

# Footsteps for the Future

Increasing investment in  
Early Childhood Education

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## EXECUTIVE SUMMARY

Summary of the cost of recommendations, €m	2016	2017	2018	2019	2020	2021
Parental Leave	41	41	41	41	41	41
Subsidised Pre/Post Childcare	19	18	22	21	25	6
Rolling quality programme	6	6	6	6	6	6
Increased capitation grant: €75/85, 38 weeks	27	-1	-1	-1	-1	-2
Inclusion Grant	16	16	16	16	16	16
<b>Total Additional Spend, €m</b>	<b>109</b>	<b>80</b>	<b>84</b>	<b>83</b>	<b>87</b>	<b>67</b>

Early Childhood Ireland proposes five interlocking policies based on the Spring Statement forecasts and the CSO's demographic projections to 2021. Using detailed market structure data and a range of costings for different programmes, we are able to directly discuss the shape of several medium term current and capital spending plans.

### 1 Increase ECCE payment and promote quality and sustainability

With funding certainty built into the system, drive planned improvements and prepare the ground for future successful early childhood education policy initiatives. Increase capitation levels of €75 and €85 per child, recognising that a good quality preschool place costs €75 and above to deliver. This policy improves sustainability of service providers, drives quality improvements throughout the system and retains professionalism in the sector.

### 2 Programme of Out of School Supports

This is crucial to alleviate the cost of after school care on households. Across all income groups, and especially for low-income groups, this subsidy will drive increases in quality early childhood education by increasing capacity and enhancing educational outcomes. Employment opportunities in the sector move from seasonal and part time to year round and full time. Patterned on New Zealand's OSCAR model, the subsidy directly contributes to reducing the cost of after school care on households, thus **increasing household disposable incomes**.

### 3 Rolling quality programme

This is the lynchpin. The system requires adequate and appropriate support, monitoring and regulation. Specifically, the Tusla Pre-School Inspectorate should be reconstituted and merged with a new DES-led early years inspectorate to form a single care-and-education inspectorate for all early years settings, regardless of whether they take up ECCE schemes or not. It should be developmental in its approach, and inspectors should be recruited on the basis of qualifications and experience in early care and education. This spend will resource a robust programme to drive quality throughout the system.

### 4 Inclusion and Support Grants

The system requires a mechanism or system to support children with increased needs, including children from low-income areas, and childcare settings with capital improvement needs. Costs will be controlled by evidence of prevalence of additional needs and designed to meet the needs of children.

### 5 Parental Leave

This segments the market to reduce cost of delivery by service providers. It reduces the numbers of babies less than one year old in childcare settings. It improves the sustainability of service providers without compromising levels of service for children older than 1 year, increasing capacity for older children. The policy increases the disposable income of new parents, increases household work intensity and contributes to female labour market participation

## INTRODUCTION

### **Valuing Early Childhood Education means supporting it properly**

This report takes a multi-annual approach to understand how quality of service delivery can be enhanced through sustained increases in funding above the 'natural' level required by demographic changes.

In recent decades, the expansion of early childhood education has been driven by women's increased labour force participation and an ever-increasing recognition of the long-term individual and societal benefits of early childhood education, especially for children from disadvantaged backgrounds.

The system stands at a precipice. At issue is whether we can guarantee a uniformly high quality early childcare experience to every child. We cannot continue to fund the system as-is, given demographic pressures and concerns around the sustainability of service provision. The lack of coordination within the system is highly inefficient, resulting in large numbers of vacancies despite high levels of demand. What is required are demand-side subsidies and supply-side investments designed to drive increases in quality throughout the system.

*We must be emphatic. Tax credits are not the answer. Tax credits will not support the financial sustainability of early childhood settings, and therefore will have no impact on reducing the direct cost of childcare for parents. They are extremely expensive and will not drive quality throughout the system.*

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What is required is a set of investments in the system, which we detail below, combined with direct subsidies to households for a layered system of early childhood education.

We take the 2015 Spring Statement forecasts and the CSO's demographic projections to 2021 as our basic data. Using detailed market structure data and a range of costings for different programmes, we are able to directly discuss the costs and benefits of several medium term current and capital spending plans. We insist that every policy needs to simultaneously be politically acceptable, administratively feasible and technically correct in terms of the existing evidence base.

### **Elements of a strategic vision for the ECCE Sector**

Currently the sector lacks an overall strategic vision for national provision. Such a vision would include a commitment to enhancing quality of service provision uniformly across the country. This vision needs:

1. National and regional coordination structures working with matching models of the kind pioneered by Azevedo et al (2014) to reduce vacancies in service providers, increasing the efficiency of the system and making more services sustainable in to the medium term. They need to be armed with:
2. Five and ten-year demographic projections by town and county;
3. Detailed data on service availability by type, including before and after school services for private and voluntary providers;
4. Access to quality and audit data to plan the evolution of the system on a 1 year and 5 year basis.
5. Adequate resourcing to deliver 1-4 on an on-going basis.

Each element of a strategic vision for the ECCE sector is an integral part of an Early Years Strategy, which is badly needed.

**The pressing need for an increase in funding above the natural rate of increase**

The CSO estimates there will be between 364,000 and 369,000 children in the age range of 0 to 4 in 2016. The current system does not have the capacity to absorb the increases in demand estimated to be required over the coming years.

The CSO provides a range of demographic forecasts based on the 2011 Census and on a series of assumptions about total fertility rates, F, which take account of births and deaths, and net migration, M, which effects the projection most. Table 1 shows the different assumptions.

