

Start Strong welcomes the opportunity to make a Pre-Budget Submission to the Government in relation to Budget 2016. Start Strong is a coalition of organisations and individuals seeking to advance high quality early care and education for young children in Ireland.

**Key recommendations (€223m extra in 2016)**

**1. Extend paid family leave (€ 82m extra in 2016)**

- a. ***Paid parental leave***, available after paid maternity leave. Introduce 6 weeks' leave in 2016, rising to 26 weeks by 2021, so a child can be at home for at least the first year.
- b. ***Paid paternity leave***. Introduce 2 weeks' paid paternity leave in 2016, available for fathers around the time a child is born, at the same time as maternity leave.

**2. Develop quality, affordable childcare (€ 121m extra in 2016)**

- a. ***Link public funding to quality***. Immediately increase capitation grants for the Free Pre-School Year, initiate a review of capitation payments, extend the Higher Capitation to all ages, and withdraw funding when quality standards are not met.
- b. ***Extend subsidised childcare places to lower-income families in all areas***, through extension and reform of the Community Childcare Subvention.
- c. ***Set maximum fees for parents for childcare***, ensuring public funding does not simply push up prices, and enabling all families to benefit, with higher quality incentivised.
- d. ***Invest in supports for quality***. Begin the national roll-out of Síolta and Aistear. Extend the Learner Fund to support progression to Levels 6, 7 and 8 qualifications for early years workers. And carry out a review of wages and working conditions in 2016, with a view to phasing-in salary scales from 2017 for all early years services in receipt of public funds.
- e. ***Audit the quality*** of early years services.

**3. Move towards a Second Free Pre-School Year (€ 20m extra in 2016)**

As quality standards improve, move towards a Second Free Pre-School Year by allowing ***entry at multiple points in the year*** (e.g. January, April, September), and giving an ***entitlement from the age of 3***, beginning in September 2016.

**‘Childcare crisis’? – There are 3 childcare crises, all linked**

There has been a great deal of talk in the media in recent months about a ‘childcare crisis’. Media commentary has often focused on the crisis of affordability. Irish parents pay some of the highest childcare costs in the world. But there is also a crisis of variable quality. And at the root of both is a third childcare crisis – a crisis of low investment.

The *Spring Economic Statement* makes clear “the Irish economy is now firmly in recovery mode” and “the short- and medium-term outlook is bright”.<sup>1</sup> With continuing improvement in

<sup>1</sup> Department of Finance and Department of Public Expenditure and Reform (2015) *Spring Economic Statement*, p.1.

the economic situation, Budget 2016 is the right time for the Government to address the three childcare crises. And early years investment is not only a solution to a crisis: it can also lay the foundations for long-term economic and social progress. High quality early care and education is good for children, good for society and good for the economy.<sup>2</sup>

This Pre-Budget Submission presents a practical proposal for how the Government can achieve the “double dividend” of making early years services more affordable to parents and at the same time higher quality, to ensure that children benefit. We also call on the Government to extend family leave supports, so that parents can have more time at home with the very youngest children.

## 1. Extend paid family leave

Children do best when cared for at home by their parents for at least the critical first year of life. Progress has been made in Ireland in extending maternity leave to 26 weeks, following hard-won campaigns, but it is the only paid leave available to parents. We still lag far behind other European countries. Combining maternity, parental and other childcare leave, on average European countries provide 19 months’ paid leave after the birth of a child – far longer than the 6 months available here.

In addition, Ireland has no paid paternity leave. Paternity leave is leave that fathers can take around the time of the birth of a child, at the same time as the mother is taking maternity leave. Most European countries offer paid paternity leave – typically around 2 weeks in duration.

