the individual net costs to be reimbursed,
  - assessment and deduction of like-allowances subject to national regulations, which leads to a high administrative dependence on external factors,
  - the annual establishment of maximum reimbursement ceilings for each site involves an analysis of the most attended childcare facilities as well as a regular review of the list of facilities recognised by the EPO. Despite a scrupulous application of the provisions in place, the administration is faced systematically with appeals when amounts decrease.
16. For schoolchildren, the existence of parallel legal provisions, which are subject to different eligibility criteria to cover the same age group, result in different entitlements. It is difficult for staff to understand why these differences apply and they are perceived as unfair.
17. By way of illustration, EPO staff with children attending fee-paying schools under Article 120a receive reimbursements up to €25 900 per child in secondary school per year, which is more than twice the education allowance ceiling (€11 158/year).
18. The situation is similar with respect to miscellaneous costs (for example, school transport, school trips, examination or technology fees) where certain employees have a benefit of up to €8 000 per annum, whereas others receive no benefit, despite the fact that these costs are borne by all parents. These differences are regularly challenged legally and have given rise to a progressive and undesired extension of benefits ("snowball effect").



19. The European School The Hague and the European School Munich are currently treated differently. Since its opening in 2012, the European School The Hague has grown progressively. It now offers sufficient assurances to be considered a fully-fledged European School. It offers European schooling for all educational cycles and, since 2019, the European Baccalaureate. For this reason, the European School The Hague should be regarded as a European School and no longer be treated as a fee-paying international school.
20. The existence of overlapping benefits also adds to the complexity of the schemes. This is the case for the expatriation allowance supplement, a benefit which aims to provide financial support to expatriated staff for indirect education costs. This overlaps with the general purpose of the expatriation allowance as well as the reimbursement of indirect costs for international schools.
21. Finally, the requirement to deduct like-allowances granted by a third party (e.g. under national law) involves particularly complex operations (analysis of member states regulations, time-lag between receipt of the allowances and evidence) often for insubstantial amounts.

**b) Different treatment of national and non-national staff**

22. The education allowance was originally intended to support expatriated staff to educate their children in their mother tongue, or allow for their children to pursue university studies in their country of origin. This no longer corresponds to the modern educational landscape (e.g. Erasmus programmes) or to the education choices made by EPO parents.
23. Only 29% of non-local staff's children who benefit from the education allowance are currently pursuing higher education in the country of origin of their parents. This shows that the place of education is often unrelated to the student's nationality, especially in a population in an international environment, such as that of employees of international organisations and their dependent children.
24. While there might have been a case for treating national and non-national staff differently in the past, this situation is not in line with the reality of today; besides, it is not fit for an organisation which wants to live up to its values, mission and vision in line with the Strategic Plan 2023.

**c) Limited scope for digitalisation of HR processes due to complexity of regulations and processes**

25. The complexity in regulations, practices, schemes and workflows has resulted in increased operational effort and time-consuming manual processing for the EPO administration as well as for staff. Simplification of the legal framework and related processes would facilitate the digitalisation of the Office's HR processes.
26. It is also planned through this reform to upgrade the IT tools used in HR to offer staff a simpler and more user-friendly platform to request benefits, while enabling the administration to manage the schemes with fewer resources.

**d) Difficulties in managing the overall financial envelope**

27. Under the current framework, costs are not only impacted by the demographics of the families of EPO staff, but are also largely dependent on national regulations (for example, financial subsidies for crèches or like-allowances for childcare) and the pricing of international schools, which are beyond the EPO's control.
28. The absence of ceilings for payment of direct costs (school fees) and indirect costs under Article 120a ServRegs complicates the predictability of the mid- and long-term financial envelope. As an example, the reimbursement of fees for international schools increased between 2018 and 2019 by approx. 9% while the beneficiary population increased by only 1%.

## **V. ARGUMENTS**

### **A. AIMS AND PREPARATION OF THE REFORM**

29. The main purpose of the reform is to allow all EPO parents with children to use the education and childcare schemes, regardless of their nationality, by introducing a fairer scheme that is designed to be easier to understand, access and administrate. The new scheme is also designed to ensure greater financial predictability. This overall purpose translates into key aims of the reform, which can be summarised as follows:

- Retaining freedom of choice
- Maintaining high levels of benefits, which are applied equally to all staff, irrespective of their nationality
- Offering a scheme which is designed to be easier to understand and to administrate, and will reduce grounds for litigation
- Strengthening commitment to the European Schools system, which provides children with a multilingual and multicultural education at nursery, primary and secondary levels as well as access to the European Baccalaureate diploma
- Ensuring greater predictability with regard to costs through the introduction of ceilings for reimbursement applicable to all staff
- Increasing operational efficiency and making IT tools more user-friendly for the digital administration of benefits, and
- Introducing the reform in a smooth and gradual manner by offering transitional measures over a long period.