**Projections under alternative fertility/migration assumptions for 0-4 year olds (thousands)**

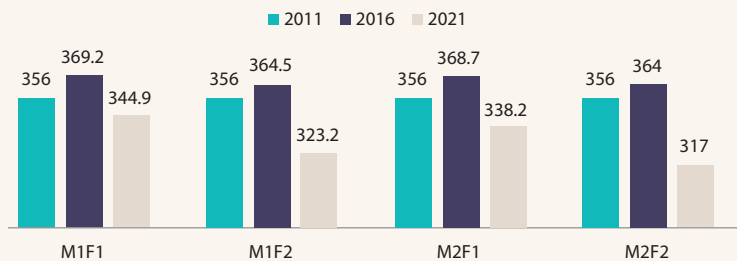


Figure 1. Alternative projection assumptions. Source: CSO.

	2011	2016	2021
M1F1	356	369.2	344.9
M1F2	356	364.5	323.2
M2F1	356	368.7	338.2
M2F2	356	364	317

Table 1. Projections under alternative fertility/migration assumptions for 0-4 year olds. Source: CSO.

Here M1 is the assumption that Net migration becomes positive by 2016 and rises steadily thereafter to plus 30,000 by 2021; M2 assumes net migration returns to positive by 2018 and rises thereafter to +10,000 by 2021; M3 is the assumption that net migration remains negative for the whole period; F1 is the assumption that the total fertility rate remains at its 2010 level of 2.1 for the lifetime of the projections; and finally F2 is the assumption that total fertility rates will decrease to 1.8 by 2026 and remain constant thereafter.

A better way to see the alternative assumptions underpinning the projections is figure 1.

In the context of the entire age distribution, the M1F1 assumption set delivers the following forecasts for 2016 and 2021 and we use these for the costings of each programme of expansion.

A higher fertility rate and higher migration rate translates into higher demand for childcare services across the state, therefore this projection can be considered the 'high demand' scenario for the early childhood sector from 2015 to 2021.

Projected Population from 2011 (Thousands)

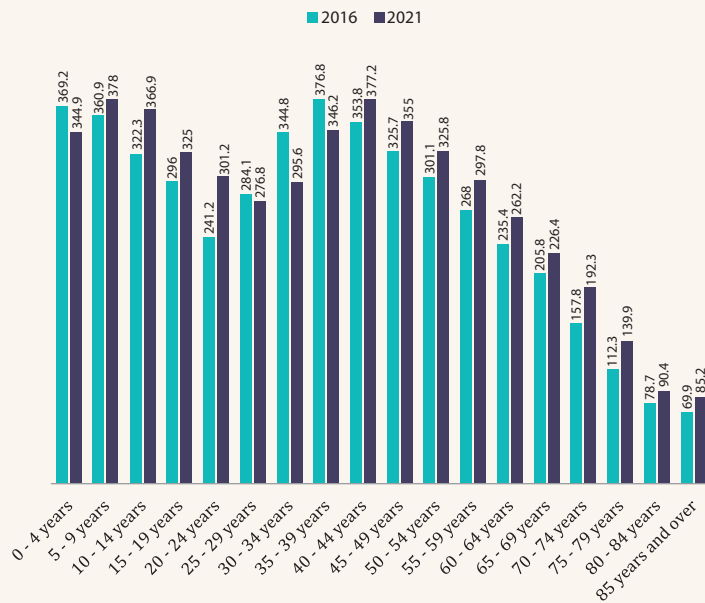


Figure 1. Alternative projection assumptions. Source: CSO.

Today there are 367,000 children aged 0-4 in Ireland. There are 316,500 children aged 5-9. As a proportion of the population, this is the largest concentration of children in the European Union. State supports for these children are much lower than in other nations of comparable wealth. In this report we argue that any increase in funding needs to take account of the large changes taking place in this segment of the population as well as understanding the pressing need to ensure sustainability for individual service providers, the partners in this system, and supports for families.

Figures 3 and 4 show the break down in the current levels of spending by government on child-related services. In 2015 the Department of Children and Youth Affairs (DCYA) spent €175 million on the Early Childhood Care and Education (ECCE) programme. €45 million was spent on the Community Childcare Subvention (CCS) programme. €1.5 million was spent on an after-school childcare programme (ASCC), the community employment programme cost €7.5 million to run and the Childcare Education and Training Support programme cost €17 million.

The largest payment is of course the Child Benefit payment, costing approximately €1.9 billion per year to deliver. Family income supplement costs €297 million, the Back to School scheme costs €42 million, school meals cost €16 million. Guardian payments and widowed parent allowances cost around €16 million.

In 2007 Deloitte modelled the cost of producing one week of full-time childcare at around €230. In 2015, Start Strong (2014) estimated similar costs, as did Dublin City Childcare Committee(2014). With a maximum of €95 from the state, and only available in non-profit settings, high out of pocket expenses for parents are likely to continue unless further interventions take place.