We therefore propose that Budget 2016 should introduce 2 weeks’ paid paternity leave, and 6 weeks’ paid parental leave to be available after the completion of paid maternity leave. The duration of paid parental leave would then be increased year-on-year over a 5-year period to achieve 26 weeks by 2021, to enable a child to remain at home for at least the first year. It should be available to either parent, with a portion reserved for fathers. Both paternity leave and paid parental leave should be paid on the same basis as Maternity Benefit.

Total cost in 2016	€ 82 mill
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## 2. Develop quality, affordable childcare

OECD figures <sup>3</sup> show that the fees paid by a low-income, dual-earner family in Ireland with two young children take up 35% of the family’s net income. For a lone-parent family on the average wage, the fees amount to 40% of income. In contrast, average fees across the EU are just 10 – 13% of family income. For some families, the high fees are prohibitive, preventing children’s participation and keeping some parents out of work who would otherwise seek employment, thus raising the level of child poverty.

Any action to make services more affordable must be linked to quality, as the research shows that children only benefit if early years services are high quality.<sup>4</sup> To achieve the “double dividend” of affordability *and* high quality, the Government should subsidise places directly. Consumer-subsidies such as tax credits do nothing for quality, and have limited, sometimes no impact on affordability because they tend to drive prices up. According to the OECD, direct subsidies give the State greater “steering control” over quality.<sup>5</sup>

<sup>2</sup> Start Strong (2011) *The Economics of Children’s Early Years: Early Care and Education in Ireland – Costs and Benefits*.

<sup>3</sup> OECD (2014) *OECD Family Database*.

<sup>4</sup> OECD (2012) *Starting Strong III: A Quality Toolbox for Early Childhood Education and Care*, Paris: OECD, p.9.

<sup>5</sup> OECD (2006) *Starting Strong II: Early Childhood Education and Care*, Paris: OECD, pp.114-116.



## (a) Link public funding to quality

Children only benefit from high quality childcare, so public funding must be linked to quality:

- **Increase capitation payments to make quality possible.** Delivering high quality childcare cannot be done on the cheap. We recommend the Government immediately increase capitation grants for the Free Pre-School Year by €5 per week to €67.50, and by €9.50 for the higher capitation rate to €82.50, and increase subsidies for CCS/TEC pro rata. The Government should also this year initiate a review of capitation payments, with a view to introducing a reformed funding model in 2017, to include paid non-contact time for staff, as well as increased capitation for services in disadvantaged communities and for services supporting children with additional needs.
- **Make higher capitation payments available in all services, not just the Free Pre-School Year.** Paying higher capitation rates for higher standards is a key way to incentivise higher quality. Such an approach is not possible with tax credits. A Higher Capitation Grant is already available in the Free Pre-School Year when there is a graduate leader. But quality is just as important for under-3s, so we propose extension of the Higher Capitation supplement to all childcare funding schemes.
- **Mechanism to withdraw funding if standards not met.** Prime Time investigations in 2013 and 2014 showed examples of poor practice in services that receive significant public funding. Funding should be withdrawn from low-quality services if standards are not raised in a given time-frame.

## (b) Extend subsidised childcare places to lower-income families in all areas

Outside the Free Pre-School Year, the main subsidy for early years services is the Community Childcare Subvention (CCS), available to lower-income families. However, many families who should be eligible for CCS-subsidised places cannot access them. We propose reform of the CCS to extend subsidised childcare places to lower-income families in all services and all areas of the country:

- **Extend CCS to private services.** The CCS is currently only available in community-based services, and not even in all of those. While community services are concentrated in disadvantaged communities, many areas have no service in the scheme, and many disadvantaged families do not live in disadvantaged communities.
- **Extend CCS and CETS to childminders,**<sup>6</sup> for families who prefer home-based settings (which is the preference for many families in Ireland, particularly for children under 3) and to support access where centre-based services are not available. Childminders who join public funding schemes should meet quality standards equivalent to those required of centre-based services. Solely requiring registration is insufficient as it offers little guarantee of quality.
- **Extend CCS to children in the pre-school year for non-free hours.** Even though the Free Pre-School Year is only available part-time, children in the pre-school year cannot currently benefit from other subsidies during the remaining hours and weeks of the year.
- **Enable access to subsidised places at any time of year.** The CCS is currently run on an annual basis, with access determined by a 'snapshot' week in October. Because families' needs change during the year, many families who should be eligible for CCS places cannot access them.
- **Give full subsidy to families with high levels of need.** To support families with very low income levels and/or an identified need for a high level of support (whether temporary to cope with a crisis, or longer-term), we recommend a 100% subsidy, with access on referral (e.g. from Tusla or a GP).

