

How can the Government Ensure that Early Care and Education is of High Quality in a Market System? Learning from International Experience

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Outline of the talk

- Current Contexts of Early Childhood Education and Care (ECEC)
- Quality at a Macro level – What are the issues at an international (OECD/EU) and at a governmental level?
- Quality at a Micro level – What are the issues on the ground for those working in and receiving services?
- What is a Childcare Market? Is this a quicker and better way of delivering services ?
- 5 examples of countries with childcare markets trying to deliver quality services – Norway, New Zealand, the Netherlands, Australia, England.

Outline of the talk continued

- How does Ireland compare with other countries who have childcare markets?
- Some recommendations for improving quality where there is a childcare market.

What are the issues?

- How can quality be assured in a situation where there are many different kinds of providers operating different kinds of services and where provision is changing rapidly?
- What risks does a market model entail, and what kind of policy options are available to governments who follow this route?
- From an economic point of view, is it worth spending taxpayers money on ECEC? Do the returns –better educated children/more women in the workforce/- justify the expenditure?

Cost efficiency and quality



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Current Contexts of ECEC

- More women with young children working so unmet demand for childcare places
- More importance given to early education, especially for vulnerable children
- More importance given to children's rights issues, and on their day to day experiences when they go to any kind of experience.
- Governments throughout the world have been expanding ECEC provision, either directly through state provision or indirectly through encouraging the private market
- EU targets: childcare places should be provided for 33% of children under three, and 90% children three and over; 95% participation for children aged four and over. Most EU countries attempting to meet targets.

Current Contexts of ECEC

- Because of new demands and expectations for ECEC services most countries have been developing new ECEC policies and services over the last 10-20 years.
- OECD has been monitoring international changes in ECEC in its *Family database*.
- EU statistical service Eurostat has been monitoring European changes in ECEC in its regular Eurostat reports.
- UNICEF IRC has been documenting ECEC in rich countries to highlight the needs of the most marginalized children, and to focus on children's rights issues

Current Contexts of ECEC

- Purpose of international comparisons is to enable individual countries to check their progress against external measures, and to gain extra insights about options for developing policy.
- The two central issues for comparison are access and quality.

ACCESS to ECEC SERVICES

- Equitable access for all children irrespective of family income or location on the basis that all children deserve and have equal rights to services, as in education ?
- Targeted/privileged access for the most vulnerable children on the basis that such children least likely to access to services but to be most in need of them ?
- Access left up to parents to sort out so they buy what they need when they need it, on the basis that it is not the state's responsibility to make such decisions?
- What are the cost implications of these approaches to access?

Quality at a Macro Level

- The comparative literature focuses on what policies governments have in place to ensure equitable access and quality in ECEC, and how these policies are funded.
- There is no universal prescription for access or quality. It depends on the expectations goals and activities of those providing and using the service, especially expectations about who should pay for services and who should work in them.
- At one extreme there have been countries where there has been a long tradition of universal state funded state provided services, with well educated staff and good conditions of employment, *and the public expects no less;*
- At the other extreme, especially the USA, there is a great reluctance to spend tax payers money on any kind of public service.

Quality at a Macro Level

- The OECD (PISA) defines quality as involving:
- Low child-staff ratios
- Pre-primary or nursery education (ie not preschool) for 2 years or more before school
- Well-trained staff with continuing professional development and good working conditions
- Adequate public funding, whether services are state provided or not, to enable equal access for all children independently of parent's ability to pay.