Expenditure by type, (2015, €m)

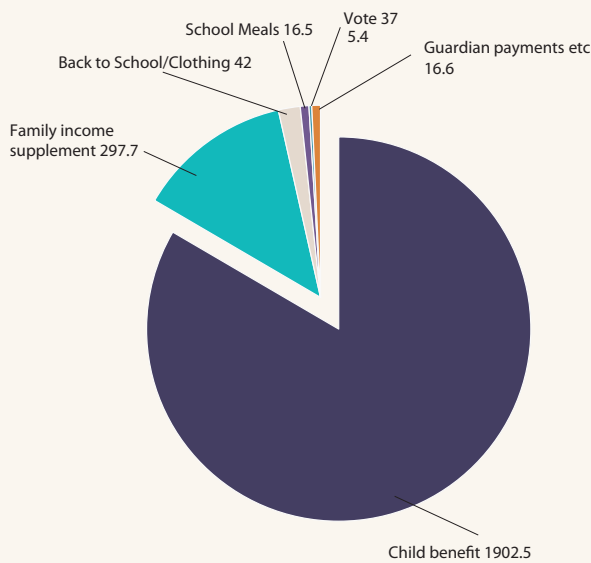


Figure 3. Total expenditure by Type in 2015, €m. Source: DCYA

Existing DCYA Investment (2015, €m)

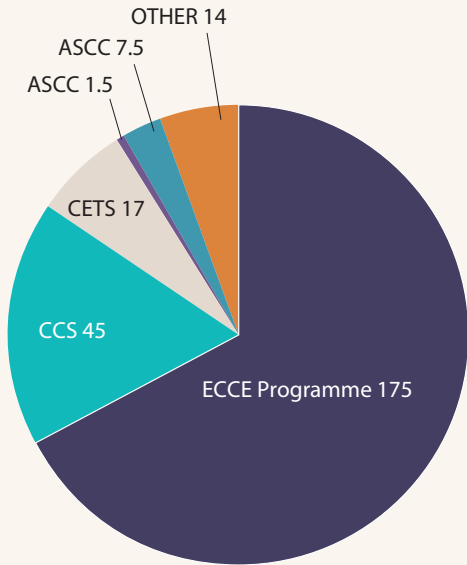


Figure 4. Total DCYA Expenditure, €m. Source: DCYA

Currently providers for the ECCE scheme receive €62.50 per child for 15 hours per week for 38 weeks per year. While the previous spend was for 67,000 children, this will rise as more than 72,000 children will be within the 3-4 year old cohort. Also, as a higher capitation grant of €73 per child applies when services are led by those with level 7 qualifications or higher, and this is expected to rise, as will the overall expenditure level therefore. Thus with no policy change, expenditure levels will have to rise between now and 2021, most likely by more than 8% per annum.

**Doing nothing will cost an extra €18 million per year due to demographic pressures.**

Considering demographic projections from 2016 to 2021, without any changes to current policy, the spend of roughly €250 million would increase by an average of €18 million per annum to account for increased numbers of children taking up the ECCE, CCS and ASCC schemes.

The reason for this is simple. Currently providers for the ECCE scheme receive €62.50 per child for 15 hours per week for 38 weeks per year. While the previous spend was for 67,000 children, this will rise as more than 72,000 children will be within the 3-4 year old cohort. Also, as a higher capitation grant of €73 per child applies when services are led by those with level 7 qualifications or higher, and this is expected to rise, as will the overall expenditure level therefore. Thus with no policy change, expenditure levels will have to rise between now and 2021, most likely by more than 8% per annum. Figure 5 shows the change in age categories from 2016 to 2021.

In total, demographic expansion alone will require €300 million each year across all voted current expenditure, though primarily in Social Protection, Health and Education. This level will still represent expenditure levels of around 0.4% Gross Domestic Product (GDP), leaving us quite some distance from the OECD average of 0.7% GDP by 2021.

Change by age cohort, 2016 - 2021 (000s)

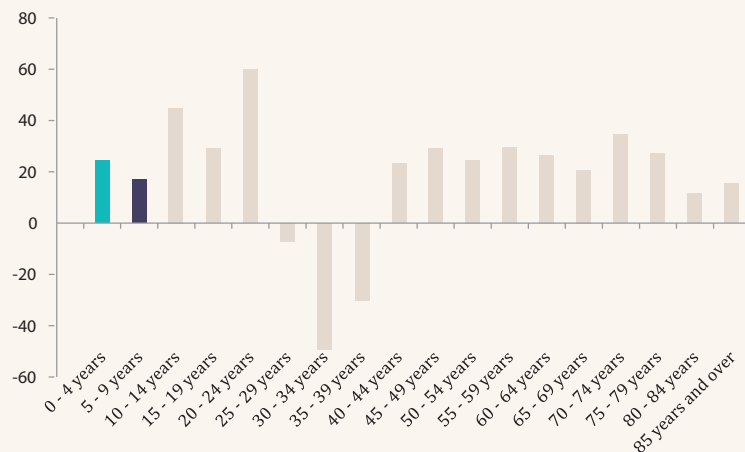


Figure 5. Change by age cohort from 2016 to 2021, thousands. Note the large change from [0-4] in light blue and [5-9] in navy. Source: CSO.

A large increase in the numbers of children aged 4-9 will occur from now until 2021 as those children born recently age. This implies a very large increase in demand for early childhood education, and, latterly, out of school care and primary education. Figure 5 shows the change in age cohort from 2016 to 2021, using the most conservative set of fertility and migration assumptions. Note the large change from cohort 0-4 year olds, in light blue, to 5-9 year olds, in navy.: A change of almost 41,000 over a 5-year period. Note also the aging population as those of working age transition to older age cohorts.

This implies a proportionally large upward change in spend will occur naturally but will not affect or change the underlying economics of high quality service delivery.

It is vital, therefore, that all changes in voted expenditure take these demographic trends into account *de minimus*.

This is not enough however. We are proposing five interlocking policies. They are presented in the following order, though not in order of importance. They are:

- an increase in the basic and higher capitation rates;
- the introduction of out of school care, without displacement;
- a rolling quality audit;
- a system of inclusion grants;
- and a gradual increase in the availability of parental leave over a 6 year period to one year.