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<sup>6</sup> 'Childminders' here refers to paid, non-relative childminders who are self-employed, working in their own homes, minding other families' children for pay on a daily basis.

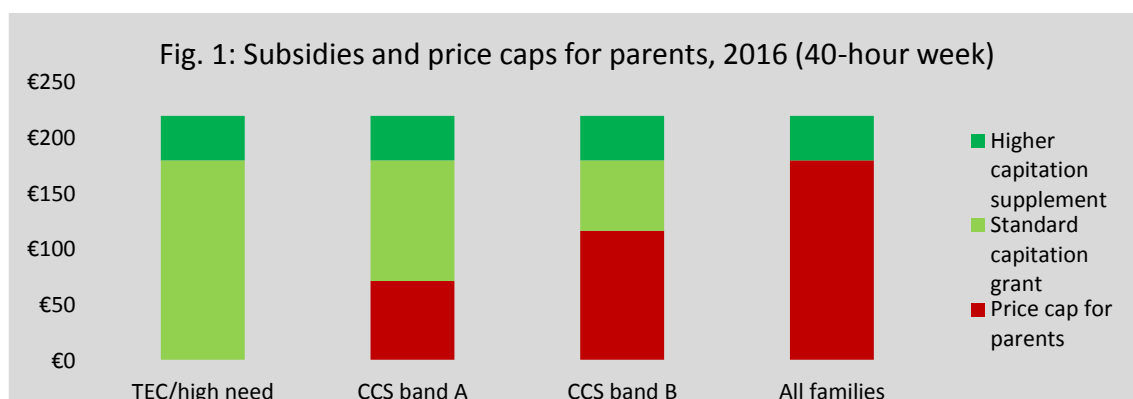


### (c) Set maximum fees for parents for childcare

Price caps for parents are needed to ensure that increased public funding does not simply result in higher prices. If applied across the board, price caps for parents would also ensure that *all* families benefit from a guaranteed maximum childcare cost.

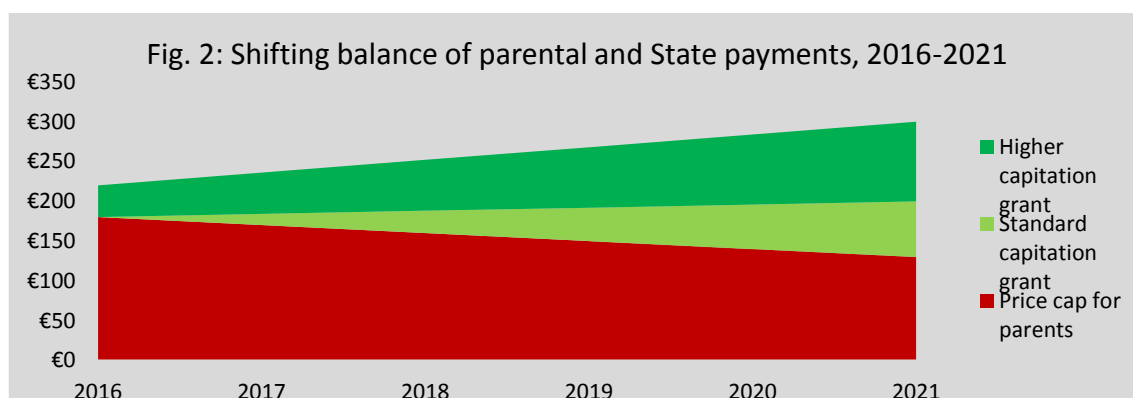
Both the Free Pre-School Year and the TEC programme set caps on fees that services may charge parents, but outside these schemes there are no caps on fees for parents in Ireland. Price caps for parents are a common feature of childcare subsidy systems across Europe. In Norway, for example, where about 50% of childcare providers are private, providers may not charge parents more than €293 per month (€68 per week).<sup>7</sup>

