

Start Strong Submission to Joint Committee on Health and Children.

Children's Early Care and Education – Access, Affordability and Quality.

20 February, 2014.

Introduction

Start Strong welcomes the opportunity to meet members of the Joint Oireachtas Committee on Health and Children to discuss issues arising from the Indecon/Donegal CCC report, *Supporting Working Families – Releasing a Brake on Economic Growth*. Our presentation will discuss a number of issues arising from the report, on the quality and affordability of early childhood care and education.

Start Strong is a coalition of more than 50 organisations seeking to advance children's early care and education in Ireland.

Start Strong works from a children's rights perspective. Asserting the rights of young children means putting children's interests first in early years policies, especially through prioritising the quality of children's experiences, and through focusing on outcomes for children.

Investing in children

Young children are the politicians, farmers, teachers, carers, doctors, builders, artists, economists, nurses and entrepreneurs of the future. They are our most precious natural resource, and their future rests with us.

The last decade has seen a major shift in the focus of research and policy on early childhood services. A decade ago, "childcare" was primarily viewed through the lens of labour market policy. But a large body of research published in recent years has highlighted the impact of early childhood experiences on outcomes for children.

Of course, the affordability and accessibility of "childcare" continues to have a major impact on labour market participation, especially for women, for lone parents and for those on lower incomes – as the *Supporting Working Families* report rightly points out.

Supporting Working Families – Releasing a Brake on Economic Growth highlights that Ireland has very high childcare costs as a percentage of average wages, the second most costly in the OECD as a percentage of wages¹. We don't have the same level of public investment as many other countries. We don't necessarily have the second most costly early care and education system, it is that we expect parents to pay for it.

According to the OECD Ireland invests only 0.4% of GDP annually in childcare and early education services, compared to the OECD average of 0.7% of GDP. To just reach average OECD expenditure the Irish government would need to invest an additional €450 million a year in children's early care and education.

Internationally, 1% of GDP is regarded as a benchmark for the level of annual investment required to achieve a high-quality system of early care and education services. Expenditure in New Zealand is just over 1.0% of GDP and ranges from 1.1% (Finland) to 1.7% (Iceland) of GDP amongst Nordic countries.

¹ Indecon (2013) *Supporting working families – Releasing a brake on economic growth* Report for Donegal County Childcare Committee, P. 28

A sound investment

We now know there is a strong economic argument for public expenditure on early childhood that rests on its benefits for children. Longitudinal studies have shown that high quality services for young children can bring significant benefits – both short and long-term – for children’s welfare, development, educational attainment and a range of long-term outcomes.²

Reviewing the findings of international research on human capital, Professor James Heckman – the Nobel prize-winning economist – concludes that the economic return to investment in children’s early years is higher than the return to investment in later childhood. The reason for this, according to Professor Heckman, is that the development of a child’s skills builds on skills they developed previously.³ In children’s very earliest years, children develop essential skills or “dispositions”, such as self-control, curiosity and perseverance – skills that are both important in themselves and that help children make the most of their later education.

That is why we talk not of “childcare”, but of “early childhood care and education”. And that is why we now recognise that expenditure on services and supports for young children is an *investment* – and it is an investment with significant long-term economic returns.

This is about young children’s learning, and the importance of education for young children. Children’s learning and development is at its fastest *before* the age of 3. Research from the UK shows a close link between children’s cognitive development by the age of 3 and their educational qualifications as adults.⁴

Access and quality

A second main finding of recent research is that the positive returns to investment in young children only arise when services and supports are of high quality.

Drawing on recent research findings, in 2011 the European Commission published a Communication on early childhood care and education.⁵ It urged European policy-makers to address the “two-fold challenge”:

“to provide **access to child care and education for all**, but also **to raise the quality of their provision** through well integrated services that build on a joint vision of the role of ECEC, of the most effective curricular frameworks and of the staff competences and governance arrangements necessary to deliver it.”⁶

According to the OECD’s most recent (2012) summary report on early childhood care and education:

“A growing body of research recognises that early childhood education and care (ECEC) brings a wide range of benefits... But all these benefits are conditional on ‘quality’. Expanding access to services without attention to quality will not deliver good outcomes for children or the long-term productivity benefits for society. Furthermore, research has shown that if quality is low, it can have long-lasting detrimental effects on child development, instead of bringing positive effects.”⁷

² Start Strong (2011) *The Economics of Children’s Early Years – Early Care and Education in Ireland: Costs and Benefits*. http://www.startstrong.ie/files/Economics_of_Childrens_Early_Years.pdf

³ James Heckman (2006) *The Economics of Investing in Children*, Dublin: UCD Geary Institute, Policy Briefing No.1.