## 1. INCREASE ECCE PAYMENT AND PROMOTE QUALITY AND SUSTAINABILITY

### The need to maintain basic sustainability of the average service provider by appropriate capitation levels

Ensuring sustainability of the system, while driving increases in the quality of service provision, should be at the heart of any early childhood education initiative. There are more than 4,750 service providers. More than 4,300 deliver the free preschool year via the ECCE scheme. Currently most providers operate their services by setting fees equal to the average costs of delivery, with very low mark-ups applied for retained earnings or profits of any kind, as shown in Dublin in a large range of modelled settings (DCC, 2014) and across the country (Start Strong, 2014). This approach ultimately leads to reckless trading and does not allow for investment. Margins for early childhood operators are so tight that any change in regulatory requirements renders them vulnerable.

The 2014 Pobal survey shows 10% of staff in centre-based early years services are unqualified or have non-accredited training, 87% are qualified to Level 5 or above, and 47% to Level 6 or above. 13.5% of staff are qualified to Level 7 or above.

Interlocking policies matter. Of the nearly 25,000 childcare workers, over 3,370--almost 14% of the total workforce--had to sign on the live register in the summer of 2014, at a cost of €7.2 million to the exchequer. Any funding model that makes operators' business models sustainable performs at least some of these social protection payments.

The current situation, therefore, can be characterised as high-fee/low wage, where the average household can expect to spend up to 34% of its disposable income on childcare, but also where operators cannot afford to pay FETAC qualified staff and graduate staff enough to sustain a living wage. Worse again, the structure of the current system militates against sustainable career structures.

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Given the by now well-established and large societal benefits accruing from early childhood education to society, there is a strong rationale for further government intervention in this sector. For example, the largest subsidy available is €95 per week for a full-time place. This is considerably less than the cost of delivery and parents must make up any shortfall. With an average full-time fee in a community service of around €160 per week, and €170 per week in a private setting, the parental contribution would be €65-€75 per week. As mentioned above, in 2007 Deloitte modelled the cost of providing one week of childcare at around €230. Start Strong and Dublin City Childcare Committee have estimated similar costs.

With a maximum of €95 coming from the state, high out of pocket expenses are likely to continue unless further interventions take place.

Actual and Projected Population (Thousands)

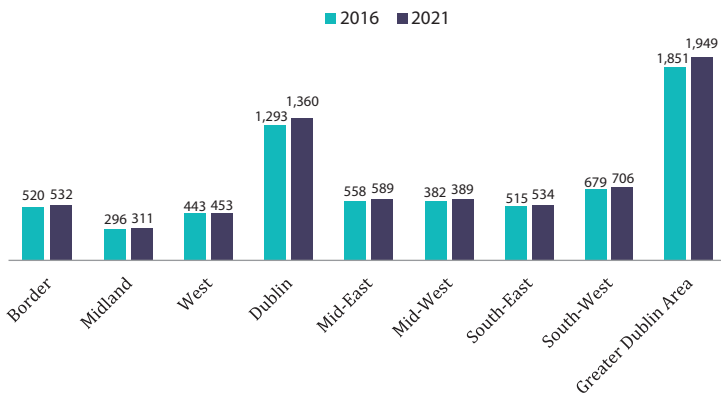


Figure 6. Regional population growth, projected. Source: CSO.

**The need to maintain basic sustainability of the average service provider by proper planning and avoiding displacement**

Regionally, the need for sector expansion will take place in the greater Dublin area. Taking the M2F2 assumption set, which is the most pessimistic in terms of assuming the lowest level of both fertility and highest level of migration, we have the following regional projection. Demand is concentrated in the greater Dublin area, and this will remain the case under any realistic scenario.

It is clear most of the development in terms of population growth will take place in Dublin, despite the fact that increasing urbanisation has taken place across Ireland. The key issues of population change and urbanisation are not limited to the Eastern region. They are taking place across the country, and a regional childcare strategy will matter greatly to match the childcare places available to the demand for those places. Figure 6 shows that there will be a large increase in demand in all areas. Looking at vacancy data provided by Pobal across the country for 2013 and 2014 we see an interesting pattern: vacancies are higher in areas where population density is higher, which is to be expected, but large vacancy rates are experienced in rural areas like Galway, Sligo, and Cork also. Local conditions notwithstanding, this points to fragilities within the system, and in particular for rural providers at the margins of viability.

Importantly, were a second preschool year to be introduced, or **were a second preschool year to be introduced, or if subsidised childcare places were made available, the system cannot supply enough places as currently constituted**, especially in the Dublin area, for any new Universal Programme. A positive supply response of high quality childcare settings is unlikely in the short term, therefore.