We recommend that in 2016 the price cap for parents should be **€4.50 per hour** (which would match the increased capitation grant for the Free Pre-School Year, following the €5 weekly increase we recommend above). For a 40-hour week, that would imply a price cap for parents of **€180 per week**. On top of this parental payment, we recommend that in 2016 the State should pay a higher capitation supplement of €1 per hour per child to graduate-led services, so that graduate-led services would receive in total **€5.50 per hour** per child, i.e. **€220 per child for a 40-hour week**. Figure 1 shows how in 2016 costs would be shared between parents and the State, depending on the level of subsidy.



As shown in Figure 2, over the 5-year period 2016-2021 we recommend that the Government should:

- Incrementally lower the price cap for parents, with the State paying the difference between the sum paid by parents and the amount received by services.
- Incrementally increase the total payments received by services, following the review of capitation payments recommended above, to reflect quality improvements, including the introduction of salary scales for early years workers.



<sup>7</sup> <https://www.regjeringen.no/en/topics/families-and-children/kindergarden/innsikt/finansiering-av-barnehager/id2344788/>



The savings for a family would depend on the level of price cap for parents in any given year. The table below shows the impact on a low-income and a middle-income family if the price cap for parents were lowered from €180 to €150 per week for a 40-hour week. If using a private childcare service, the middle-income family with two children would save on average €2,200 per year, and the low-income family with one child €4,900 per year. Both families would benefit from the incentivisation of higher-quality provision that would result from the higher capitation supplement for graduate-led services.

Family financial savings on childcare costs if the price cap for parents were €150 per week			
Case study	Current costs	Proposed cap	Saving for family
<b>Low-income:</b> one-parent family, <b>one child</b> aged 2. Works full-time, gross income €20,000. Receives Family Income Supplement, has Medical Card.	On average, €8,900 in a private service, but may be higher. If CCS place accessible, average €3,300.	Capped at maximum €4,000 in all services.	<b>€4,900</b> average annual saving in private services. Quality incentivised in all services.
<b>Middle-income:</b> 2-parent family, <b>two children</b> , aged 2 and 3. Both parents work full-time on average wage.	On average, €17,800 in a private service, and €16,500 in a community service, but may be higher.	Capped at a maximum of €15,600.	<b>€2,200</b> average annual saving in private services, <b>€900</b> in community services. Quality incentivised in all services.

#### (d) Invest in supports for quality

In addition to linking public funding to quality, and incentivising higher quality through making higher capitation supplements available to all graduate-led services, specific investments are needed to support professionalisation of the early years workforce, which is the key to higher quality standards. Investments should include:

- **National roll-out of Síolta and Aistear.** Síolta (the national quality framework for early care and education) and Aistear (the national curriculum framework) were published in 2006 and 2009 respectively, but they have still not been rolled out. Initiatives have been ad hoc and on a pilot basis. Furthermore, it is proposed that the new Education-focused Inspectors being appointed this summer by the Department of Education and Skills for inspection of early years services will use an inspection framework centred on Síolta and Aistear. It is therefore now urgent that the two frameworks are rolled out nationally, through a comprehensive programme of training and mentoring, as well as actions to ensure all professional development courses (from Level 5 through to Level 8) are centred on Síolta and Aistear.
- **Extend the Learner Fund.** Even though qualification levels are a key measure of quality, the Department of Children and Youth Affairs recently announced the postponement of a minimum qualification for the early years workforce. It remains the case that unqualified staff can be responsible for the care and education of young children. And the minimum qualification which will now be introduced in September 2016 is at a low level – Level 5 on the NFQ, with room leaders for the Free Pre-School Year at Level 6. The European CoRe report set a benchmark that 60% of the early



