



# Start Strong Budget 2010 Analysis December 2009

For young children, and for all those concerned with developing a comprehensive system of quality care and education for young children in Ireland, Budget 2010 was a wasted opportunity. The Budget had provided an opportunity to lay the foundations for a smart economy in the future by strengthening investment in the next generation. But this opportunity was not taken. Instead, the level of investment in young children, which had already been cut significantly since October 2008, was cut further.

Start Strong is disappointed that the Government announced reductions in Child Benefit and in the National Childcare Investment Programme, which come on top of the abolition of the Early Childcare Supplement announced earlier in the year. The combined effect is a huge reduction in the budget of the Office of the Minister for Children and Youth Affairs (OMCYA), and – more broadly – a large cut in the level of investment in young children.

Start Strong hopes, nevertheless, that the Minister for Children and Youth Affairs will commit in 2010 to developing a 10-year national plan for quality care and education for young children. And we hope that this national plan – which we are calling ‘Children 2020’ – will in turn commit the Government to increasing investment in young children over the years between now and 2020. The Minister has already indicated his support for the concept of long-term planning for early care and education, and Start Strong hopes the Minister will make this support concrete through a firm commitment to developing a national plan for early childhood.

## Continuing need for investment – and for Children 2020

Increased investment in young children makes sound economic sense – particularly in a recession – as it lays the foundations for a strong economy in the future, as has recently been recognised by both the National Economic and Social Council (NESC) and the

National Competitiveness Council.<sup>1</sup> Cost-benefit analyses of early childhood supports in the US have found lifetime returns of up to \$16 for every dollar invested.

While the current state of the public finances is a major constraint on public spending, it is a disappointment that no initial steps were taken in Budget 2010 to increase the level of investment in young children. Start Strong welcomed the Free Pre-School Year, which will come into existence in January, but it is being introduced against the backdrop of cuts to Child Benefit, the ending of the Early Childcare Supplement at the end of December, and substantial reductions in the National Childcare Investment Programme since 2008.

**These cut-backs make it all the more important that a commitment should be made now to introduce a long-term plan to develop a comprehensive and sustainable system of early care and education that meets the needs and rights of all our children.**

Without such a plan, we are putting at risk not only our children’s future, but Ireland’s future well-being and economic prosperity. As NESC recently argued, early care and education remains one of the main policy priorities facing Ireland in the recession:

*The provision of a more comprehensive system of early childhood care and education should remain a priority as it impacts on the well-being of children and their families and communities in both the short-term and the long-term. It is also a good long-term investment for the state and a sound basis for the move towards a knowledge-based economy.<sup>2</sup>*

We can’t achieve this overnight, but we can put the plans in place. That’s why Start Strong is calling for a national, 10-year plan for early childhood. And that’s why we are calling this plan ‘Children 2020’, in the hope that all children born in Ireland in 2020 will have the supports and services they need to give them strong foundations as they start out in life.

In our Pre-Budget Submission, while calling for an increase in investment over the coming decade as part of a strategy for national recovery, Start Strong also made specific short-term recommendations in relation to Child Benefit, Family Resource Centres and programmes supported by the OMCYA. Below we set out our responses to the decisions made in Budget 2010 in relation to these:

### Child Benefit

Start Strong is disappointed not only that Child Benefit was cut by €16 per month per child, but also that the savings made were not ring-fenced for children.

In our Pre-Budget Submission, we had recommended that Child Benefit should not be reduced. And we had cautioned that, if the Government decided to go ahead with some form of cut, it should ensure that any savings were directed to programmes and services for children, including early care and education.

Child Benefit is an investment in children by the Government, involving recognition of the value that our society places on children. Child Benefit also involves recognition of the additional costs that children bring to families. For young children, these costs include the cost of early care and education services.

Coming at the same time as the ending of the Early Childcare Supplement (which at the start of 2009 involved payment of €92 per month per child), the cut to Child Benefit means that families with young children will be hit hard financially in 2010. Many families will face difficulty in meeting the cost of early care and education services.

The cost of early care and education services in Ireland is among the highest of all EU and OECD countries, amounting to more than 50% of the net income of some families.<sup>3</sup> In the absence of general Government subsidies for such services in Ireland, and following the abolition at the end of 2009 of the Early Childcare Supplement, Child Benefit is the principal way in which the Irish Government helps families to meet this cost. According to recent survey data from the CSO, 60% of households in Ireland state that they do not 'have access to high quality, affordable childcare' in their community.<sup>4</sup> Following the cut to Child Benefit announced in Budget 2010, the number of families who cannot

afford quality early care and education services will increase, as will the number of children living in poverty.

### Family Resource Centres

Start Strong welcomes the decision to retain the 107 Family Resource Centres, and to protect their budgets.

In our Pre-Budget Submission, we had urged the Government to reject the recommendation made in the McCarthy Report that the Family Support Agency and most of its programmes should be discontinued. We are pleased that the Government chose not to accept this McCarthy Report recommendation.

It is important that the Family Resource Centres should be maintained, as they provide a range of valuable supports to families in disadvantaged areas, with 60 of them providing early care and education services. While the centres receive funding from a range of sources, their core funding from the Family Support Agency is essential for their financial sustainability.