Quality at a Macro Level

- The EU (in a recent review) defines quality as:
- Equal access for all children
- Making sure the political, legal and financial structures are in place to deliver it – including clear goals, coordination and monitoring across services
- Well educated and well remunerated staff
- A common curriculum

Quality at a Micro-Level

- This literature derives mainly from the field of child development and draws on psychological measurements and outcomes.
- It derives mainly from the USA and does not cross-refer to any of the work about quality on a macro-level or on the role of government. It focuses on what happens at a nursery or preschool level, and on how teachers and childcare staff can work with children to improve their learning.
- It identifies two main variables: *structural variables* – staff training/ratios/premises etc and *process variables* – the quality of the interactions between staff and children

Quality at a Micro Level

- There have been many attempts to measure quality at a micro-level and to develop ratings and kitemarks based on these measures.
- These quality measures vary across different research studies, and the results in terms of children's progress and outcomes invariably depend on the context in which the study was carried out.
- But in general the consensus is “*poor quality provision harms children's future prospects.*” but “*high quality provision offers some kind of protective and social educational boost, especially for vulnerable children.*”

Quality at a Micro Level

- Some of the measuring tools and kitemarks and guides to quality in preschool are discussed in the report.
- These measures can make a difference but it is up to individual owners or managers how seriously they are taken. They can be very useful as a *short term* expedient but they do not provide an assurance of quality across the board.
- Quality at a micro level depends on quality at a macro level You need committed individuals but you also need the policies, the funds and the regulation to ensure a good service for all children.



The Private Market

- Private for profit childcare and education ranges from individuals running a small business offering a few hours of care to young children in their own homes, through to large corporations running major chains of multipurpose nurseries. It encompasses highly motivated and committed professional providers as well as entrepreneurs who have no direct interest or background in childcare but are concerned to take advantage of market opportunities. It is a mixed picture but the bottom line is that the nursery *must earn enough money to cover all its expenses*. Making enough money is the first priority over and above the child's or the parent's needs.

	Centre-based care		Family day care		Pre-school		Compulsory school	
Public*								
Private**								
Age	0	1	2	3	4	5	6	7
Australia	Accredited centres and family day care available part-time (20hrs) or full-time (up to 50hrs)				Reception/ pre-school classes, with primary school (full-time, out-of-school-hours care also provided).		Compulsory schooling	
Austria	Tagesmutter (FDC) and Krippen (centre-based), Part-time (25hrs)		Kindergarten, (part-time, 25hrs). Out of school care provision under development.				Compulsory schooling	
Belgium	Kinderdagverblijf (centre-based crèches) and FDC; Crèche (centre-based) and gardiennes encadrées (FDC)		Kleuterschool (starts at age 2 and a half), part-time or full-time, with out-of-school-hours care; École maternelle, part-time or full-time, with out-of-school-hours care				Compulsory schooling	
Canada	Centre-based and family day care				Junior Kindergarten Ontario	Kindergarten /Maternelles in Québec	Compulsory schooling	
Cyprus ^{1,2}	Centre-based day care (day Nurseries/Day Care Centres) Family day care (childminders), provided by the public, private and community sector.				Pre-school - compulsory		Compulsory schooling	
			Kindergartens (Νηπιαγωγεία) provided by the public, private and community sector					
Czech Rep	Crèche (centre-based care), FT		Materska skola (state kindergarten)				Compulsory schooling	
Denmark	Dagpleje (FDC) and Vuggestuer (Crèche) full-time (>32hrs)		Børnehaver (kindergarten) full-time (>32hrs)					Compulsory schooling
	Adlersintegreret (age-integrated facility) full-time (>32hrs)		Børne-haver (>32hrs)					
Finland	Perhepäivähoito (FDC) and Päiväkoti (municipal early development centres), full-time (<50hrs)					Esiopetus pre-school	Compulsory schooling	
France	Crèche (centre-based care) and Assistant maternelles (FDC), FT		Ecole maternelle (pre-school)				Compulsory schooling	
Estonia	Creche (centre-based care) full-time basis		Pre-school and nursery schools, full-time basis					Compulsory schooling
Germany	Krippen (centre-based Crèche)		Kindergarten (pre-school)				Compulsory schooling	
Greece	Vrefonipiaki stahmi (crèche for children <2.5 and nursery school for >2.5)				Compulsory schooling			
			Nipiagogeia (kindergarten)					
Hungary	Bölcsöde (Crèches), full-time (40hrs)		Ovoda (kindergarten)			Compulsory schooling (at age 6 by law, but in practice many start at age 7)		
Iceland	Day-care centres and "day mothers"(FDC)		Pre-school				Compulsory schooling	
Ireland	Regulated FDC and nurseries (centre-based)			ECCE, Early Start and Infant school (pre-school) with primary school			Compulsory schooling	
			Pre-school playgroups					
Israel ³	Centre-based care and Family day care		Kindergartens and some Centre-based care and Family day care				Compulsory schooling	
Italy	Asili nidi (Crèches) part-time (20hrs) and full-time (<50hrs)		Scuola dell'infanzia (pre-school)				Compulsory schooling	