years workforce should be graduates.<sup>8</sup> In Ireland the proportion is currently 13%.<sup>9</sup> As well as requiring minimum qualifications of all childcare workers, the immediate priority is to extend the Learner Fund to support training for room leaders for under-3s also to reach Level 6. Then, in order to support the move to a graduate workforce, the Government must expand the Learner Fund to support progression to Level 7 and 8 qualifications.

- **Require salary scales.** In spite of the high cost of childcare to parents in Ireland, the educators on whom the quality of care depends are under-valued, stressed and underpaid. Most receive little more than the minimum wage. Many are laid off in the summer months. Most services are unable to pay staff for anything other than 'core hours'. With such low wages, it is difficult for services to recruit and retain well-qualified staff. We call on the Government to require salary scales for all those working in early years services as a condition of public funding. In 2016, we recommend the Government carry out a review, with a view to introducing salary scales – and raising capitation payments accordingly – from 2017 onwards.

### (e) Audit the quality of early years services

The Government should audit the quality of early years services immediately, as recommended by the Expert Advisory Group on the National Early Years Strategy (NEYS).<sup>10</sup> The audit should involve assessment of quality in a representative sample of services, using internationally recognised tools. The audit should inform Government priorities and provide a baseline for assessing NEYS impact.

Quality, affordable childcare - Total cost in 2016	€ 121 mill
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## 3. Move towards a Second Free Pre-School Year

The Free Pre-School Year is only available from (at earliest) 3 years, 2 months. Many children do not begin it until they are 4, well above the age at which the clear benefits of early care and education services for children begin.<sup>11</sup> We therefore recommend lowering the entry age for free pre-school. As the benefits of early care and education only arise when it is high quality, we propose that the move towards a Second Free Pre-School Year should be incremental, with quality improvements front-loaded in 2016 (see section 2), along with a review of capacity across the country and reorientation of capital funding to address capacity constraints.

Incremental transition to a second free year can be achieved by allowing entry at multiple points in the year (e.g. September, January, April) with an entitlement to free provision from a given age (e.g. the 3rd birthday, as recommended by the Expert Advisory Group on the Early Years Strategy<sup>12</sup>), giving children between 1 and 2 free years. Making provision free from the 3rd birthday would give all children equal access to the benefits of early care and education. It would also mean the decision as to when a child makes the transition to school could be based on the child's development, rather than mechanically following the school year, which would be particularly beneficial for children with special needs.

<sup>8</sup> University of East London and University of Gent (2011) *Competence Requirements in Early Childhood Education and Care: Study for the European Commission Directorate-General for Education and Care*.

<sup>9</sup> Pobal (2014) *Annual Early Years Sector Survey 2013*. Dublin: Pobal.

<sup>10</sup> DCYA (2013) *Right from the Start: Report of the Expert Advisory Group on the National Early Years Strategy*, p.19.

<sup>11</sup> Kathy Sylva et al. (2008) *EPPE 3-11: Final Report from the Primary Phase*, London: Institute of Education, p.2.

<sup>12</sup> DCYA (2013) *Right from the Start: Report of the Expert Advisory Group on the National Early Years Strategy*, p.5.



Our costings assume that the reformed starting-age for free pre-school provision would commence in September 2016, and are based on increased capitation payments (€67.50 per week for standard rate, €82.50 for the higher rate). The total additional cost in 2016 would be €20m. Once fully introduced, the annual cost (above current costs) of earlier start (given increased capitation) would be €120m.