## Early Childhood Ireland

County	2016	2017	2018	2019	TREND
Carlow	361	250	365	196	
Cavan	692	809	714	374	
Clare	1023	1184	1137	917	
Cork City	769	550	479	534	
Cork County	2518	2772	2953	2138	
Donegal	1027	1470	1276	1156	
Dublin City	1665	2263	2153	811	
Dublin Dun Laoghaire	636	616	882	347	
Dublin Fingal	1167	1626	1344	1046	
Dublin South Dublin	1171	1173	1118	1078	
Galway	1762	1576	2046	1021	
Kerry	1135	1325	1398	855	
Kildare	1393	1817	1170	645	
Kilkenny	1025	672	614	624	
Laois	651	756	707	560	
Leitrim	208	292	311	157	
Limerick City	525	855	421	249	
Limerick County	729	782	821	568	
Longford	391	393	378	214	
Louth	1001	1202	1351	436	
Mayo	530	773	886	629	
Meath	1577	1751	1319	850	
Monaghan	635	606	752	220	
Offaly	526	440	483	308	
Roscommon	184	299	341	300	
Sligo	477	452	404	214	
Tipperary North	485	488	569	439	
Tipperary South	528	714	612	497	
Waterford City	389	358	526	235	
Waterford County	256	388	385	289	
Westmeath	670	1428	728	480	
Wexford	1435	1099	1357	727	
Wicklow	814	1056	1009	695	
<b>TOTAL</b>	<b>28355</b>	<b>32255</b>	<b>31009</b>	<b>19809</b>	

Almost 49% of all service providers are located in or around the greater Dublin area. Despite high levels of demand for services thanks to the free preschool year, large vacancies existed across the system in 2013 and 2014. Table 2 reports these vacancies, in absolute terms and as percentages of total places. What is striking is that, even after the introduction of the free year, taken up by more than 96% of all eligible 4-5 year olds, vacancies dropped by less than 36%.

A clear national and regional strategy to reduce these vacancies is required and one that aims to build on existing provision. A clear mapping of service type by city and county, relative to population growth, which builds an understanding of where excess demand and excess supply levels exist is required. **There should be no new services without clear evidence of need and quality.** This information is easily accessible and is currently used by the Dept of Education and Skills for planning purposes.

Table 2. Trends in (extrapolated) vacancy data, 2011 to 2014. Source: POBAL.

The objective should, at all times, be to minimise any displacement of existing services. The logic of state intervention is that to be maximally efficient it should be used only when the private market fails to provide the service, and where the overall welfare of society can be enhanced. Where excess supply of places already exists, it makes no sense to use scarce resources from taxpayers without a coordinated matching process aligned to a strategy.

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The absence of any such commitment to the minimisation of displacement will not garner the trust of the operators of early childhood education settings, without whom national childcare policy cannot be delivered successfully.

### Costs

	2016	2017	2018	2019	2020	2021
Capitation Proportion - Lower: Higher	67:33	62:38	57:43	52:48	47:53	42:58
Total Additional Cost of ECCE, €m per annum	26.73	25.30	23.89	22.44	21.07	19.62
Year on Year Cost	26.73	-1.43	-1.41	-1.45	-1.37	-1.46

### Increase ECCE payment and promote quality and sustainability

We assume that 99% of eligible children, or roughly 67,000 of the estimated 369,000 children in the 0-4 cohort in 2016, will access the scheme. This number will fall by (a compound) 2.89% per year until 2021 under the CSO's M1F1 scenario.

We are recommending an increase to €75 for lower capitation and €85 for higher capitation.

In 2016, we have assumed that approx. 67% of children will receive the lower capitation rate of €75 per child and the remaining 33% of children will receive the higher capitation rate of €85.

We assume the quality of a service will likely increase as a result of the rolling quality programme. We, therefore, gradually increased the proportion of children obtaining this higher level of capitation by 5% per annum.

## 2. PROGRAMME OF OUT OF SCHOOLS SUPPORTS

### Subsidised out of school care

At Early Childhood Ireland, we are advocating for a public subsidy system of out of school care, funded similarly to the ECCE Scheme. Evidence suggests that direct public funding of services brings more effective governmental steering of early childhood services, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access compared with parent subsidy models. (Lloyd 2012:8; Penn 2012:33) Despite current economic orthodoxy, the experience of the OECD reviews suggests that, for the moment at least, a public supply side investment model, managed by public authorities, brings more uniform quality and superior coverage of childhood populations (1- to 6-year-olds) than parent subsidy models. The experience of Norway and Sweden suggests that a public service model can well accommodate private/not for profit providers when they are properly contracted, regulated and supported by public funding.

Neither childminding nor out of school settings are currently regulated or inspected. A competent, high quality system will regulate both but resources are required to enable this.

We recommend the introduction of a large change to out of school care, running along the same lines as New Zealand's OSCAR mode, where the household and the state share payment of approved operators. Crucially, this out of school service would:

**We recommend the introduction of a large change to out of school care, running along the same lines as New Zealand's OSCAR mode where the household and the state share payment of approved operators.**

- Subsidise the costs for parents and therefore increase their disposable income by lowering their contribution on a weekly basis
- Contribute to increasing the sustainability of the system, drive quality improvements by mandating that service providers have adequate qualification levels at levels 6 or 7 as appropriate

- Ensure these services are inspected and audited as part of an overall policy of continuous improvement.
- Create opportunities for professional staff to find year-round, full time jobs.

An additional benefit of an out of school programme is that early childhood professionals could envision careers that would no longer be part time and seasonal in character.

### Summary

We initially assume that 20% of eligible children would access the programme in Year 1 (2016) approx. 13,400 5 year olds.

We are recommending an incremental roll out of the programme, extending to 6 year olds in Year 2, 7 year olds in Year 3 etc.

This incremental roll out would allow for graduations in funding to be introduced based on a range of factors, eg level of disadvantage, number of children per family. It would also allow for appropriate planning by the sector to ensure sufficient provision across the country.

We are assuming a gradual increase in the percentage of children accessing the programme, rising from 20% in Year 1 to 30% by Year 6.

Assuming a delivery model similar to New Zealand's Out of School Care and Recreation (OSCAR) model. We assume a cost of €80 for 38 weeks, where parents access up to 20 hours per week and €160 per week for 10 weeks of school holidays, costing roughly €4,640 per annum per child.