⁴ L. Feinstein (2003) ‘Inequality in the Early Cognitive Development of British Children in the 1970 Cohort’ in *Economica*, vol.70, pp.73-97.

⁵ European Commission (2011) *Early Childhood Education and Care: Providing all our Children with the Best Start for the World of Tomorrow*, COM (2011) 66 Final

⁶ European Commission (2011) *Early Childhood Education and Care: Providing all our Children with the Best Start for the World of Tomorrow*, COM (2011) 66 Final p. 3

⁷ OECD (2012) *Starting Strong III: A Quality Toolbox for Early Childhood Education and Care*, Paris: OECD, p.9.

Ireland faces an uphill struggle on both aspects of the “two-fold challenge”: access and quality.

The Free Pre-School Year has significantly improved access (with 94% take-up), and we welcome the commitment the Minister for Children and Youth Affairs has shown in keeping it free and universal. However, it only lasts for 38 weeks, and is only available in the year before school entry. For some children it only begins at the age of 4.

Outside the Free Pre-School Year, costs for parents in Ireland are among the highest in all EU and OECD countries.⁸ For some parents this means that, outside of the free pre-school year, their children cannot access early care and education. They simply can't afford it.

The Community Childcare Subvention and CETS schemes assist many families, but they are not available everywhere in the country, and many families who need financial support are not eligible. We welcome the fact that the Minister for Children and Youth Affairs has announced that there will be a review of these two schemes. However, Start Strong believes that the review should look at the broader issues of affordability rather than focusing exclusively on these two schemes.

In many ways, however, the quality challenge that Ireland faces is even greater.

Confronting low quality

We know that there is good practice in early care and education services in Ireland. However, we also know that there are poor practices in some services. The Prime Time investigation *A Breach of Trust* highlighted examples of such bad practice, and we know that poor practice can result in children suffering harm.

While the Prime Time programme focused on three full-day crèches, it made clear that the causes and the risks are systemic. The mistreatment of children shown in the documentary reflects structural problems in our system of early care and education, as well as insufficient investment. At the same time, it showed that public funds have gone into services where quality standards are low or questionable, including through the Free Pre-School Year.

Referring to the learning from the Prime Time investigation and to other evidence – including qualification and training levels across the sector – the Expert Advisory Group on the National Early Years Strategy wrote in October 2013 that:

“The quality of early care and education services in Ireland today is very variable and the lack of quality assurance is unacceptable. Ensuring high quality is the foremost policy challenge in early care and education today.”⁹

To address this policy challenge, the Expert Advisory Group recommended that the National Early Years Strategy should have as an explicit aim ensuring that “no child is in a low-quality early care and education service”. (Recommendation 21)¹⁰

We welcome the Pre-School Quality Agenda which was put in place in response to the Prime Time investigation, including legislating for minimum qualifications in the workforce, increasing the sanctions for non-compliance, putting inspection reports online, and moving to establish a National Quality Support Service.

However, these are just first steps. Systemic reform will require significant additional public investment over the years ahead, especially to support the professionalisation of the early years workforce.

⁸ OECD (2007) *Benefits and Wages 2007: OECD Indicators*, Paris: OECD, P.129-130.

⁹ Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.16.

¹⁰ Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.19.

Professionalisation is critical because the research evidence shows that high quality adult-child interactions are most consistently found where those working with children are highly qualified, and where wages are sufficiently high to reduce staff turnover to a low level and to reward staff for the investment they make in their education and training.¹¹

It's essential that any measures to address affordability rest on the professionalisation of the early years workforce, and do not rely on the model of low wages and low qualifications that have underpinned early years provision in Ireland up to now.