	Centre-based care		Family day care		Pre-school		Compulsory school	
Public*								
Private**								
Age	0	1	2	3	4	5	6	7
Japan	Centre-based care						Compulsory schooling	
	Family day care			Kindergartens				
Korea	Childcare centres						Compulsory schooling	
			Kindergartens					
			Hakwon (pre-school)					
Luxembourg	Crèche (centre-based care) and Tagesmutter (FDC)		Enseignement pre-scolaire (pre-school)				Compulsory schooling	
Malta	Centre-based (private and public) care and Family day care		Pre-school			Compulsory schooling		
Mexico	Educación inicial (centre-based care)			Educación preescolar (pre-school) - compulsory			Compulsory schooling	
Netherlands	Gastouderopvang (FDC), Kinderopvang (child care centres) and Playgroups			Group 1, with primary school		Compulsory schooling (group 2 onwards)		
New Zealand	Child care centres and some home-based services (FDC)		Community-based Kindergarten, Playcentres			Compulsory schooling		
Norway	Barnehage (kindergarten), including rural familiebarnehager (FDC), full-time (40 hrs) and open kindergarten (barnehage)						Compulsory schooling	
Poland	Nurseries		Pre-school/ Nursery schools					Compulsory schooling
Portugal	Crèche familiar (FDC) and centre-based Crèches		Jardins de infância (pre-school)				Compulsory schooling	
Slovak Rep	Nursery schools (public and private)		Kindergarten				Compulsory schooling	
Spain	Educación Preescolar (Centre-based)		Educación infantil (Pre-school), with primary school				Compulsory schooling	
Sweden	Forskola (pre-school) full-time, 30 hours, some Familiedaghem (FDC) particularly in rural areas.						Forskoleklass (pre-school, PT)	Compulsory schooling
Switzerland	Crèche. Krippen, varies across cantons (centre-based)		Pre-school, mandatory in some cantons.				Compulsory schooling	
Turkey	Crèche		Ana Okulları (kindergartens)				Compulsory schooling	
UK	Nurseries, child minders and playgroups		Playgroups and nurseries, Early years education (three and four year olds are entitled to 12.5 hours of free early education)		Reception class with primary school	Compulsory schooling		
US	Child care centres and FDC		Educational programmes, incl. pre-school, kindergartens (public and private), Head Start programs.				Compulsory schooling	

Paying for childcare: a mother's view

- I'm struggling to find decent childcare.

My current nursery works out at £51.50 a day (from 7.45am until 5.30pm), which is quite pricey (or so I thought!!), and they also can't take my son full time, so I need to find him another nursery, preferably cheaper.

Went to look at one today, which is £45 a day and really nice, but then that's only from 8am. It's an extra £5 for early drop off, then £0.60p for breakfast, and you have to supply your own nappies, so that would be about £0.80 a day, which puts it up to £51.40 a day.

- There's 1 other nursery that I've found that is cheaper, but their inspection report is awful, and after promising to phone me back, they haven't, nor did they reply to my email last time I tried to contact them, which just rings alarm bells.

Paying for Childcare: a business point of view

- *“The fact that many nurseries are conducting business without clear accepted terms and conditions from their customers means they could face serious consequences if queries or payment disputes arise: Here are our tips for what to do to get quicker and more effective payment of debts and late payment charges from late payers:*
- *Clear payment terms with the right to recover interest and debt collection charges in securing payment*
- *The right to go to Court if there is a dispute*
- *Make sure that both parents sign and accept your terms.*
- *(legal advice to nursery owners in the childcare magazine “Nursery World”*

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childcare markets

CAN THEY DELIVER AN EQUITABLE SERVICE?