Introducing a subsidy per child of 30% of the cost per annum, €1,164 per child, we estimate would cost the Exchequer €18.6m in year one, rising to €110.5m in 2021 with 30% of all eligible children accessing the system for 5 years at that stage. The average weekly cost to a parent would be €68.

### Costs

	2016	2017	2018	2019	2020	2021
Children accessing the ECCE Scheme	67,000	65,064	63,183	61,357	59,584	57,862
Number of eligible cohort per year accessing the Out of School programme, beginning at 20% increasing to 30% in 2021	13,400	13,013	15,796	15,339	17,875	17,359
Cumulative number of eligible cohort accessing the programme, year on year	13,400	26,413	42,209	57,548	75,423	79,382
Subsidy per child	1,392	1,392	1,392	1,392	1,392	1,392
Total cost per yr	18,652,800	36,766,534	58,754,343	80,106,704	104,989,038	110,499,472
Year on Year cost		18,113,734	21,987,809	21,352,361	24,882,334	5,510,434

### 3. ROLLING QUALITY PROGRAMME

#### Driving Quality: Qualifications, Audits and Grants

The vast bulk of research completed on the area points out 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. The weaknesses of our workforce development policies are seen at all levels: not only in low qualification levels of those working directly with children, but also in management, training systems, wages and staff turnover (Start Strong 2013).

There is good evidence that the qualifications of the whole staff team are important to quality. Evidence signposts a graduate led sector across all setting types and in respect of all age groups (birth to six years).

The qualifications required in Ireland to work in the sector are changing - every staff member must have a Level 5 and those heading up the ECCE room must have a Level 6. This development has resulted in the most qualified staff working directly with the ECCE group and the least qualified staff working with the under 3's. Early Childhood Ireland is advocating for the professionalisation of the entire sector from birth to six years, the cost of this is not included in this report.

We propose a rolling quality audit and mentoring programme, as the lynchpin of the system. The system requires adequate oversight, testing and regulation. Specifically, the Tusla Pre-School Inspectorate should be reconstituted and merged with a new DES-led early years inspectorate to form a single care-and-education inspectorate for all early years settings, regardless of whether they take up ECCE schemes or not.

Ensuring every child has access to high-quality care and education, whatever type of setting they attend, requires that all early years' staff hold a *de minimus* qualification. In the UK this has been set at Level 3 qualification as a minimum (Equivalent to our Level 6). In response to the Nutbrown report's

call for a more robust set of 'full and relevant' criteria for Level 3 qualifications, the Coalition Government introduced a new Level 3 'Early Years Educator' (EYE) qualification in September 2014. Reflecting the importance of good levels of numeracy and literacy among early years practitioners, the EYFS has been amended to make clear that staff holding the new EYE qualification must also have achieved GCSEs in English and Maths at grade C or above to count in the existing staff to child ratios as a Level 3 practitioner (Grauberg 2014).

Access to continuous professional development is also an important component of improving the quality of early education.

It supports career progression, increasing the attractiveness of the profession to new entrants. As Professor Nutbrown notes in her report "good-quality CPD enables existing practitioners to build on their knowledge and skills, and to keep up to date with relevant research, practices and initiatives, including learning from examples in other countries." International best practice suggests that staff should have guaranteed access to funded CPD and training (ibid.).

We propose a rolling quality audit and mentoring programme, as the lynchpin of the system. The system requires adequate oversight, testing and regulation. Specifically, the Tusla Pre-School Inspectorate should be reconstituted and merged with a new DES-led early years inspectorate to form a single care-and-education inspectorate for all early years settings, regardless of whether they take up ECCE schemes or not. It should be developmental in its approach, and inspectors should be recruited on the basis of qualifications and experience in early care and education. Existing resources should be redirected to fund this reconstituted Inspectorate. It is worth noting that with the introduction of funded after School provision, inspections of After school facilities will be required, necessitating increased expenditure.

Early Childhood Ireland is calling for an extension of auditing and mentoring supports for early childhood services. Currently the suite of quality enhancement supports includes those provided by Voluntary Childcare Organisations, including Early Childhood Ireland, the City/County Childcare Committees and the Quality Support Service. Together, these supports are entitled Better Start. An enhanced Better Start service would require an additional expenditure of €5 million per annum over the next 5 years, to include an audit of services conducted every 3 years. This additional funding recognises the need to include After School services within its remit.

This spend will resource a robust inspection regime to drive quality throughout the system. €3 million per annum should be sufficient to put a rigorous audit system in place, which would also provide a baseline for monitoring purposes.

In addition, the Learner Fund which has been a very successful policy initiative needs to be continued and expanded to allow applications from Early Childhood professionals who wish to engage in Level 7 and 8 courses.

### Summary

Existing resources should be redirected to fund this reconstituted Inspectorate. It is worth noting that with the introduction of funded After School provision, inspections of After school facilities will be required, necessitating increased expenditure.

Early Childhood Ireland is calling for an extension of auditing and mentoring supports for early childhood services. Currently the suite of quality enhancement supports includes those provided by Voluntary Childcare Organisations, including Early Childhood Ireland, the City/County Childcare Committees and the Quality Support Service. Together, these supports are entitled Better Start. An enhanced Better Start service would require an additional expenditure of €5 million per annum over the next 5 years, to include an audit of services conducted every 3 years. This additional funding recognises

the need to include After School services within its remit.