In spite of the high cost of early care and education to parents in Ireland, the wages paid to those working in the sector are low, and there are very few career development opportunities. Many staff, including those with graduate qualifications, earn little more than the minimum wage, many are on short-term contracts, often released in the summer months when funding for the Free Pre-School Year stops.¹² Staff can be stressed and unsupported – issues that were highlighted in the Prime Time investigation.

If we design childcare subsidies without putting the quality of care at their heart, we risk encouraging further practice of the type revealed in the Prime Time investigation.

Using public funding to lever quality improvements

Given the need to overcome historical deficits in the quality of Ireland's early care and education system, the Expert Advisory Group on the National Early Years Strategy argued in its report to the Minister for Children and Youth Affairs that the policy priority in Ireland today is to raise the quality of provision.

The Expert Advisory Group recommended that “no public money should be allocated to services that fail to achieve quality standards”¹³ and stated that while “While the Expert Advisory Group supports the extension of free pre-school provision, it is essential that quality standards are raised first.”¹⁴

If children are to benefit, policies to improve access must go hand-in-hand with policies to improve quality. Start Strong recommends the reform of funding mechanisms, to ensure that quality-raising measures are built in.

It is easier to lever quality improvements when public funding is channelled directly to services – which gives the State a direct contractual relationship with the service provider – than when public funding is provided indirectly through mechanisms such as tax credits or voucher schemes, which rely on market mechanisms and regulatory minimum standards to promote quality.

In 2006, the OECD published an extensive, systematic review of early care and education systems in 20 developed countries, including Ireland. The OECD's review concluded that:

“...[t]he OECD reviews suggest that direct public funding of services brings, in the majority of countries reviewed, more effective control, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access and participation than consumer subsidy models.”¹⁵

“When public funding to the child care system takes the form of subsidies paid directly to parents, the

¹¹ E. Melhuish (2004) *A Literature Review of the Impact of Early Years Provision on Young Children*, London: National Audit Office, p.55; National Research Council and Institute of Medicine (2000) *From Neurons to Neighborhoods: The Science of Early Childhood Development*, J. Shonkoff and D. Phillips (eds.) Washington, DC: National Academy Press, pp.314-8; and S. Mathers, K. Sylva and H. Joshi (2007) *Quality of Childcare Settings in the Millennium Cohort Study*, London: Department for Education and Skills, pp.7-10.

¹² Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.21.

¹³ Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.5.

¹⁴ Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.16.

¹⁵ OECD (2006) *Starting Strong II: Early Childhood Education and Care*, Paris: OECD p.114.

steering capacity of governments [over] services is considerably weaker than in funding-to-services systems. Tax rebates and parent subsidies do not support system co-ordination or universal provision or even necessarily, improve in-service training and salaries for staff.”¹⁶

The combination of high quality and universal, affordable services is characteristic of countries with “supply-side” funding, such as the Nordic countries and New Zealand (see box). Countries where “demand-side” funding has predominated, such as Ireland, Canada, UK and US, are regularly judged to have lower quality (UNICEF) and less affordable (OECD) services.¹⁷

The New Zealand funding model

While similar to Ireland in many ways, New Zealand differs in having largely professionalised its early years workforce and having achieved early years services that are regularly assessed to be of high quality.

In New Zealand, which has a similar mix of private and community provision to Ireland, public funding goes directly to early care and education services to cover costs, and the level of public funding is on sliding scales linked to the proportion of qualified graduates.

These quality-linked funding scales apply not just to New Zealand’s free pre-school provision (which is available for 20 hours per week to all children from their 3rd birthday to their 6th birthday), but also to the subsidy scheme that reduces the cost to parents of early care and education for under-3s.

In addition, salaries for qualified graduates working in early care and education services in New Zealand match salaries for primary school teachers.

The impact of these measures is impressive. Between 2004 and 2011, the proportion of graduates in the early years workforce rose from 37% to 69%, and the New Zealand Government now has a target of 80% graduates. (In Ireland the proportion is currently 12%.¹⁸)

When the Free Pre-School Year was introduced in Ireland, some limited steps were taken to use the scheme to lever quality improvements, e.g. through a higher capitation grant for services that employ qualified graduates, and contractual requirements that participating services should meet minimum standards in staff qualifications.