30. Moreover, for the preparation of the reform, a lot of attention was paid to conducting a comprehensive **social dialogue** with the staff representatives and staff:
- Early and regular discussions took place with the staff representatives from July 2020, including extensive technical discussions within a dedicated working group. More than twelve meetings took place in different forums (for example, with staff committees and unions). Staff were kept informed about the progress of discussions at working level and regarding project advancements. The General Consultative Committee was consulted on the proposed reform.
  - A dedicated mailbox was set up to collect staff's concerns, ideas and feedback on the reform.
31. Exchanges with the European School The Hague and certain international schools (American and British School in The Hague) took place in January 2021. Exchanges with further international schools located in The Hague (International School The Hague, German and French School) and the European School Munich took place in March/April 2021. These exchanges were arranged to provide the schools with information on the envisaged reform proposals.
32. The initial timeline of the reform process was extended by six months to allow sufficient time for extensive consultation and revisions, in particular regarding the transitional measures.

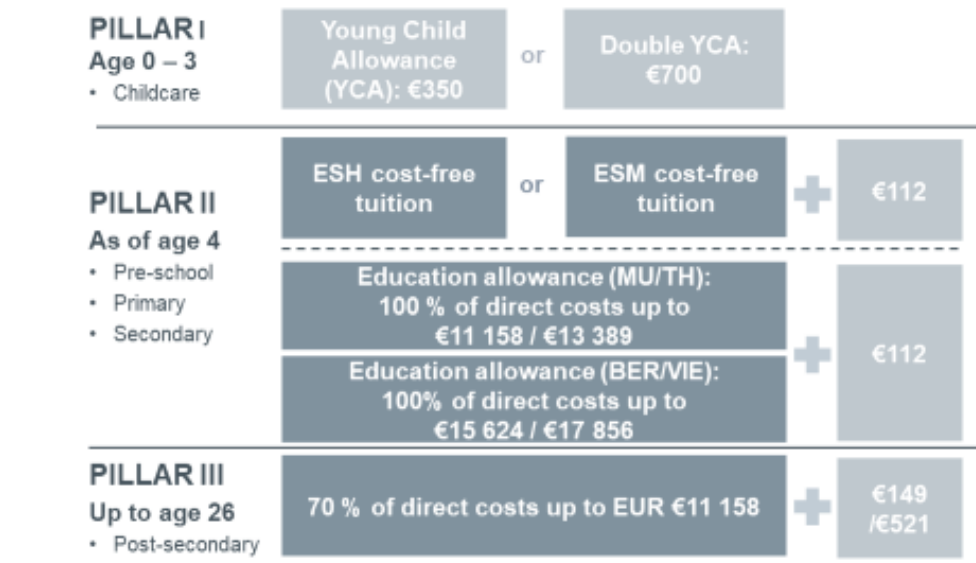
## **B. REFORM PROPOSALS**

33. Based on the aims set out above, the main features of the reform proposal are as follows:

Chart 1: Visualisation of the proposed system



## Overview of reformed schemes



### a) Children aged three or under: young child allowance

34. In 2019, 792 children (88% of all children aged three or under) were granted a childcare allowance. The complex childcare allowance for children under four will be replaced by a universal lump sum payment, the young child allowance, for all employees with children aged three or under, irrespective of how childcare is arranged.
35. The proposed lump sum payment is €350/month. To account for the varying costs of childcare in the different member states and to limit the costs borne by parents, this lump sum may be doubled to reach a maximum of €700/month. The universal lump sum is paid automatically, whereas the doubled amount will require evidence of direct costs amounting to at least €700.
36. In pursuit of the simplification goal, like-allowances and subsidies paid by third parties to support parents with childcare will not be deducted from the lump sum.

**b) Children aged four or over, up to the end of secondary school (pre-school, primary education and secondary education)**

37. Freedom of choice for parents in the form of

- cost-free education at the European School Munich or European School The Hague, or
- the new education allowance that reimburses 100% of direct education costs up to a specific ceiling.

