



Start Strong Pre-Budget Submission November 2010

Overview

It is vital that the Government addresses the current economic crisis while adopting measures that we know will contribute to the long-term well-being and prosperity of our society. Start Strong believes that the provision of high quality care and education for all young children should be central to reform plans as there is clear evidence of substantial, long-term benefits of quality early care and education for children, for the economy and for society as a whole. Cost-benefit analyses of early childhood supports have shown a return on investment of up to 16 times the cost, with much of the return being to the State.¹

Investing in young children will lay the foundations for growth in the future, both for the economy – with high economic returns to such investment – and for our children, whose well-being and development must be a central priority in policy-making. Our recommendations are cognisant of the financial situation and are largely cost-neutral – they focus on maintaining existing services and supports as well as ensuring quality standards. The immediate priority, given today's economic climate, must be to preserve the current level of expenditure on services and supports for young children and their families. The progress that has been made in the last decade must not be lost. Looking to the future, plans must be developed now to ensure that policies continue to move in the right direction over the years to come.

Key recommendations

Start Strong calls on the Government to:

Prioritise young children. Make no further budget cuts to services and supports for young children and their families, to ensure the progress of recent years is not lost.

Maintain the Free Pre-School Year, which was a major step forward in the development of early care and education in Ireland, and continue the policy of no top-ups in the scheme to ensure that places remain free to parents.

Maintain existing supports for quality in services for young children through implementation of *Síolta* and *Aistear* and through continuing the higher capitation grant for services with pre-school leaders qualified to bachelor's degree level.

Ensure quality standards through linking public funding for early care and education services and supports to a sufficient level of compliance with all statutory requirements, including (where relevant) the *Childcare (Pre-School Services) (No.2) Regulations, 2006*.

Maintain Child Benefit. Maintain the current rate of Child Benefit and retain the principle that it is a universal payment.

Rationale

In April 2009, when Brian Lenihan TD, the Minister for Finance, announced the introduction of the Free Pre-School Year, he rightly stated that: *Pre-primary education significantly enhances the subsequent educational achievement of students and in turn increases the return for State investment in education generally.*

The Minister's statement is supported by a growing body of research evidence that shows substantial economic returns to investment in children's early care and education. In particular, public investment in children's early care and education yields large financial returns to the State, making it a sound investment even at a time of extreme difficulty in the public finances.



In the short-term, public investment in services and supports for young children creates jobs in a labour-intensive sector of the economy and supports parents' participation in the labour market, boosting employment, incomes and economic growth.

In the longer term, it enhances economic productivity and delivers wide social benefits including a better educated society and a lower level of crime.² Cost-benefit analyses have consistently shown positive returns on investment, with benefits ranging from 2.5 to 16 times the costs.³

In 2009, both the National Competitiveness Council and NESC (the National Economic and Social Council) published reports arguing that early care and education should be a policy priority in the recession. A year on, their arguments are equally valid. NESC argued in October 2009 that: *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.*⁴

Similarly, the National Competitiveness Council stated in 2009 that '[i]nternational evidence suggests that Ireland is under-investing in services for younger children'. Referring to the effects of quality care and education on educational attainment and productivity in the economy, the National Competitiveness Council argued that: 'While this is a time of considerable difficulty in the public finances, the case for targeting expenditure where returns are greatest remains strong'.⁵

Policy and budgetary context

The last decade has seen a series of important steps forward in the provision of early care and education services in Ireland. In particular, the introduction of the Free Pre-

School Year in January 2010 was a breakthrough, establishing for the first time the principle of universal, free provision of early care and education.

At the same time, however, the Office of the Minister for Children and Youth Affairs (OMCYA) has seen a huge reduction in its budget. The budget of the OMCYA has been one of the most severely reduced areas of Government expenditure since October 2008, principally through current and capital cuts in the National Childcare Investment Programme and the abolition of the Early Childcare Supplement. In the Estimates that accompanied Budget 2008, the Government indicated an annual budget for the OMCYA of €675m. In Budget 2010 this figure was reduced to €351m, a reduction of nearly 50%.

As a result of the budget cuts, very little funding has been made available for raising quality standards in early care and education services. Raising quality standards is crucial as the large potential benefits of early childhood care and education depend on high quality provision.⁶

Prioritise young children

While we recognise the need for cuts in Government expenditure, we urge the Government not to make cuts that would impact negatively on young children. We accept that administrative savings may be sought, but no cuts should be made that will make services provided to young children financially unsustainable or that would reduce the quality of those services.

The Government has already made substantial cuts in this area, with 50% of the OMCYA's budget cut since October 2008, these cuts coming almost entirely from supports for young children. We fear that any further cuts in services and supports for young children will undermine the progress that the Government has made over the last decade in developing the provision of early care and education in Ireland.



Recommendation:

Make no further budget cuts to services and supports for young children and their families, to ensure the progress of recent years is not lost.

