

Start Strong welcomes the opportunity to meet with the Joint Oireachtas Committee on Health and Children to discuss the quality and affordability of children's early care and education. Start Strong is a coalition of organisations and individuals seeking to advance high quality early care and education for young children in Ireland.

'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. It is true that there is a crisis of affordability for the many families who cannot afford childcare, or can only do so with difficulty. Outside the Free Pre-School Year, ECEC services in Ireland remain among the most costly to parents in all EU and OECD countries. OECD figures indicate that fees for a family in Ireland with two children aged 2-3 amount to between 24% and 35% of the net income of a typical dual-earner family and 40% of the net income of a lone-parent family with average income. In contrast, the average cost across the EU for ECEC services is between a quarter and a half of the Irish average, at 10% – 13% of net income – for both dual-earner and lone parent families.¹

Added to which we have an increasing number of children living in poverty. According to the recent UNICEF report on the impact of austerity, the proportion of children living in poverty in Ireland rose from 18% in 2008 to 28.6% in 2012.² The high cost of childcare is preventing families from getting out of poverty through employment.

But the cost of childcare is not the only childcare crisis. There is also a crisis of quality.

The RTÉ Prime Time investigation, *A Breach of Trust*, broadcast in May 2013, was a deeply disturbing exposé of the mistreatment of children in some crèches, and brought the quality crisis to public attention. Since then the quality crisis has been pushed back from the headlines, but the issues have not gone away.

We are not suggesting that all services are like those investigated by Prime Time. Some services are undoubtedly high quality. But overall the quality is very variable, and parents have no assurance of the quality of a service they may entrust with their care of their child. That is a huge problem, as most parents have little choice about where their young children are cared for, and it is very hard for parents to assess the quality of childcare on offer.

A further problem is that we don't know enough about the quality of services – we don't conduct any audit or survey of quality, and we only require services to meet the most basic of standards.

At the root of both the affordability crisis and the quality crisis is a third childcare crisis – a crisis of low investment.

Public spending on Ireland's pre-school services – including all spending by the Department of Children and Youth Affairs, as well as the Early Start programme by the Department of Education and Skills – amounts to less than €270 million per year, or less than 0.2% GDP. In

¹ OECD (2014) Benefits and Wages: Statistics, Paris: OECD, <http://www.oecd.org/els/benefitsandwagesstatistics.htm>.

² UNICEF (2014) Children of the Recession: The Impact of the Economic Crisis on Child Well-Being in Rich Countries.

its international comparisons in the OECD Family Database, the OECD includes the €625 million spent each year by the Department of Education and Skills on 4 and 5 year olds who are already at primary school, giving a combined spending on under-6s of 0.5% GDP. Even this figure is well below the average OECD early years investment of 0.8% GDP, and far beneath the 1% GDP benchmark recommended by UNICEF. Many countries already exceed the 1% investment level, including New Zealand, France, the UK and all the Nordic countries.

Some services in Ireland do offer high quality care, but they do so in spite of a lack of funding and support. They do so in a situation where staff often earn little more than the minimum wage and have poor working conditions (with many staff laid off in the summer months), and where some managers draw no salary at all. That some children benefit from high quality early care and education services is a reflection on the dedication and commitment of those services. For those services to continue to provide high-quality within our current model of early years is unsustainable.

Quality is key

When it is high quality, early care and education brings benefits all round: to children, to parents, and to the economy. When it is low quality, many of those benefits disappear – and children can suffer long-term harm. According to the OECD's most recent (2012) summary report:

'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.' (OECD, 2012, *Starting Strong III*, p.9).

The key determinant of quality is the staff, with the quality of adult-child interactions closely linked to staff training. In Ireland, qualification levels in Ireland are low by international standards, which is no surprise given the low wages and poor working conditions in the sector.

The European Commission's 2015 *Country Report for Ireland*, published in February this year, summarised concerns about the quality of childcare in Ireland:

'Currently, there is no comprehensive monitoring system for assessing the quality of childcare services. The findings from various sources indicate that there is variable quality in terms of compliance with (minimum standard) pre-school regulations, qualification levels of staff, in particular in centre-based services, and shortcomings in pre-school curricula. ... The shortcomings of current provisions relate mainly to a combination of low payment rates for childcare providers, limited knowledge of the scheme and practical obstacles to accessing after-school care (geographical or administrative). In an attempt to increase the quality of services, a new National Quality Support Service will commence in 2015 with a limited budget and small staff. No budget was allocated to up-skill childcare staff beyond minimum qualifications.'³

³ European Commission (2015) 'Country Report Ireland 2015', Commission Staff Working Document, COM (2015) 85 final, p.60.