A single lump sum will be paid towards indirect education costs for all employees with dependent schoolchildren. This lump sum is intended to provide financial support for expenses such as after-school care and school transportation.

38. The proposed measures are listed below in more detail:

*School fees (direct costs)*

- Acknowledgement of the status of the European School The Hague under the Regulations of the European School: the parents concerned will benefit from cost-free education and no longer be subject to the arrangements currently in place for international schools;
- the new education allowance will cater for the reimbursement of direct costs (school fees covering enrolment, tuition and capital fees) following the existing model, while also providing a higher ceiling for secondary school (for details please refer to the chart on page 10);
- to ensure adequate support for all staff and in view of the availability of the educational institutions on site, higher ceilings for Vienna and Berlin are proposed (for details please refer to the chart on page 10);
- to limit operational complexity, reimbursement of direct costs will only take place for amounts exceeding €500/year (approx. €40/month).

### *Indirect education costs*

- All other educational expenses will be categorised as indirect education costs (e.g. after-school, transportation, exam fees, school trips, private tuition, books) and be provided for by a monthly lump sum. The lump sum will benefit all children, irrespective of the type of school (national, international or European);
- the new monthly lump sum will be paid automatically to all children aged four or over, up to the end of secondary education;
- current expatriation allowance supplement paid only to expatriated staff is discontinued.

#### **c) Children up to 26 years of age: post-secondary education**

39. The scope of the financial support extends to all children in post-secondary full-time studies regardless of the nationality of their parents, for the reasons indicated below. Of the total 1 543 children in post-secondary education, 441 children of national staff will thus potentially benefit from the reform.
40. The current reimbursement system for university fees (i.e. reimbursement of 70% of direct costs up to a ceiling of 2.5 x annual dependent child allowance in the country of study) will be maintained, subject to two adjustments: (i) the annual ceiling for reimbursement of enrolment and tuition fees is to be set at a fixed amount of €11 158 and (ii) for those cases where no or very low university fees are paid, a minimum threshold of €500/year will apply.
41. Finally, to cater for all indirect costs associated with post-secondary education (mainly boarding and lodging), a monthly lump sum will be paid. To reflect the different level of expenditure for children living at home or not, and based on the current rates under Article 71 ServRegs, the lump sum will be payable in one of two amounts (for details please refer to the chart on page 10).

#### **d) Adjustment of benefits**

42. In order to increase the predictability of changes in costs and to limit their dependence on external factors, it is proposed that all amounts related to the young child and education allowance are subject to annual adjustment on the basis of an average of the salary adjustments applicable at each duty station, in the same way as the daily subsistence allowance and kilometric allowance are.

**e) Entry into force of reform measures**

43. The reform will enter into force on 1 September 2021 for the young child allowance and the start of the academic year 2021/2022 for the education allowance. It will apply in full to all staff recruited after 1 July 2021.

**C. TRANSITIONAL MEASURES**

44. The EPO's ambition is to introduce a fairer, simpler and more transparent childcare and education benefits' scheme for all staff, but it also acknowledges that parents' decisions on educational choices require a period of reflection. It is recognised that enrolment in different schools will normally have to be done before the entry into force of the new system and that financial commitments may already have been made.
45. The proposed transitional measures are designed to strike a fair balance between granting access to reform benefits as soon as possible and preventing discontinuity in the education cycle of a child.
46. The transitional measures are detailed below. These will apply to EPO staff recruited before 1 July 2021 for each dependent child as follows: (i) as of 1 September for the young child allowance and (ii) as of the academic year 2021/2022 for education-related benefits (under certain conditions, also to be applied for children enrolled for their first year of school for the academic year 2022/2023). The measures shall apply equally to active staff and pensioners.

**a) Children aged three or under – young children**

47. Employees recruited before 1 July 2021 may benefit from the former scheme (childcare allowance and expatriation allowance supplement) until the child turns four, provided that they benefitted from these allowances in the past and that they continue to satisfy the necessary conditions for the allowances after 1 July 2021.