Total cost in 2016	€ 20 mill
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### **Conclusion: The next 5 years / the next 10 years**

Our proposals for Budget 2016 are the first steps in what must be a multi-annual programme of rising public investment. Current investment in early years services in Ireland (<0.2% GDP) is well below the OECD average (0.8% GDP) and a small fraction of the level in countries with the highest standards of provision (>1% GDP). We call on the Government to commit now to increase early years investment to reach the OECD average within 5 years and the international benchmark of 1% GDP within 10 years, to fund implementation of the forthcoming National Early Years Strategy.

<b>Investment in early years services (i.e. excl. paid family leave)</b>		
<b>Current (2015)</b>	<b>€ 260 mill</b>	<b>0.14 % GDP</b>
<b>2016</b>	<b>€ 483 mill</b>	<b>0.27 % GDP</b>
<b>2021</b>	<b>€1,451 mill</b>	<b>0.8 % GDP</b>
<b>2026</b>	<b>€ 1,813 mill</b>	<b>1 % GDP</b>



## Start Strong supporters

Start Strong is a coalition of organisations and individuals committed to advancing high quality care and education for all young children in Ireland. Start Strong has a growing number of Supporters. We value their support as we work to advance high quality care and education as a right for all young children in Ireland.

**Organisations.** We currently have 65 organisational supporters:

ABC Childcare	Early Childhood Ireland	Education Centre
An Gairdín Scoil	Equality and Diversity	Preparing for Life
Montessori	Early Childhood	Prevention and Early
Association of Childhood	National Network	Intervention Network
Professionals	(EDENN)	Puddleducks Pre-school
Barnardos	Fingal County Childcare	Holy Child Pre-School
Bonnybrook Early	Committee	(Rutland Street Project)
Education Centre	Finglas Childcare Limited	Sligo County Childcare
Brigit's Hearth Children's	Frenchpark and District	Committee
Centre	Childcare	Society of Saint Vincent
Bright Horizons Family	The Genesis Programme,	de Paul
Solutions	Co. Louth	South Dublin County
Canal Communities	Grange Park Crèche and	Childcare Committee
Partnership	Montessori	Southside Partnership
Childcare Network Loch	Grovelands Childcare	SpunOut.ie
Garman	Institute of Community	Step-by-Step Montessori
Childminding Ireland	Health Nursing	Pre-school
Children in Northern	Irish Penal Reform Trust	Strategic Innovation in
Ireland	JAGGO Pre-school	Education, Limerick
Children's Rights Alliance	Kildare County Childcare	Univ.
Cork City Childcare	Committee	Tallaght West Childhood
Committee	Lifestart	Development Initiative
Cork County Childcare	Little Stars Pre-school,	Úlla Beag Pre &
Committee	Montessori &	Afterschool Care
Cork Early Years Network	Afterschool, Donegal	UNESCO Child & Family
Centre for Research in	Meath County Childcare	Research Centre, NUI
Early Childhood (CREC)	Committee	Galway
Deansrath Family Centre	Montessori Alliance	Waterford Area
Disability Equality	National Childhood	Partnership
Specialist Support	Network (formerly	Waterford Childcare
Agency (DESSA)	BCCN)	Committee
Donegal County	National Women's	Western Area Childcare
Childcare Committee	Council of Ireland	Partnership
Dublin City Childcare	North Tipperary Childcare	Westmeath County
Committee	Committee	Childcare Committee
Dublin West Childcare	OMEP Ireland	Wicklow County
and Learning Services	One Family	Childcare Committee
Early Learning Initiative,	The PlayDen Montessori	youngballymun
NCI	Pre-School, Westmeath	
	Poppintree Early	

We also have a growing number of individual supporters (available on our website).

If you would like to become a supporter of Start Strong, please contact us on [info@startstrong.ie](mailto:info@startstrong.ie) or through our website [www.startstrong.ie](http://www.startstrong.ie)  
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