Our market model – not suited to a public service like childcare

Our model of childcare provision in Ireland is a market model, with low public investment, and with quality and affordability largely left to the market. The role of the State is residual, setting minimum standards through the inspectorate, and providing childcare subsidies only for disadvantaged families living in disadvantaged communities. In the market model, quality relies largely on providers' goodwill and on parents' income and ability to 'shop around'.

Research on behalf of Start Strong by Professor Penn and Professor Lloyd of the University of East London (published in November 2014⁴) shows that 'variable quality and inequitable access' are typical of countries – such as Ireland – in which early years services are run on a market model.

We need a new Irish model of early years provision – one that builds on our legacy of private and community provision and childminding, but significantly enhances public investment and public involvement – to ensure quality for all children. Childcare is a public service. It is not suited to market provision, just as primary school education is not suited to market provision. Our primary schools are funded through direct public investment. Nobody would consider funding our schools through tax credits. The same should be true of our early care and education.

Tax credits won't work

Recent public debate has often focused on the notion of childcare tax credits. The idea of tax credits for childcare goes hand in hand with the market model. Offering tax rebates for childcare costs is a feature of other countries that have a market model, and the consequences have typically been variable quality and high costs for parents.

Tax credits cannot do anything to improve quality. Tax credits cannot incentivise high-quality and cannot be made conditional on quality. In systems funded through tax credits, the quality of services depends on the impact of the inspection system. But the regulations which our early years inspectorate uses are minimum standards, and they are focused on health and safety, rather than children's learning and development. And both the Prime Time investigation and the Irish evidence on quality demonstrate that our inspection system is failing to ensure high quality provision.

Tax credits also have limited, sometimes no impact on affordability and can drive prices upward. In a market system, the only constraint on prices is what parents can afford. In the current economic climate, that is a real constraint, and many service providers are struggling financially. But the introduction of tax credits could simply result in price inflation.

That is the experience of other countries that have shifted from supply-side funding to tax-based funding. Both the Netherlands and Australia shifted from supply-side funding to childcare tax credits during the 2000s, and both subsequently saw the rise in childcare costs outstripping inflation, and negating the financial benefit of the tax credits for parents (see box text). Incidentally, both are also countries where large corporate chains collapsed, with young children, their parents and those working in the chains left in the lurch.

Tax credits result in higher childcare costs: Australia and the Netherlands

In Australia, marketisation began in the 1990s, but the shift to demand-side funding accelerated with the introduction of a Child Care Benefit in 2000 and then a Child Care Tax Rebate in 2004. The Child Care Tax Rebate was a non-means-tested 30% (raised to 50% in 2008) rebate for child care costs. The rebate was capped at a fixed fee, but the cap was index-

⁴ Start Strong (2014) 'Childcare' – Business or Profession?



linked through until 2011. Childcare costs rose dramatically in real terms during the period from 2000 onwards. Between 1996 and 2007, childcare fees rose more than 100%, while general prices rose 27%.⁵

The Netherlands in 2005 passed a Childcare Act that shifted from supply-side to demand-side funding, and also deregulated many controls within the system. The consequence was a rapid increase in supply (with many grandparents registering as childminders), a consequent large cost overrun for the Dutch Government, and a measured decline in quality. As a result the Dutch Government began reversing the policies: from 2011 scaling back the level of tax credits available, and in 2012 reversing the deregulation of quality controls. In terms of the impact on fees, from 2005 upper limits were set on the level of fees funded by the tax credits. This upper limit was raised year on year after 2005, and average childcare fees rose in line with the rising limit, as the majority of services set their fees in accordance with the tax credit limit.⁶

The Double Dividend – quality and affordability

The alternative is public investment in services – subsidising the cost of places for parents – with the funding linked to the quality of provision. Public investment in services will allow us to achieve the “Double Dividend” of quality and affordability.

This is the approach recommended by the OECD. Following an in-depth study of 20 countries’ systems for early care and education, the OECD concluded that the most effective way to make early care and education services more affordable – while at the same time raising the quality of services – is through “supply-side” subsidies. The OECD concluded that tax credits – or other “consumer subsidies” – are less effective. The reason is that supply-side subsidies give governments more “steering capacity” over what happens in services than is offered by tax credits. To quote the OECD:

“...The 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.”⁷

Our current childcare funding schemes already take the form of direct investment in services, subsidising the cost to parents of childcare places. The schemes are limited – they are limited in their availability, in who they subsidise places for, and in the quality conditions attached to them – but they provide a funding framework that can be built on, through for example:

- Making subsidised places available in all areas of the country, through extending the Community Childcare Subvention (CCS) to privately run childcare services and to regulated childminders who meet quality standards.
- Moving towards a Second Free Pre-School Year.
- Linking public funding more closely to the quality of provision: firstly, tightening the minimum conditions, such as extending the Level 6 requirement for room leaders beyond just the Pre-School Year to include the CCS also; and secondly, using higher capitation grants to positively incentivise the achievement of higher quality standards.
- Increasing those quality conditions incrementally over time.
- Capping the fees that parents have to pay, to ensure that the cost of rising quality standards is not passed on to parents.