**b) Children aged four or over, up to the end of secondary school**

*Direct costs*

48. To allow for a smooth implementation of the reform, eligible employees with children enrolled in international schools under Article 120a ServRegs before the reform (total: 1 574 in December 2019), will benefit from the full reimbursement of direct costs (enrolment, tuition and capital fees) without being subject to the new ceilings. This transitional measure will apply until the end of the child's secondary education or until the child leaves or changes schools.
49. Of the 1 574 children of December 2019 population, 802 children enrolled by 30 June 2021 for school year 2021/2022 will benefit from this transitional measure for the duration of their schooling. The other children do not require such a transitional measure, since the direct costs of their education are below the new ceilings (proposed Article 71 ServRegs).
50. To allow parents to have sufficient time to make an informed decision, the benefit of this transitional measure will also apply to eligible employees who register their children for their first year of school for the academic year 2022/2023.
51. Direct costs incurred by employees for children enrolled at boarding schools on 30 June 2021 will be reimbursed using the same approach.

*Other educational costs*

52. During the academic year 2021/2022, eligible employees may benefit from the expatriation allowance supplement, childcare allowance for children aged between 4 and 12, and either miscellaneous education costs including the school bus where Article 120a Service Regulations applies, or the lump sum for miscellaneous education costs under Article 71 Service Regulations.

**c) Post-secondary children studying in countries with a high-rate dependent child allowance**

53. The establishment of the new annual ceilings and the two lump sums is based on the dependent child allowance rates applied in the Netherlands under the current Article 71 ServRegs (specifically, the Netherlands salary rates, 1 July 2019). For employees with post-secondary students pursuing studies in countries with a higher rate of dependent child allowance than the Netherlands rates, a transitional period of one year will apply.

**VI. ALTERNATIVES**

54. N/A

**VII. FINANCIAL IMPLICATIONS**

55. The education and childcare benefits reform will be cost-neutral once fully implemented. The additional cost generated by transitional measures and inclusion of nationals will be balanced in the mid- to long-term by cost-control through the use of ceilings and efficiency increases due to automation and digitalisation measures.

56. The starting envelope (overall expenditure in 2019 of education and childcare benefits) amounts to €76.6m.

57. Chart 2: Financial envelope for education and childcare benefits in 2019 (December 2019 figures)

Schemes	Number of children	Expenditure
<b>PILLAR I – Children aged three or under</b>		
Childcare allowance	792	€2.8m
Expatriation allowance supplement	624	€0.8m
No benefit (*)	111	€0
<b>Total</b>	<b>903</b>	<b>€3.6m</b>
<b>PILLAR II – Children aged four or over</b>		
European School Munich	1 693	€28.3m
Reimbursement of school fees	1 614	€24.1m
Bus fees / miscellaneous costs	-	€1.8m
Education allowance	779	€4.2m
Expatriation allowance supplement	3 087	€3.8m
Childcare allowance 4-12 years old	1 410	€1.4m
No benefit (*)	1 505	€0
<b>Total</b>	<b>5 592</b>	<b>€63.6m</b>
<b>PILLAR III – Post-secondary up to 26 years of age</b>		
Education allowance	992	€7.1m
Expatriation allowance supplement	110	€0.2m
No benefit (*)	441	€0
<b>Total</b>	<b>1 543</b>	<b>€7.3m</b>
<b>Total 1: Total cost current schemes for active staff:</b>		<b>€74.5m</b>
<b>Total 2: Total cost current schemes including pensioners:</b>		<b>€76.6m</b>

\* No benefit means that, for pillar I, the EPO employee did not request the childcare allowance; for pillar II, the employee did not claim any of the three main benefits (European School Munich, reimbursement of fees or education allowance) – the **862 national children** not entitled to the education allowance are included in the figure of 1 505; and for pillar III, children not entitled to the education allowance (**441 national children**).

58. The complete package of proposed measures, if applied to an identical population (demographics of December 2019), and once fully implemented, is estimated to amount to €72.9m (-4.8%).
59. The transitional measures will cost an estimated total of €62.0m. They concern – for direct costs – approx. 820 schoolchildren attending international schools. The overall cost will go down over the 15 years of the implementation of the measures.

<b>Education cycle</b>	<b>Current annual expenditure</b>	<b>Future annual expenditure</b>	<b>Transitional measures (total amount)</b>
<b>PILLAR I:</b> Children aged 3 or under	€3.6m	€5.4m	€0.3m
<b>PILLAR II:</b> Schoolchildren aged 4 or over	€63.6m	€56.0m	€61.2m
<b>PILLAR III:</b> Children up to 26 years of age	€7.3m	€9.0m	€0.5m
<b>TOTAL 1</b> (active staff)	€74.5m	€70.4m	€62.0m
<b>TOTAL 2</b> (including pensioners)	€76.6m	€72.9m (-4.8%)	€62.0m*

(\*) Transitional measures for pensioners are negligible as most students are at post-secondary level.

