Missed Opportunities for Children?: An Exploration of the Impact of New Funding Mechanisms for Early Childhood Education and Care (ECEC) in Ireland

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An exploration of the impact of new funding mechanisms for Early Childhood Education and Care (ECEC) in Ireland

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Presentation Overview

• 3 Parts
  – **Part One**: Context: Ireland’s Growth - ECEC as an Issue for the State
  – **Part Two**: Community Childcare Subvention Scheme (CCSS): Details and Analysis
    • Affordability, Access and Quality
  – **Part Three**: Stakeholder Reaction & Influence
  – Summary
PART ONE

CONTEXT OF ECEC EVOLUTION IN IRELAND
Ireland’s Celtic Tiger

• Economic Growth: GDP avg. 7.9% 1994 – 2002
  – Highest GDP growth in any OECD country (Bennett, 2006)
  – Female Employment (30% 1926-1981)
    • 40% in 1994  ➔  58% in 2005 (Sweeney, 2006)

• Structural Influences on ECEC Policy in Ireland
  – Membership of EU
    • Equality Measures; Lisbon/Barcelona Targets;
    • Social Change: Lift marriage bar; contraception; divorce
  – Ratification of the UNCRC ‘92
  – National Social Partnership Process
  – OECD: Review of ECEC in Ireland
ECEC Provision in Ireland

- OECD Assessment
  - Access, Affordability & Quality Inadequate (OECD 2004)
- Informal: Unregulated; Poorly paid
- Formal: High Cost; Regulations since 1997
  - Private Providers
  - Community Providers: Community & Voluntary (C&V)
  - Cost: Avg. Production Employee gross wage; Japan 8%; Austria 5%; Ire 20% (OECD, 2003)
Evolution of ECEC Policy

• Multiple Agendas influencing Policy in 1990s
  – Employment; Equality; Children’s Rights; Family & Carers; Education; Social Inclusion; Health (Hayes & Bradley, 2006)

• National Partnership Agreements

• Tools of Implementation Selected Reflect
  ‘Principle of Subsidiarity’ (non-state involvement)
  – Traditionally church provide services of public good (e.g., health, education) now utilising private sector and community and voluntary (C&V) sector to deliver services (Daly & Clavero, 2002)
## Funding ECEC

<table>
<thead>
<tr>
<th>Community Providers</th>
<th>Private Providers</th>
<th>All Parent (cash)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOCP/NCIP Subsidy</td>
<td></td>
<td>ECS €1100 p.a. child under 6</td>
</tr>
<tr>
<td>Programmes (ALMP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low % Fee Income</td>
<td>100 % Fee Income</td>
<td></td>
</tr>
<tr>
<td>EOCP/NCIP Capital €1m</td>
<td>EOCP/NCIP Capital</td>
<td>€100,000</td>
</tr>
</tbody>
</table>

- National Investment Programme €575m; 50,000 places target
- Equal Opportunities Childcare Programme 2000 – 2006
- Shift to Exchequer Funding – NCIP 2007- 2010
  - **Subsidy** changed from **Staffing Grant** (cover staff costs up to €90,000) to **Subvention** (based on parental welfare entitlement)
- **Objective**: Review new mechanism of providing Subsidy to assess impact on Access, Affordability and Quality
  - EU Criteria: parents work, education, training
  - €500m; 41,000 places (OMC)
  - Capital Grants (community/private); Staffing Grant (Community)
PART TWO

COMMUNITY CHILDCARE SUBVENTION SCHEME (ccss)
DETAILS AND ANALYSIS
The New Community Subsidy

- **Community Childcare Subvention Scheme (CCSS)**

<table>
<thead>
<tr>
<th>Additional €30 per f/t baby – reduced pro-rata</th>
<th>Band A</th>
<th>Band B</th>
<th>Band C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Day 5hr+</td>
<td>€100</td>
<td>€70</td>
<td>€45</td>
</tr>
<tr>
<td>Part-time 3.5-5hr</td>
<td>€50</td>
<td>€35</td>
<td>€22.50</td>
</tr>
<tr>
<td>Shorter hours 2.25-3.5hr</td>
<td>€33</td>
<td>€23</td>
<td>€15</td>
</tr>
<tr>
<td>Half Session less 2.5hr</td>
<td>€16</td>
<td>€11</td>
<td>€7.50</td>
</tr>
</tbody>
</table>

Source: [http://www.dublin.ie/Childcare/subvention-one.htm](http://www.dublin.ie/Childcare/subvention-one.htm)

- **Band A**: In receipt of most social welfare payments
- **Band B**: Family Income Supplement & some training schemes.
- **Band C**: Some discretion by Provider, e.g., holder of medical/GP visit card [but no real understanding of how much discretion can be used]
CCSS- A Shifting Subsidy Approach

• Purcal & Fisher (Affordability Funding Model) (2006)
  – 3 Possible Approaches to increase Affordability:
    • Operational Subsidy
    • Fee Subsidy (paid to parent or service provider)
    • Tax Relief