⁵ Prof. D. Brennan, ‘The Corporatization of Child Care in Australia’, http://www.cccabc.bc.ca/about/files/Brennan_Aust_Child_Care.ppt ; and D. Brennan and E. Adamson (2014) Financing the Future, https://www.sprc.unsw.edu.au/media/SPRCFile/Financing_the_Future.pdf .

⁶ Prof. H. Penn and Prof. E. Lloyd (2013) The Costs of Childcare, study for the UK Department of Education, <http://www.cwrc.ac.uk/documents/CostsofchildcareJuly2013.pdf> , pp.38-42.

⁷ OECD (2006) Starting Strong II; Early Childhood Education and Care, Paris: OECD, p.114.



Childminding

Childminding is one of the most common forms of childcare in Ireland, and childminding must be an integral part of a future model of childcare provision, especially for the youngest children. We estimate that there are approximately 50,000 young children being cared for by professional childminders.⁸ Data from the Growing Up in Ireland study shows that among 9-month olds, the proportion of children cared for by non-relatives in home settings (31%) is higher than the proportion in centre-based childcare (27%).⁹ In some cases this is because there is no local, affordable alternative. But in many cases it is because parents prefer the home environment that childminding can offer.

The widespread use of childminding in Ireland is very positive. But as long as childminders remain outside the scope of regulation (or even Garda vetting), there will be risks for children, anxiety for many parents, and a lack of recognition and support for the childminders themselves. Nobody gains from a situation in which childminders are unregulated.

In our policy brief, *Childminding: Regulation and Recognition*, Start Strong sets out proposals to: regulate paid childminders; develop positive supports to help childminders achieve higher quality standards; and open up public funding schemes to include childminders, provided quality standards are met (albeit quality standards that are adjusted to reflect the differences in home environments).

Parental leave for at least the first year

In moving to extend subsidies for childcare, it is important that we do not promote childcare in situations when it is not in children's interests. 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.

In particular, the research evidence shows that for at least the first year of life, children do best when they are cared for at home by their parents. 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.”¹⁰

The research evidence also shows that some children suffer negative effects when cared for in centre-based childcare for long hours, especially when they are very young.¹¹

While some of these risks can be offset when childcare is of high quality, risks remain, and there are preferable policy alternatives:

⁸ Estimates by Goodbody Economic Consultants (Children 2020: Cost-Benefit Analysis, 2011, p.50), prepared on behalf of Start Strong, using CSO data for paid, non-relative childminders (CSO, 2009, Quarterly National Household Survey: Special Module, Childcare, Quarter 4, 2007, p.4).

⁹ McGinnity, F., Murray, A. and McNally, S. (2013) *Mothers' Return to Work and Childcare Choices for Infants in Ireland*, DCYA.

¹⁰ Marmot Review (2010) *Fair Society, Healthy Lives: The Strategic Review of Health Inequalities in England Post-2010*, p.98.

¹¹ Lowe Vandell, D. 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*, vo. 81, no.3; Melhuish, E. (2010) 'Why children, parents and home learning are important', in Sylva, K. et al. (2010) *Early Childhood Matters: Evidence from the Effective Pre-School and Primary Education Project*. Oxford: Routledge, pp.54-55.



- For at least the first 12 months, public funding should support a parent to remain at home caring for a child, rather than subsidising childcare.
- For all young children, stronger work-life balance entitlements should facilitate parents to reduce their working hours, so they can combine work with the care of their children, without requiring their children to spend long hours in childcare.

Conclusion

The Inter-Departmental Group will shortly be reporting to the Minister for Children and Youth Affairs on options for future investment in childcare. Start Strong has made a submission with a number of detailed recommendations. Our proposals boil down to this:

- Children's interest must come first in designing childcare policy.
- The *quality* of childcare is therefore critical as well as ensuring affordable services.
- We need to significantly increase our public investment in early years services, linking that public money to higher quality.

Children would benefit from higher-quality services and their parents from more affordable childcare.

It is possible to improve the quality and affordability of childcare at the same time – through increasing public investment in services, subsidising childcare places so that parents pay less, and making those subsidies conditional on rising quality standards.



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 64 organisational supporters:

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

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