60. For school-aged children (aged four or over) the total cost of transitional measures comprises the cost associated with the continuation of full reimbursement of indirect school costs during the first year of transition (expenditure of approximately €2.4m).
61. In addition, the cost associated with children of pensioners, mostly in post-secondary education, is currently €2.1m and this is estimated to increase to around €2.6m as a result of the reform.

62. The combination of intrinsic costs of the new system (i.e. €72.9m) plus transitional costs results in total annual costs that are above the costs of the current system (€76.6m). After 10 years of implementation these total costs will have dropped to the cost level of the current system after which they will continue to steadily decrease to the long-term level of €72.9m (no more transitional costs).

**VIII. LEGAL BASIS**

63. Articles 10(2)(c) and 33(2)(b) EPC; Articles 1a, 67, 70a, 71, 72, 120a, Annex III and Annex IV ServRegs; Article 1(4) of the Implementing Rule for Article 64 of the ServRegs; Article 28, Rule 28/2, Rule 28/3 of PenRegs; Article 22, Rule 22/2, Rule 22/3 of PenRegs.

**IX. DOCUMENTS CITED**

64. N/A

**X. RECOMMENDATION FOR PUBLICATION**

65. Yes

## PART II

### Draft

DECISION OF THE ADMINISTRATIVE COUNCIL  
of [date of decision]  
revising the education and childcare benefits of  
permanent and other employees of the  
European Patent Office

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THE ADMINISTRATIVE COUNCIL OF THE EUROPEAN PATENT ORGANISATION,

Having regard to the European Patent Convention and in particular Articles 10(2)(c) and 33(2)(b) thereof,

Having regard to the Service Regulations for permanent and other employees of the European Patent Office (hereinafter referred to as "the Service Regulations") and the Implementing Rule for Article 64 of the Service Regulations,

Having regard to the Pension Scheme Regulations of the European Patent Office (hereinafter referred to as "the Pension Regulations") and the Implementing Rules thereto,

Having regard to the New Pension Scheme Regulations of the European Patent Office (hereinafter referred to as "the New Pension Regulations") and the Implementing Rules thereto,

On a proposal from the President of the European Patent Office, submitted after consulting the General Consultative Committee,

HAS DECIDED AS FOLLOWS:

## I. AMENDMENTS TO THE SERVICE REGULATIONS

### Article 1

In Article 1a of the Service Regulations, the reference to Article 71 shall be deleted.

### Article 2

Article 67 of the Service Regulations shall read as follows:

#### **"Article 67 General provisions**

- (1) Under the conditions laid down in this Section, an employee shall be entitled to:
  - (a) family allowances:
    - household allowance,
    - dependant's allowance,
    - young child allowance,
    - education allowance;
  - (b) expatriation allowance;
  - (c) installation allowance;
  - (d) rent allowance;
  - (e) language allowance.
- (2) An employee in receipt of household allowance or dependant's allowance shall declare allowances of like nature paid from other sources; these allowances shall be deducted from those paid under these Service Regulations.
- (3) In cases where both spouses employed by the Office are entitled to family allowances, these shall be payable only to the person whose basic salary is the higher."

### Article 3

Article 70a of the Service Regulations shall read as follows:

#### **"Article 70a Young child allowance**

- (1) Employees are entitled to the young child allowance for each dependent child within the meaning of Article 69.
- (2) Entitlement to the allowance shall commence in the month of birth of the dependent child. It shall terminate in the month preceding the child's fourth birthday. Entitlement to the allowance shall continue in full during periods of parental and family leave or part-time work.
- (3) The amount of the young child allowance shall be doubled whenever
  - (a) the child concerned regularly attends a childcare facility recognised by the Office, and
  - (b) the costs invoiced by that childcare facility amount to at least twice the amount of the young child allowance.
- (4) The amount of the allowance is set out in Annex IV."



## Article 4

Article 71 of the Service Regulations shall read as follows:

### **"Article 71 Education allowance**

#### **I. Conditions of award**

- (1) Under the terms set out below, employees may claim the education allowance in respect of each dependent child, within the meaning of Article 69, regularly attending an educational establishment on a full-time basis.
- (2) Entitlement to the allowance shall commence on the first day of the month in which the dependent child turns four. It shall terminate when the child ceases full-time studies, and not later than the end of the month in which the entitlement to the dependent child allowance in respect of that child will cease to be recognised.
- (3) Where the education is discontinued before the end of an academic year, the amounts and ceilings of the allowance are reduced on a pro rata basis.
- (4) The costs set out in paragraphs 5 and 7 may only be claimed once for any given period.