Edited by Eva Lloyd
and Helen Penn

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The economics of childcare markets



The economic assumptions of childcare markets

- Traditional economists regard the marketplace as a metaphor for all financial transactions between people. Suppliers of goods and services can set up their stalls, and people who want or need those goods and services can choose which ones best meet their needs.
- Supply and demand balance themselves out; if there is demand the supply increases very rapidly; if there is falling demand, the supply of services shrinks- the market is very flexible
- Competition between providers keeps prices down
- Competition between providers drives quality up
- Consumers make rational informed choices between the options available to them

The economics of childcare markets; the reality

- The *supply* of childcare does increase very quickly if there is demand, much more quickly than if the state were to plan and develop services. Entrepreneurs can set up childcare very quickly, negotiate the finance and the premises, and set up shop.
- BUT in general entrepreneurs want as high a return as possible for their investment, and choose to invest in richer areas where higher fees can be charged. Private market childcare is always skewed towards richer areas; and as a general rule of thumb the best childcare is for the parents whose parents can pay most.





The economics of childcare markets; the reality

- If you are supplying/selling a service if you have to market it; to present it in such a way that people will get to hear of it, and like what they see. Generally the marketing for childcare uses brand names which draw on a tradition which presents children as cute and cuddly – rather than from a children's rights perspective as persons in their own right with feelings and perceptions which deserve respect.



Double Ducks Nursery



The Place Kids Love and Parents Trust



The economics of childcare markets: branding and marketing.

- *Little Bears, Cuddly Bears, Mother Goose, Goslings, Happy Little Bunnies, Cheeky Monkeys, Double Ducks, Little Lambs.*
- *Blossoms, Little Bloomers, Buds, Little Acorns, Seedlings, Darlin' buds, Amanda's Precious bubbles,,Tiny Toez.*
- *Little Winners,, Blooming Kidz, Terrific Tots, Rising Stars, Little Diamonds, Little Gems, Super Kids, Little Einsteins, Smartys, Kids College, "A" Stars*
- *Heaven Sent, Little Cherubs, Reach for the Stars*
- *Kiddy winks, Little monsters Jelly beans, Looby Loo*

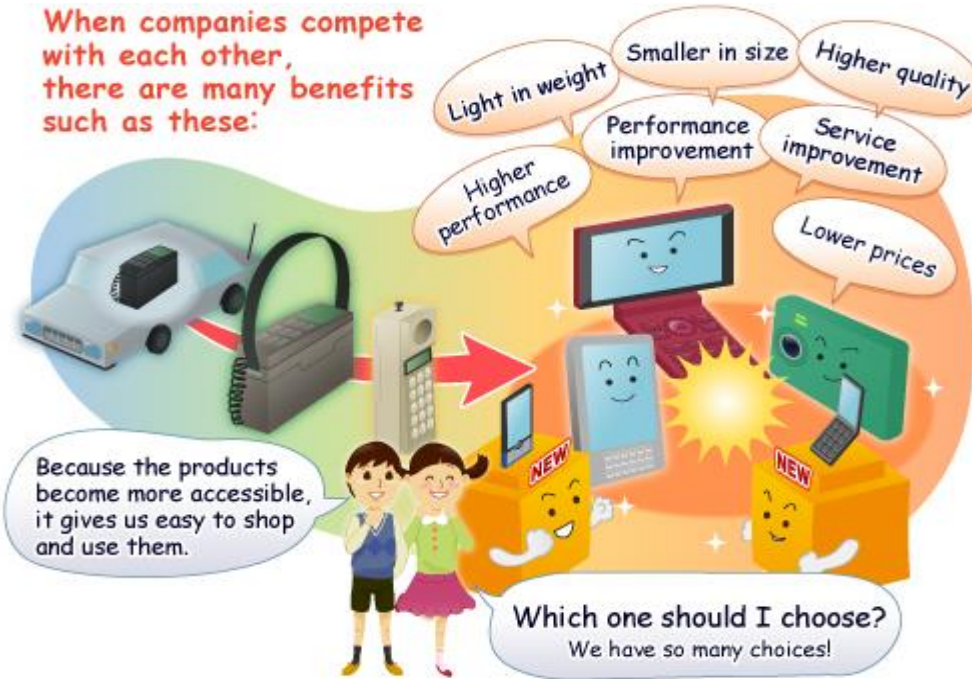
The economics of childcare mrkets- branding and marketing.