However, the requirements imposed so far have been limited. The Government could and should do more to lever quality improvements through the conditions attached to public funding. For example, higher capitation grants could be linked to adherence to agreed salary scales, to ensure that higher rates of public funding turn into higher wages for appropriately qualified professionals, rather than higher profits. And similar mechanisms could be applied to other funding schemes, such as the Community Childcare Subvention.

Supporting all children

Discussing approaches to combating child poverty and disadvantage, the OECD’s *Starting Strong II* report concluded that:

“Research suggests that inclusion in universal programmes may be the most effective approach to these children and their families, and that successful inclusion requires enhanced funding, low child-staff ratios, specialist staff and well-planned pedagogies. Targeted programmes segregate, may stigmatise and

¹⁶ OECD (2006) *Starting Strong II: Early Childhood Education and Care*, Paris: OECD p.116.

¹⁷ UNICEF Innocenti Research Centre (2008) *The Child Care Transition: Report Card 8*; OECD (2007) *Benefits and Wages 2007: OECD Indicators*, Paris: OECD, P.129-130.

¹⁸ Pobal (2013) *Annual Survey of the Early Years Sector 2012*.

generally fail to provide for many of the children eligible for special programmes.”¹⁹

The research evidence shows that, while the benefits are greatest for children from disadvantaged backgrounds, all children benefit from high quality care and education in early childhood.²⁰ From a children’s rights perspective, therefore, high quality services and supports should be affordable and accessible to *all* children. Additional benefits of universal provision are that:

- It is an effective means of reaching those who experience disadvantage, given the difficulty of identifying and reaching all disadvantaged children through targeted approaches.
- It helps to ensure quality for all, avoiding the risk of a two-tier system.
- The evidence shows that young children do best when they are in services with a mix of children from different social backgrounds, which universal provision helps to achieve.²¹

Of course, there is a need for additional supports for children with additional needs, but additional supports are most effectively provided on a base of universal services, e.g. through Pre-School Special Needs Assistants for children with disabilities, or additional language support for children from migrant backgrounds.

While the cost to parents of participation in early care and education services matters for young children of all ages, the argument for *free* provision is strongest for children from the age of 2 or 3 onwards. The research evidence is clear that from the age of 2 or 3 onwards children do better in high quality care and education services than they do if they remain at home, and that part-time participation is sufficient for children to benefit.²²

The research evidence therefore provides strong backing for the recommendation of the Expert Advisory Group to:

“Extend the entitlement to free pre-school provision, so that a free part-time place is available from every child’s 3rd birthday until such time as they enter primary school. Depending on the age at which a child begins school, many children should then benefit from around 2 years’ free pre-school provision before entering the Infant classes of primary school.”²³

(Recommendation 26)

We very much welcome the on-going political commitment shown to maintaining the Free Pre-School Year and ultimately to extending its scope to a second universal, free pre-school year, subject to quality standards being met.

Outside the free part-time provision for 3-5 year olds, there is a strong case for income-related subsidies for other early care and education provision – provided it’s of high quality. A key rationale here is the reduction of child poverty.

Research shows that growing up in poverty has a very negative impact on child outcomes. Research in the UK has found that by the age of 5, children from the poorest fifth of homes are already nearly a year behind children from middle-income households in developmental outcomes.²⁴

Given the very limited subsidisation of early care and education services in Ireland (outside the Free Pre-School Year), the high cost of early care and education services remains a major barrier for many families seeking to

¹⁹ OECD (2006) *Starting Strong II; Early Childhood Education and Care*, Paris: OECD, p.17.

²⁰ P. Sammons (2010) ‘Does pre-school make a difference?’ in K. Sylva *et al.*, *Early Childhood Matters: Evidence from the Effective Pre-School and Primary Education Project*. Oxford: Routledge.

²¹ Pam Sammons (2010) *op. cit.*, p.105.

²² E. Melhuish (2004) *A Literature Review of the Impact of Early Years Provision on Young Children*, London: National Audit Office, p.4. Kathy Sylva *et al.* (2008) *EPPE 3-11: Final Report from the Primary Phase*, London: Institute of Education, p.2

²³ Department of Children and Youth Affairs (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*, p.19

²⁴ Economic and Social Research Council (2012) *Evidence Briefing: Child Poverty Casts a Long Shadow Over Social Mobility*.

move off social welfare payments and into employment. This, in turn, is a major factor explaining the level of child poverty in Ireland, as parental employment is an important means of protecting children against poverty.