The Learner Fund should be maintained, and a fund of at least €1million per annum should be available to support learners engaging in Level 6-8 funding.

### Costs

Funding/ Supports	€ per annum
Mentoring & Quality Supports including regular Audit	€5 million per annum
Learner Fund	€1 million per annum



## 4. INCLUSION AND SUPPORT GRANTS

According to the OECD 2006 report, although an overwhelming case can be made for early intervention in the case of children with special needs (Guralnick, 1998), appropriate taking in charge, not to mention access to mainstream programmes, still remains a challenge. While national laws or government policy allow or encourage access to mainstream services, the official position may not be followed up by an adequately funded national plan to provide structured early learning programmes for children with additional needs and ensure their systematic and appropriate inclusion in mainstream pre-school services. Except for a handful of countries, a picture emerges of public support to these children and their families being irregular, under-funded and non-inclusive (OECD, 2001). Yet, despite neglect or segregation, the policy favoured by most countries – and recommended by the United Nations Convention on the Rights of the Child – is the inclusion of young children with physical and intellectual disabilities into mainstream ECEC services, if this is determined to be best for the child. In several countries, e.g. Denmark, Finland, Norway, Sweden, there is a conscious policy to ensure that such children have priority in enrolment in mainstream services and that additional staff resources are allocated to provide more individualised attention by specialised staff. At this young age, there is in fact no categorisation of these children, e.g. in the Nordic countries and Italy, but it is taken for granted that the great majority will have a place in the mainstream kindergarten services. Expenditure figures to support the inclusion of special needs children and of children at-risk are also high in the Netherlands and the United States. Early intervention services focus on early detection of problems; prevention of disabilities or further difficulties; stimulation of development; aid and support to families.

As noted in *Starting Strong* (OECD, 2001), successful inclusion requires attention to the organisation and management of ECEC settings, in particular the adaptation of premises to the needs of children

with disabilities, the hiring or allocation of specialised staff, and more flexible organisation of group sizes and rooms to cater for specialised sessions. Access to centres and classrooms can still be difficult for children with impaired sight or movement, and services often lack the specialised personnel needed to support children with additional learning needs. In turn, greater public funding is necessary, based on realistic assessments of the numbers of children with special needs (approximately 5% in all populations, but greater in contexts of high child poverty and weak public health systems). Successful inclusion of children with special or additional educational needs requires responsive pedagogical approaches and curricula, e.g. more intensive team planning and careful management of activities as staff endeavour to adapt constantly to the learning needs presented by individual children.

By necessity, staff ratios – both educators and assistants – are higher for children with additional needs and special training is necessary, factors that still inhibit inclusion in some countries. In Canada (some provinces), Finland and Italy, special education staff provide on-the-job training to their mainstream colleagues. Parental involvement is desirable in all programmes for young children, but particularly in programmes that include children with special educational needs. In addition, ECEC centres that receive children with disabilities or other educational differences must also put into place co-operative agreements with community health and social services agencies, an activity that demands expertise and much investment of time. Such agreements and co-operation with other services are characteristics of special needs services in Canada and the United States.

In Ireland, an OECD report from 2004 judged the disability services to be inadequate as there is still no educational entitlement for the under-4s. Most children with special educational needs can still not access ECCE, despite the emphasis on these children in *Ready to Learn*, which set out the preschool

placement priority prerequisite. There is substantial current anecdotal evidence that ECCE settings and parents have very limited access to funds for the inclusion of children with special educational needs. However, at European level there is recognition that, internationally, the inclusion of these children is still a significant challenge and few best practice models exist at large scale.

According to Early Childhood Ireland's Additional Needs Survey in 2012, about 11% of early childhood operators had refused a place to children with additional needs because they lacked the additional staff, space or specialist supports to meet the children's needs. In the 2015 survey, it was evident that settings continue to be open to and actively working with children with additional needs and their families, but with increasing reservations fearful that they may not be resourced to meet the needs of the children.

Settings continue to be open to and actively working with children with additional needs and their families, but with increasing reservations, fearful that they may not be resourced to meet the needs of the children.

A rights-based, social model with anticipatory funding, which is technically sound (evidence based) and administratively feasible needs to be introduced. This would involve an **allocation of resources that is front-loaded**, based on a framework of prevalence and demographics.

A front-loaded allocation would ensure that the resources or additional staff are in place from the beginning. An Allocations Framework would draw on available data such as levels of prevalence of children with additional needs and the social context (location and level of disadvantage) of the early childhood setting. Comprehensive profiles of early childhood settings would develop over time.

### Summary

Early Childhood Ireland is recommending demand led staffing grants for services that support children with additional needs. These needs will vary and a holistic approach should be taken to the allocation of these grants, recognising the issues which present including speech and language, second language and in disadvantaged areas.

In addition, access to capital grants as well as specialist advice and Continuing Professional Development will be critical to getting the best outcomes from the aforementioned staffing grants.

### Costs

We assume that 70% of services have a child with additional needs, ie 3150 services. We assume that 50% of these services will require at least one member of staff ie 1575 services.

We assume that this member of staff will be paid approximately €8500 per annum.

Total cost of staffing grants in Year One and each subsequent year €13 million (approx.)

Total cost of capital grants/CPD Grants in Year one and each subsequent year €3million (approx.)