The FRCs provide a range of integrated supports that complement their early care and education services, and they also provide linkages to other agencies' services. We argued in our Pre-Budget Submission that, rather than being cut back, a model of local, integrated children's centres is something that could be built on in future. We hope that the Government's continued support for FRCs offers scope for discussing the potential to build on this model within a 10-year national plan for quality early care and education in Ireland.

### Programmes supported by the OMCYA

Start Strong welcomes the fact that the Government renewed its commitment to press ahead with the implementation of the Free Pre-School Year, and we welcome the confirmation that funding for the City/County Childcare Committees will not be reduced from 2009 levels.

However, we are disappointed that savings indicated within the National Childcare Investment Programme are not being reinvested in quality improvements. And we are concerned at a shift in the aim of the Community Childcare Subvention Scheme



### away from children's early care and education towards labour market activation.

The Government has announced a cutback of €2.5m in 2010 in current expenditure on the National Childcare Investment Programme (NCIP), which comes in addition to the closure to new applicants of the NCIP capital programme earlier in the year. The Government has stated that the cut to the NCIP current budget arises from the fact that some of the places previously supported by the Community Childcare Subvention Scheme (CCSS) will now instead be supported by the Free Pre-School Year.<sup>5</sup> However, Start Strong believes that the resulting savings should have been retained within the NCIP to strengthen supports for quality.

The combined effect of the current and capital cuts in the NCIP and the abolition of the Early Childcare Supplement at the end of 2009 is a huge reduction in the overall budget of the Office of the Minister for Children and Youth Affairs (OMCYA). The budget of the OMCYA has been one of the most severely reduced areas of Government expenditure since October 2008. In the Estimates that accompanied Budget 2008, the Government indicated an annual budget for the OMCYA of €675m, while in Budget 2010 this figure was reduced to €351m.

While we recognise the constraints on Government spending, Start Strong fears that the large cuts made to the OMCYA's budget will make it significantly harder in upcoming Budgets for the Government to increase investment in early care and education, which was recently recommended by both NESC and the National Competitiveness Council as a policy priority in the recession.

Start Strong is particularly concerned about the impact of these cuts on the quality of care and education services for young children. International research has demonstrated that quality early care and education brings a wide range of benefits for children's well-being and development – but the research evidence also shows that early care and education only has these benefits where it is of sufficient quality.<sup>6</sup> While we understand the savings in the NCIP current and capital budgets, Start Strong believes that the savings should have been reinvested in measures to strengthen quality.

There is a strong need for additional funding to

support the quality of services. While a number of measures to support quality have been introduced in recent years – including the Síolta national quality framework, the Aistear curriculum framework, national and local initiatives to bring childminders into the formal sector, and moves towards the development of a Workforce Development Plan – very limited financial resources have been allocated to support their implementation. Given the crucial importance of quality, the research evidence indicates that the Free Pre-School Year will only achieve its intended impact if quality standards are raised.

In relation to the Community Childcare Subvention Scheme (CCSS), the Government has also announced a number of changes to the eligibility rules for the different levels of subsidy. Start Strong welcomes the fact that the Government is continuing to provide additional financial support to some disadvantaged families through the scheme, but we are concerned at the shift in the focus of the scheme that the changes imply.

Whereas the CCSS previously aimed to make it financially easier for the children of parents on social welfare payments or low incomes to benefit from early care and education services, the changes announced in Budget 2010 indicate that a central priority of the CCSS will now be the labour market activation of disadvantaged families. We are concerned that the changes to eligibility rules for CCSS:

- move the policy focus of the CCSS away from children's rights and needs, and
- amplify the division between 'early education' and 'childcare'.

It appears that 'early education' is aimed at 3-4 year olds and is the purpose of the Free Pre-School Year, while 'childcare' is aimed at younger children and is supported by the Government (e.g. through the CCSS) with the aim of encouraging parents into employment.

Start Strong believes that policies and supports for early care and education should place children at the centre, and that care and education for young children should be inseparable. From the very start, children's care should be attentive to their capacity for learning and development, while their early education should be based on play and should include a strong focus on social skills and



emotional development. Start Strong believes that a national plan for early childhood should aim to achieve an integrated vision of quality care and education right through the early years.

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<sup>1</sup> National Economic and Social Council (2009) *Well-being Matters: a Social Report for Ireland*, Dublin: NESC; National Competitiveness Council (2009) *Statement on Education and Training*, Dublin: Forfás.

<sup>2</sup> NESC (2009) *op. cit.*, vol.1, p.160.

<sup>3</sup> OECD (2007) *Benefits and Wages 2007: OECD Indicators*, Paris: OECD, pp.129-130.

<sup>4</sup> Central Statistics Office (2009) *Quarterly National Household Survey: Childcare, 2007*, CSO, p.21.

<sup>5</sup> Office of the Minister for Children and Youth Affairs (2009), *Press Release, December 9<sup>th</sup>, 2009*.

<sup>6</sup> Edward Melhuish (2004) *A Literature Review of the Impact of Early Years Provision on Young Children*, London: National Audit Office.