Start Strong therefore advocates a subsidy – available in all settings where quality standards are met – for hours of early care and education outside the free provision, with a tiered fee-structure that reflects parents’ ability-to-pay. Such a subsidy should be available in all services, not just services targeted at disadvantaged areas, as many disadvantaged children live outside disadvantaged areas.

Paid parental leave and work-life balance

The challenge of combining work with the care of young children is a major problem for many families. Making high quality early care and education services more affordable is part of the solution, but we also need to extend paid parental leave and work-life balance policies.

Children’s primary educators are their families – their parents, guardians, grandparents and other family members. Children’s own homes play a highly significant role in their overall early care and education, shaping their well-being, health, emotional development and early learning.

Where parents are stressed or have no choice but to work long hours, the quality of children’s early experiences can be diminished. That’s why work-life balance policies and paid leave entitlements can be so valuable for young children.

In particular, research indicates children benefit when parents can take paid parental leave right through a child’s first year. According to the Marmot Review, commissioned by the UK Government to examine solutions to health inequalities in England:

“Sensitive and responsive parent–child relationships are associated with stronger cognitive skills in young children and enhanced social competence and work skills later in school. It is therefore important that we create the conditions to enable parents to develop this relationship during the child’s critical first year... Paid parental leave is associated with better maternal and child health with studies finding an association with lower rates of maternal depression, lower rates of infant mortality, fewer low birth-weight babies, more breast-feeding and more use of preventive health care.”²⁵

The Marmot Review recommended “paid parental leave for the whole of the first year”. Similarly, one of UNICEF’s 10 “minimum standards” for early childhood services is the provision of at least 1 year of paid parental leave at 50% of salary or more.²⁶

Furthermore, parents should not experience a gap between the ending of their entitlement to paid parental leave and the availability of high quality affordable services for their children. This is necessary to minimise the likelihood of parents using unregulated services in a child’s second year, to ensure that children do not have to move from one service to another within a year, in addition to making the return to employment affordable for parents.

When parents work outside the home, they should have family-friendly work environments which support them to meet their children’s needs. Measures may include reduced hours, flexible work arrangements such as job-sharing, flexitime, term-time working, and working from home. Such arrangements are particularly important for very young children, as there is evidence to suggest that long hours in centre-based services can have a negative impact on some very young children.²⁷

²⁵ Marmot Review (2010) *Fair Society, Healthy Lives: The Strategic Review of Health Inequalities in England Post-2010*, p.98.

²⁶ UNICEF Innocenti Research Centre (2008) *The Child Care Transition: Report Card 8*.

²⁷ D. Lowe Vandell *et al.* (2010) ‘Do Effects of Early Child Care Extend to Age 15 Years? Results From the NICHD Study of Early Child Care and Youth Development’, in *Child Development*, vol.81, no.3; E. Melhuish (2010) ‘Why children, parents and home learning are important’, in Kathy Sylva *et al.* (2010) *Early Childhood Matters: Evidence from the Effective Pre-*

Conclusions

- The Indecon / Donegal CCC report raises a number of important issues, including the very high cost of early care and education services to parents in Ireland.
- Children's early years are a crucial time, laying the foundations for life-long learning.
- Public expenditure in early care and education is an investment in children with significant long-term economic returns.
- Quality is critical if these economic returns are to be achieved, and if we are to avoid harm to children. Any funding schemes must have quality built in.
- The international evidence suggests the most effective way of ensuring both quality and access is through supply-side, universal funding schemes, of the type seen in the Free Pre-School Year.
- While we need to review and reform existing schemes, the policy priority for addressing quality and access should be a move towards a Second Free Pre-School Year, with a raising of quality standards.
- Outside of this free provision, early care and education services should be subsidised to ensure that all children can access high-quality services regardless of where they live or their parent's income. Such public funding, if invested in services, can be used as leverage to ensure high-quality services.

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Start Strong

Start Strong is a coalition of more than 50 organisations seeking to advance children's early care and education in Ireland.

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