#### **II. Pre-school, primary education and secondary education**

- (5) Direct education costs, namely enrolment, tuition and capital fees, incurred for pre-school, primary education or secondary education that exceed EUR 500 per academic year will be fully reimbursed up to the annual ceilings set out in Annex IV.

Employees whose child attends a European school located at their place of employment and subsidised by the Organisation are not entitled to this reimbursement.

- (6) Employees entitled to the education allowance for a child in pre-school, primary education or secondary education will receive a monthly lump sum for indirect education costs, the amount of which is set out in Annex IV.

#### **III. Post-secondary education**

- (7) Direct education costs, namely enrolment and tuition fees, incurred for post-secondary education that exceed EUR 500 per academic year will be reimbursed at the rate of 70%, up to the annual ceiling set out in Annex IV.
- (8) Employees entitled to the education allowance for a child in post-secondary education will receive a monthly lump sum for indirect education costs. The amount of the lump sum depends on whether the child is living at home, and is set out in Annex IV."

## Article 5

Article 72, paragraph 5, of the Service Regulations shall be deleted.

## Article 6

Article 72, paragraph 6, of the Service Regulations shall become Article 72, paragraph 5, of the Service Regulations and the term "spouses" shall replace "a husband and wife" in the English wording. The French and German versions remain unchanged.

## Article 7

Article 120a of the Service Regulations shall be deleted.

## Article 8

In the table in Annex III B of the Service Regulations, the first point "Expatriation allowance – Allowance under Art. 72, paragraph 5" shall be deleted.

## Article 9

Annex IV to the Service Regulations shall read as follows:

### **"ANNEX IV AMOUNTS OF THE YOUNG CHILD ALLOWANCE AND EDUCATION ALLOWANCE**

- (1) The amount of the young child allowance is EUR 350 per month.
- (2) For the education allowance, the ceilings for the reimbursement of direct education costs per academic year are:
  - (a) For employees serving in Munich and The Hague:
    - (i) EUR 11 158 for pre-school and primary education;
    - (ii) EUR 13 389 for secondary education;
    - (iii) EUR 11 158 for post-secondary education.
  - (b) For employees serving in Berlin and Vienna:
    - (i) EUR 15 624 for pre-school and primary education;
    - (ii) EUR 17 856 for secondary education;
    - (iii) EUR 11 158 for post-secondary education.

The ceiling taken into account for the duration of the entire academic year is that in force at the beginning of the academic year.

- (3) The monthly lump sum for indirect education costs paid for a child in pre-school, primary education or secondary education is EUR 112.
- (4) The monthly lump sum for indirect education costs paid for a child in post-secondary education is:
  - (a) EUR 149 for a child living at home, or
  - (b) EUR 521 for a child not living at home.
- (5) These amounts will be reviewed regularly to take into account the evolution of childcare and education costs at the respective places of employment."

## **II. AMENDMENT TO THE IMPLEMENTING RULE FOR ARTICLE 64 OF THE SERVICE REGULATIONS**

### Article 10

Article 1, paragraph 4, of the Implementing Rule for Article 64 of the Service Regulations shall read as follows:

- "(4) The amounts of the young child allowance and the education allowance set out in Annex IV to the Service Regulations, the daily subsistence allowance set out in Annex V to the Service Regulations and the kilometric allowance referred to in Article 79 of the Service Regulations are adjusted by applying the arithmetic average rate of annual salary adjustment for Austria, Germany and the Netherlands to those in place."

## **III. AMENDMENTS TO THE PENSION REGULATIONS AND THE IMPLEMENTING RULES THERETO**

### Article 11

Article 28, paragraph 1, of the Pension Regulations shall read as follows:

- "(1) The family allowances comprising household allowance, dependant's allowances, young child allowance and education allowance granted under the Service Regulations for permanent employees of the Office shall be paid:
- (i) to the recipient of a retirement pension;
  - (ii) to the recipient of a survivor's pension.

The household allowance shall be calculated by reference to the pension of the recipient. However, the dependant's allowances, young child allowance and education allowance shall be paid in full."