- First ever WINTER sale!
 - 6% discount on ***all*** fees for the first 3 months (12 weeks) for babies and children starting at the nursery before 28th February.
 - You could be quid's in – saving huge amounts of money and have excellent, homelike childcare.
 - HURRY! HURRY! HURRY! LIMITED PLACES

How the childcare market works -Competition



When companies compete with each other, there are many benefits such as these:



The economics of childcare markets - competition

- *Competition drives down prices?*
- Parents have to pay for childcare, in the absence of a subsidy system, and childcare is labour intensive and therefore costly. Prices cannot be cut if staff are paid properly – but having well educated and well remunerated staff is a key aspect of quality. So the childcare market is atypical –competition does not drive down prices
- *Competition raises quality?*
- There is some evidence from the USA that competition lowers quality; price is so important that consumers/parents will go for the cheaper options which tend to be the poorer quality options. Competition does not raise quality

The economics of childcare markets - competition

- Competition means that the market is never stable; entrepreneurs go in and out of business as their business thrives or fails.
- Volatility is high in the childcare sector; big and successful firms expand and take over other businesses, small unsuccessful businesses shut down.
- Staff and parents do not usually have a say in these changes – it happens over their heads

The economics of childcare markets – behind the scenes at a takeover.

- HIG Capital is set to acquire a 75% stake in Dutch childcare centre operator Estro Group, to rescue the company from falling into bankruptcy.
- HIG is acquiring 250 of the current 360 centres run by Estro; these centres will then be relaunched under the new name of Small Steps next month.
- According to Estro, around 1,000 jobs are likely to be cut, while the remaining 2,600 are guaranteed. The company was declared bankrupt on the morning of Saturday 5 July. Estro had applied for court protection last week, according to Dutch media.

The economics of childcare markets – rational consumers?

- Parents of young children are tied by circumstances, where they live, how they travel, what other children they have, how sympathetic their employers are. Their choices are constrained and having found a place, the burden of changing it is too great.
- Parents are not rational consumers making free choices.
- In most countries where there is a childcare market, mothers from low income households work less than mothers from high income households – it is just too difficult for them to overcome the problems of negotiating the market.

The Experience of Other Countries

- 5 countries where a majority of provision is in the private sector:
- Norway, New Zealand, Netherlands, Australia and the UK.
- Only in Norway were services of high quality and guaranteed equal access for all families
- Generous funding for the private sector but tied in with very strong regulation: control over entry to and exit from the market; all fees pegged at 15% of household income; curricular guidance; parental and local control over business plans and curriculum of the nurseries/childcare

How Ireland compares

- Performs very poorly if not bottom on most international comparisons – funding, quality, access etc
- Has Siolta and Aistear but weak enforcement
- Lack of coordinated policy at macro level
- *Ireland has taken significant steps to bring it into line with international standards. BUT it falls considerably short of those standards. It has not yet recognized the particular problems of quality and access posed by a mixed market model*

Recommendations based on international comparisons

- Clarify and Develop National Goals and Objectives of ECEC in a coordinated way and address discrepancies
- Upskill the ECEC workforce
- Underpin all developments with adequate financial resources
- Strengthen regulation
- Increase local accountability
- Improve monitoring and regulation systems

- Thank you for listening. All explanations, details and references are in the accompanying document.
- Contact email: Professor Helen Penn
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