Maintain the Free Pre-School Year

We welcome the fact that the Government implemented the Free Pre-School Year as planned in January 2010. We also welcome the fact that the Government held firm to the principle of universal, free provision of the scheme, with no allowance for top-up payments. The principle of universal, free provision is extremely important as *all* children benefit from quality care and education, and the benefits are large. The scheme already has a very high participation rate of 94%,⁷ showing that parents recognise the value of affordable and accessible care and education services for their children.

In establishing the Free Pre-School Year, the Government met one of the central recommendations of a series of reports on children's early care and education in Ireland, including those of the NESF and the OECD. It is essential that the Government maintains the scheme and builds on it in the years ahead though raising quality standards.

Recommendation:

Maintain the Free Pre-School Year, which was a major step forward in the development of early care and education in Ireland, and continue the policy of no top-ups in the scheme to ensure that places remain free to parents.

Continue supports for quality

If the Government's expenditure on the Free Pre-School Year and other funding for early care and education is to achieve its intended impact, then the Government must raise quality standards.

In the *Síolta* national quality framework and the *Aistear* curriculum framework, we have excellent frameworks for the provision of quality services in early childhood care and education, but the resources available for their

implementation are not sufficient. While many services already operate to high quality standards, others do not, and intensive supports are needed to assist those services to raise standards. While the Government is funding awareness-raising seminars in relation to *Síolta*, many services need more intensive assistance.

We also await the publication of the Workforce Development Plan with interest, as the professionalisation of the workforce is central to the achievement of high quality standards in early childhood care and education. The impact of the plan will depend very much on the level of resources that accompany it. If there is to be a significant improvement in qualification levels in the sector, public resources will be needed to support further training for both existing and new entrants to the workforce. It will also be essential that the Government continue to incentivise services to employ staff with graduate qualifications through offering a higher capitation grant.⁸

Recommendation:

Maintain existing supports for quality in services for young children through implementation of *Síolta* and *Aistear* and through continuing the higher capitation grant for services with pre-school leaders qualified to bachelor's degree level.

Enforce quality standards

Quality standards are variable. The available public funds for early care and education services and supports could be used to greater effect by ensuring that public funding is linked to a sufficient level of compliance with all statutory requirements.

The funding schemes for early care and education services (the Free Pre-School Year, the Community Childcare Subvention scheme, and CETS – the Childcare Employment and Training Support scheme) all require as a condition of contracts that services have achieved a satisfactory level of compliance with Pre-School Regulations. However, this condition will only be effective if it is enforced.



Of course, the Pre-School Regulations do not guarantee high quality provision – they are not intended to offer full quality assurance, and there is a need for the HSE Inspectorate itself to be part of the process of professionalisation of the workforce. Nevertheless, a credible threat to withdraw funding from services that do not achieve a sufficient level of compliance with HSE inspections would help to raise quality standards and would also ensure greater accountability in the use of public funds.

Recommendation:

Ensure public funding for early care and education services and supports is linked to a sufficient level of compliance with all statutory requirements, including (where relevant) the *Childcare (Pre-School Services) (No.2) Regulations, 2006*.

Maintain Child Benefit

Following the 10% cut to the level of Child Benefit in the last Budget, it is essential that no further cuts are made to Child Benefit, and that the Government retains the principle of universality in the payment. Child Benefit is an investment in children by the Government, involving recognition of the value that our society places on children. All children matter, so the universality of the payment is of great importance.

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. The cost to families 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.⁹ While the Free Pre-School Year reduces costs for some families, it only provides one year of part-time support. Most families with young children continue to receive no financial assistance with childcare costs, other than through Child Benefit.

Recommendation:

Maintain the current rate of Child Benefit and retain the principle that it is a universal payment.

Start Strong

Start Strong is a coalition of organisations and individuals seeking to advance early care and education.

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¹ Lynn Karoly et al. (2005) *Early Childhood Interventions: Proven Results, Future Promise*, Santa Monica, CA: RAND Corporation.

² For a summary of research findings, see Start Strong (2009) *The Foundations of Growth – Investing in the Next Generation*, Dublin: Start Strong.

³ See note 1.

⁴ National Economic and Social Council (NESC) (2009) *Well-being Matters: a Social Report for Ireland*, Dublin: NESC, p.160.

⁵ National Competitiveness Council (2009) *Statement on Education and Training*, Dublin: Forfás, p.20.

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

⁷ Barry Andrews TD, Minister of State with Special Responsibility for Children and Young People, written answer in the Dáil, 19th October 2010.

⁸ The OMCYA pays a higher capitation fee to services where all Pre-school Leaders hold a bachelor degree in childhood/early education (minimum of Level 7 on the National Framework of Qualifications (NFQ) or equivalent) and have 3 years' experience working in the sector, and where all Pre-school Assistants hold a relevant major award in childcare/early education at level 5 on the NFQ or its equivalent.

⁹ OECD (2007) *Benefits and Wages 2007: OECD Indicators*, Paris: OECD, pp.129-130.