Shift from Operational to Fee Subsidy

• State’s Expected Outcomes (OMCYA press releases)
  – Eligibility: more limited criteria
  – Discretion about access to service reduced
  – Reduced cost to eligible parents & increased cost to ineligible parents using service
  – Stimulate demand amongst parents in receipt of welfare
Analysis: Affordability Funding Model

• Cost to Government
  – **Open Budget**: Expensive in times of economic downturn
  – **Administration Expense**: parents & providers requirements

• Affordability to Families
  – **No Cap of Balance Paid by Parents**: operational costs mostly fixed as labour intensive. If number of children using service reduce, remaining children must bear additional cost between them

  **Example:**
  Costs of €312,000/40 children = 7,800 p.a. less subvention (€5,200) = €2,600 fee
  Costs of €295,000/32 children = 9,219 p.a. less subvention (€5,200) = €4,019 fee

  – **Monitoring Charges/Costs**: if scheme extended to allow parents access private providers – can costs/charges be tracked by OMCYA?
Impact on Access & Quality

Access

• **Neutral Impact Existing Users**: Reduced fee, continued use.
• **Demand increase/decrease?** (ineligible leaving > new eligible)
  - **YES**: Reduced Supply: As facilities may close
  - **NO**: Capacity to Incr. Supply? Waiting lists & reduced capital funds. (DCCC, 2007) Extend to Private Providers?
• **Practical Barriers to Access**
  - Admin complexity: may discourage eligible families
  - Issues of privacy: as staff gathering info from local area too

Quality

• **No Link to Quality**: No quality criteria attached to Funds (Siolta, 2006)
• **Segregation**: access to less diverse range of children; reduced social mix in services
• **Staff**: services remain dependent on ALMP p/t trainee staff
PART THREE

STAKEHOLDER REACTION & INFLUENCE
C & V Reaction to the CCSS

- **City & County Childcare Committees (Representative & Co-ordinating Organisation)**
  - Role: Mediator of Scheme on behalf of OMCYA
  - Submissions to Office of Minister for Children and Youth Affairs [focus on technical elements, case-studies, potential negative fall out]

- **Irish Childcare Policy Network (Campaign /Advocacy Org)**
  - Submissions [Address rationale and limiting definition of disadvantage to income/welfare entitlements]

- **Planet – Nat’l Org’n rep Area Based Partnership Companies (Campaign/Advocacy Org)**
  - Submissions [how runs contrary to national policy & potential pitfalls]

- **Community Providers (Resource & Service Provision Org)**
  - Media focus on individual circumstances
  - Limited Parental/Child Focus (e.g., Special Needs)
  - Individual representation to the OMCYA re: sustainability (relationship building)
Other Reaction to the CCSS

• Trade Union: Mobilising workers & advocating on behalf of parents for affordability
  – “Because we were not well organised previously, major changes were made to funding without negotiation. We cannot let this happen again; for the sake of children, workers and projects.”
    (Aug 2008, SIPTU Community Branch, Community Childcare Campaign)

• Media Headlines: Highlight potential negative impacts
  “Childcare funding a ‘banana skin’”. Irish Independent 1/11/07
  “Two-tier care system feared”. Irish Independent. Dublin (26/10/07).
  “Childcare facilities face closure unless subvention scheme changed” Sligo Champion 27/12/07)
  “Funding threat to childcare services Crèche funding”. Irish Times. McGreevy, R. (13/12/07)
  “Fianna Fail faces revolt over 'flawed' childcare plan” Irish Independent. Sheahan, F. (29/10/07)
Stakeholder Ability to Influence

• C&V operating in an Environment of Change
  “... a significant shift from the EU to the Exchequer as the source of much funding; the replacement or restructuring of several relevant Government Departments and agencies; the establishment of several new funding sources; the growth of philanthropy; the increasing professionalisation of fundraising; and the increased engagement of the sector with the business community.”
  (Keenan, 2008, p. 6)

• C&V supported by State to provide services
  – Can you advocate against the body that funds you?
  – Key Documents Advise: more formal definition of the relationship between government agencies and C&V Sector needed

• Fragmented approach to utilising the Media to advocate

• Conflict of Interest with TU as also an employer
Summary

• Have we missed our opportunity to invest effectively in ECEC as we face into a period of fiscal constraint?

• ECEC Support Mechanisms
  – Below avg. investment in ECEC continues
  – No State service provision, private sector & C&V utilised
  – Cash payments made to parents to enable choice, can not track how much of this investment goes into ECEC

• CCSS
  – More restricted criteria for disadvantaged children to access services
  – Children’s Rights, Needs or Entitlements not considered as parental welfare/employment status is criteria used to evaluate access of vulnerable children
  – No conditions attached to funding in relation to Quality of service

• Advocates for Change
  – C&V restricted in its role as advocates
Thank You