## 5. PARENTAL LEAVE

### **The need to move towards 1 year of paid parental leave.**

According to the 2006 OECD report *Starting Strong II*, “remunerated parental leave is an essential element in effective ECEC policies”. In European countries, parental leave normally includes a period of absence from work for six months to about a year, on an adequate replacement wage or benefit, with the guarantee of a return to the same or similar position at work. Such leave responds to the needs of babies, mothers, and fathers around the critical moment of birth. It also provides a choice to parents to care for their child at home for a certain period, without excessive penalty to the family budget or to working careers. If fathers are included, greater bonding between men, their partners and offspring has been noted, and a fairer sharing of care and household tasks. Costs to public budgets incurred by the measure can be reduced by employment insurance and employer contributions, which in many countries provide a supplement to low-wage replacement levels or flat-rate benefits (OECD 2006).

It is becoming increasingly prevalent to see the care of under-1s as most appropriately happening in the baby’s home by his or her main carer(s) and not in early childhood care and education settings. It is widely believed and documented that under-2s have particular attachment needs and that especially young babies need substantial quality time with their main carer(s) to allow for secure attachments to develop through stable one-on-one relationships. This is emphasized in research evidence as well as political initiatives and manifestos such as the UK’s 1001 Critical Days, which is a cross-party manifesto. The often quoted and favoured childcare systems of the Nordic countries also rely on the assumption that under-1s are best cared for at home. The Norwegian system, which gives parents a legal right to a place for their child, has set the age for entitlement at one year. Brooks-Gunn *et al.* (2002), analysing

data on 900 European American children from the NICHD sample, controlling for child care (e.g., quality, type), home environment (e.g., provision of learning), and/or parenting effects (e.g., sensitivity) concluded that, unless the service is of high quality, the placement of infants under 1 in child care outside the home can have negative developmental effects.

In the US, the *Neurons to Neighbourhoods* committee found “overwhelming scientific evidence” of the central importance of early relationships for children’s development. “Indeed, young children who lack at least one loving and consistent adult often suffer severe and long-lasting developmental problems. But the reality of life in the United States today makes it difficult for many working parents to spend sufficient time with their children. The committee therefore recommends policies that ensure more time, greater financial security, and other supportive resources to help parents build close and stable relationships with their young children” (Shonkoff, 2000).

We recommend moving, gradually, towards 1 year of paid parental leave, in 1 month movements, over a 6 year period. It is in line with international best practice regarding what is good for babies in their first year. It segments the market and reduces cost of delivery to service providers. It improves the sustainability of service providers without compromising levels of service for children older than 1 year, increasing capacity for older children without reducing adult-child ratios below what is considered best practice internationally. The policy increases the disposable income of new parents, increases household work intensity and contributes to female labour market participation. Rolling the policy out over 6 years at a cost of €41 million per annum implies a larger return to both households and service providers as the proportion of new-borns is expected to fall in all cases, therefore this can be considered a prudent over estimate.

Table 3 shows the distribution of adult:child ratios in selected OECD countries. Comparing adult child ratios by country and controlling for the demographic expansion which has taken place since 2008, it is clear Ireland’s 1:3 child ratio for children aged 0 to 1 has significant cost implications for service providers. *We do not recommend changing adult/child ratios*, but we recognise they do produce higher cost bases for operators, we should therefore work to minimise the prevalence of ‘baby’ rooms.

**Costs**  
 We are assuming an additional 4 weeks paternal leave year on year between 2016 and 2020. Each year will cost an additional €41 million for 5 years.

**Distribution of adult:child ratios in selected OECD countries**

Age/Adult:Child Ratio	0	1	2	3	4	5	6
Denmark	1:5	1:5	1:5	1:5	1:5	1:5	1:5
France	1:4	1:4	1:4	1:4	1:4	1:4	1:4
Germany	1:5	1:5	1:5	1:5	1:5	1:5	1:5
The Netherlands	1:2	1:4	1:5	1:5	1:5	1:6	1:6
Ireland	1:3	1:3	1:5	1:5	1:5	1:5	1:5

Table 3. Child minder ratios. Source: OECD.

Policies aimed at reducing the numbers of children aged 0-1 within services would have the effect of making each provider more viable and allow more space to accommodate the increased number of children each service will likely see. (Otherwise it is rational to ‘tune’ capitation levels so they are graduated on the basis of the child’s age, as the costs are greater, the younger the child).

## CONCLUSION

The rate of investment in Early Childhood Education is too low. The sector lacks a clear strategic vision. No single year of investment, however large, will deliver the key policy objective of uniformly increasing quality throughout the system. Given that higher quality early childhood education has positive long-term returns for the child experiencing the education, their families, and society. The return can be as high as €7 for every €1 spent. (Heckman et al 2012).

The current market structure is inadequately designed, regulated, and resourced to provide uniform high quality early childhood education experiences for each child in the system. A gradual and targeted increase in state funding from 2016 to 2021 is required.

High quality early childhood education is the desirable outcome of a mix of policies designed to achieve a diverse array of goals beyond educational excellence. These include increased female labour participation rates, reduced household inequality, increased school completion and lower dispersion of educational outcomes by socio economic level.

A combination of policies is required. First, increasing the ECCE scheme and graduating the capitation payments will, if properly regulated, drive quality within the system. Secondly, increasing parental leave and subsidising before and after school services will increase household disposable incomes and increase the sustainability of private and voluntary service providers. Third, a rigorous commitment to quality is necessary. Fourth, a system of inclusion and support grants helps buttress the system where inclusion or inequity of access is an issue.

Each policy costs taxpayers' money, and each policy is carefully costed, taking account of demographic change and reasonable assumptions regarding growth. The potential exists for us to build a lasting legacy of high quality early childhood education using these policies.

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## **NOTES**





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