## Article 12

Rule 28/2 of the Implementing Rules to the Pension Regulations shall read as follows:

### **"Rule 28/2 Education allowance**

- (i) The education allowance shall be granted for children dependent on a former employee who is in receipt of a retirement pension, or dependent on their spouse, where such spouse is in receipt of a survivor's pension, by applying to the dependent children the same criteria regarding education and expenditure as would apply if the former employee were still serving.
- (ii) In the event of the death of a serving employee or employee actually in receipt of a retirement pension, without any survivor's pension being awarded to a spouse, or in the event of the death of the recipient of a survivor's pension, any education allowance which was being paid at the time of the death shall continue to be paid, unchanged in amount, until the end of the current academic year."

## Article 13

Rule 28/3 of the Implementing Rules to the Pension Regulations shall read as follows:

### **"Rule 28/3 Young child allowance**

- (i) The young child allowance shall be granted for children dependent on a former employee who is in receipt of a retirement pension, or dependent on their spouse, where such spouse is in receipt of a survivor's pension, by applying to the dependent children the same criteria as would apply if the former employee were still serving.
- (ii) In the event of the death of an employee or former employee actually in receipt of a retirement pension, without any survivor's pension being awarded to a spouse, or in the event of the death of the recipient of a survivor's pension, any young child allowance which was being paid at the time of the death shall continue to be paid, unchanged in amount, for a further three full calendar months following the death or until the entitlement on which the allowance was based ceases to be recognised, whichever is the earlier."

**IV. AMENDMENTS TO THE NEW PENSION REGULATIONS AND THE IMPLEMENTING RULES THERETO**

Article 14

Article 22, paragraph 1, of the New Pension Regulations shall read as follows:

"(1) The family allowances comprising household allowance, dependant's allowances, young child allowance and education allowance granted under the Service Regulations shall be paid:

- (i) to the recipient of a retirement pension;
- (ii) to the recipient of a survivor's pension;

The household allowance shall be calculated by reference to the pension of the recipient. However, the dependant's allowances, young child allowance and education allowance shall be paid in full."

Article 15

Rule 22/2 of the Implementing Rules to the New Pension Regulations shall read as follows:

**"Rule 22/2  
Education allowance**

- (i) The education allowance shall be granted for children dependent on a former employee who is in receipt of a retirement pension, or dependent on their spouse, where such spouse is in receipt of a survivor's pension, by applying to the dependent children the same criteria regarding education and expenditure as would apply if the former employee were still serving.
- (ii) In the event of the death of a serving employee or employee actually in receipt of a retirement pension, without any survivor's pension being awarded to a spouse, or in the event of the death of the recipient of a survivor's pension, any education allowance which was being paid at the time of the death shall continue to be paid, unchanged in amount, until the end of the current academic year."

## Article 16

Rule 22/3 of the Implementing Rules to the New Pension Regulations shall read as follows:

### **"Rule 22/3 Young child allowance**

(i) The young child allowance shall be granted for children dependent on a former employee who is in receipt of a retirement pension, or dependent on their spouse, where such spouse is in receipt of a survivor's pension, by applying to the dependent children the same criteria as would apply if the former employee were still serving.

(ii) In the event of the death of an employee or former employee actually in receipt of a retirement pension, without any survivor's pension being awarded to a spouse, or in the event of the death of the recipient of a survivor's pension, any young child allowance which was being paid at the time of the death shall continue to be paid, unchanged in amount, for a further three full calendar months following the death or until the entitlement on which the allowance was based ceases to be recognised, whichever is the earlier."

## **V. TRANSITIONAL MEASURES**

### Article 17

#### General provisions for transitional measures

1. These transitional measures will apply only to employees who joined the Office up until 30 June 2021.
2. Decisions made by employees to opt in to the new schemes are irrevocable.
3. The President of the Office may take any appropriate further measure to ensure a smooth transition to the new schemes.

Article 18  
Employees who received childcare allowance before 1 July 2021  
for dependent children aged three or under

1. Employees who received childcare allowance before 1 July 2021 for a dependent child aged three or under will be placed under this transitional measure. They may claim childcare allowance (under Article 70a Service Regulations as at 30 June 2021) and will receive, where applicable, the expatriation allowance supplement (under Article 72(5) Service Regulations as at 30 June 2021) until the child turns four, unless they opt in to the new young child scheme.
2. The maximum amounts of childcare allowance as at 30 June 2021 apply for the duration of the transitional measure under paragraph 1.
3. The amount of expatriation allowance supplement as at 30 June 2021 applies for the duration of the transitional measure under paragraph 1.

Article 19  
General provision on miscellaneous education costs

1. Employees who before 1 July 2021 were eligible for the lump sum intended to cover miscellaneous education costs (under Article 71 Service Regulations as at 30 June 2021), the expatriation allowance supplement (under Article 72(5) Service Regulations as at 30 June 2021) and/or the childcare allowance for children aged four to twelve (under Article 70a Service Regulations as at 30 June 2021) will be placed under this transitional measure until 31 July 2022. They are entitled to these benefits for the academic year 2021/2022, unless they opt to receive the new lump sum for indirect education costs. The new lump sum for indirect education costs cannot be claimed alongside the benefits paid under this transitional measure.
2. The maximum amounts of childcare allowance as at 30 June 2021 apply for the duration of the transitional measure under paragraph 1.
3. The amount of expatriation allowance supplement as at 30 June 2021 applies for the duration of the transitional measure under paragraph 1.

## Article 20

### Employees entitled to payment of school fees under Article 120a Service Regulations

1. Employees whose dependent child was enrolled in a school on 30 June 2021 for the academic year 2021/2022 and for which they would have been entitled to the benefit provided for under Article 120a Service Regulations as at 30 June 2021 will be entitled to full reimbursement of direct education costs, namely enrolment, tuition and capital fees, until the end of their child's secondary education or until their child changes school. This entitlement is conditional on the annual cumulated enrolment, tuition and capital fees of the relevant school exceeding the ceilings defined in Annex IV of the Service Regulations.
2. The same measure applies to employees whose dependent child will be enrolled for their first year of (pre-)school for the academic year 2022/2023, and for which the employees would have been entitled to the benefit provided for under Article 120a Service Regulations as at 30 June 2021.
3. Where applicable, employees covered under paragraph 1 will also be entitled to the expatriation allowance supplement (under Article 72(5) Service Regulations as at 30 June 2021), the childcare allowance for children aged four to twelve (under Article 70a Service Regulations as at 30 June 2021) and full reimbursement of any further costs incurred on account of school attendance and the school bus fees for the academic year 2021/2022, unless they opt to receive the new lump sum for indirect education costs. Entitlement to this transitional measure will cease on 31 July 2022. The new lump sum for indirect education costs cannot be claimed alongside the benefits paid under this transitional measure.
4. The maximum amounts of childcare allowance as at 30 June 2021 apply for the duration of the transitional measure under paragraph 3.
5. The amount of expatriation allowance supplement as at 30 June 2021 applies for the duration of the transitional measure under paragraph 3.

## Article 21

### Employees with children enrolled at boarding school for the academic year 2020/2021

1. Article 71 Service Regulations as at 30 June 2021 will continue to apply for the academic year 2021/2022 to employees whose dependent child was enrolled at boarding school for the academic year 2020/2021.
2. As from the start of the academic year 2022/2023, these employees will be entitled to reimbursement of incurred annual tuition, board and lodging fees up to a ceiling corresponding to 3.5 times the dependent child allowance applying in the country where the studies are pursued.



3. This transitional measure will irrevocably cease to apply in the event that (i) the child stops boarding or (ii) the child changes school, and (iii) in any event when the child finishes secondary school.
4. This transitional measure does not apply to employees with children in post-secondary education.

Article 22  
Employees with children registered in post-secondary education  
for the academic year 2020/2021

For the academic year 2021/2022, the same lump sum entitlement and ceiling on reimbursement of direct education costs applied in 2020/2021 (under Article 71 Service Regulations as at 30 June 2021) will continue to apply, if applicable, to employees with a dependent child who was registered in post-secondary education for the academic year 2020/2021 in a country with a dependent child allowance higher than EUR 373.80 on 30 June 2021.

Article 23  
Pensioners with dependent children

The transitional measures set out above will apply to pensioners, provided they meet the relevant conditions.

**VI. ENTRY INTO FORCE**

Article 24

1. The new young child allowance provision and related transitional measures shall apply as from 1 September 2021.
2. The new education allowance provisions and related transitional measures shall apply as from the start of the academic year 2021/2022.
3. Entitlements under the provisions as at 30 June 2021 shall remain in place until the new provisions become applicable.

Article 25

This decision shall enter into force on 1 July 2021.

Done at Munich, [date of decision]

For the Administrative Council  
The Chairman

Josef KRATOCHVÍL