The Impact of Policy Tool Selection on Early Childhood Education and Care (ECEC) in Ireland

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1.0 Introduction

This paper looks at the range of policy tools selected by the Irish State to fund and develop Early Childhood Education and Care (ECEC). The choice is influenced by cultural norms and ideological predisposition with Ireland demonstrating a pro-market bias and relying on a range of interdependencies and third parties for delivery of services. The tools selected by the Irish State are typically those associated with States that promote a liberal agenda, sometimes referred to as the Anglo/American model (Salamon 2002). However, a closer review of the tools characteristics in Ireland reveal a tendency to adopt a conservative corporatist (Dean 2001) stance that can discourage women’s participation in the workforce.

Adjustments made to ECEC policy tools in 2009, in response to a dramatic downturn in the economy, reveal a continued commitment to tools that promote the liberal agenda and have resulted in a reduction in overall investment in ECEC and more restricted criteria for accessing targeted funding. In parallel, the State has undertaken a consolidation and rationalisation of delivery mechanisms for ECEC subsidy supports giving the State increased control over resources but which has resulted in a reduction in democratic representation and voice in the policy process. However, the recent changes are forcing the State to develop (or reveal) through its selection of policy tools, its comfort in framing an investment in pre-school services within an educational context. But little else is revealed for all other ECEC services as the ongoing tension between the role of parents as workers and/or carers remains unresolved (Daly and Clavero 2002; Hayes 2002; Hayes and Bradley 2006).

2.0 Irish Context

When evaluating Ireland’s investment in ECEC it is positioned amongst liberal welfare states within the OECD (Bennett 2005) which are characterised by their reliance on the free market, low public investment in ECEC and a goal “to keep the social aspect of the State contained, needs-based and selective” (Hayes 2009 p. 9). Childcare is treated as a commodity to be purchased where quality is often related to the price a parent can afford to pay.

Ireland pursues a ‘public supply side investment model’ when funding education resulting in direct investment in primary, secondary and tertiary education, however, the State’s reluctance to directly subsidise ECEC has seen the adoption of a
‘demand side or consumer subsidy funding model’ (OECD 2006). The preference has been to utilise a benefits systems, relying on cash payments to parents and subsidies to service providers, where levels of investment are determined by the parental choice to access services. As with other liberal economies in the OECD region, the State does not engage in direct service delivery but facilitates the creation of markets in childcare relying on a combination of for-profit and community groups to deliver ECEC services (2006). The community childcare providers are utilised to provide services in areas of market failure, where disadvantaged parents do not have access to private services (Keenan 2008).
3.0 National Policy

The childcare issue only appeared on the national agenda in the 1990s as women’s participation in the workforce grew very suddenly from 30% in 1981 to 40% in 1994 and to 58% in 2005 (Sweeney 2006). The first attempt at developing a strategic position in relation to the childcare question came about in 1999 when an expert working group was brought together to develop the national childcare strategy (Ireland 1999). While the terms of reference was limited to focusing on facilitating employment, it attempted to address the stimulation of both supply and demand of services but Daly and Clavero reveal that the “demand side is more problematic since policy makers have to tread a fine line between providing for those who wish to purchase childcare and not undermine those parents who wish to care for their children themselves” (2002 p. 61). This dilemma is reinforced by the Family Policy of 1998 (Family) aimed at strengthening families that advocates an employment neutral stance when developing supports for families. Simultaneously and separately the Department of Education and Science looked at early education in its White Paper on Early Learning (DES 1999). Its focus was on the benefits educationally and from a work perspective of investing in ECEC while highlighting its role is tackling social and educational disadvantage.

However, it was the National Children’s Strategy (Ireland 2000), that had been developed in response to Ireland’s ratification of the UNCRC, that was the strategy under which the first major dedicated funding for the development of ECEC in Ireland was to be delivered. Following the drawdown of matching funding from the EU in 2000, an investment of almost €500,000m was made in the sector under the Equal Opportunities for Childcare Programme (EOCP 2000 – 2006). The initial focus of the funding was quite narrow with capital funding available to increase the number of childcare places in the State and additional funding being given to agencies and Community and Voluntary (C&V) groups to support service providers access funding. There was little focus on the quality of services apart from childcare regulations (Ireland 1996; Ireland 2006) that focused on child staff ratios and some health and safety type issues. Police (Garda) vetting of staff also became a requirement but no conditions in relation to staff qualifications or the quality of service provision were stipulated. In 2004 and 2006, the OECD identified a need for Ireland to increase the level of funding for ECEC overall, increase co-ordination amongst government departments, improve general access to services as well as access for children with additional leaning needs and improve quality (2004; 2006 p. 357 - 358).

In an attempt to integrate some of the policies, the Office of the Minister for Children and Young People (OMCYA) was established in 2006 to take overall responsibility for ECEC policy. Units from the Departments of Education and Science, Health, and Justice, Equality and Law Reform were co-located in an attempt to increase co-ordination and integration.
A focus on quality has emerged over time with the development of three key documents by the OMCYA: a National Quality Framework in 2006 (CECDE); an Early Learning Framework to be launched in autumn 2009 (NCCA); and consultation is currently taking place in relation to the development of a Workforce Development Plan for 2010 (OMCYA 2009). To date, there has been limited linkage between these initiatives and conditions of funding but small inroads are being made and commitments for future linkage have been articulated by the OMCYA. One of the dilemmas the State faces by linking quality with conditions of funding is that this will result in an increase in cost of provision as qualified staff need to be paid more and recognised on a par with other professions, e.g. teachers. Currently in Ireland, childcare costs are amongst the highest in Europe (Staff 2003) so there is a reluctance to rush into driving up costs for parents or to subsidise the additional cost of providing a quality service.

4.0 Tools being utilised

For the purpose of this paper, five different policy tools utilised by the State to fund ECEC are reviewed. They are: cash payments; Active Labour Market Programmes; Grants; Subsidies and Regulations. They are reviewed against the four policy tool dimensions identified by Salamon (2002): directness, visibility, coerciveness and automaticity.

4.1 Cash Payments

Of all the tools, the one that most cash is spent on is Child Benefit (CB). It is a cash payment payable to all parents or guardians of children under 16 years of age (or 19 if the child is in full-time education) with expenditure totalling €2.2bn in 2007. This payment represents the largest social welfare expenditure in the State (L. Delaney 2006). The scheme is administered by the Department of Social and Family Affairs reflecting the origins of the payment which was poverty avoidance and to support the family as an institution (Daly and Clavero 2002). Following significant increases in payments to parents in 2006, child benefit was ‘rebranded’ to include the objective of assisting in covering childcare costs. The same year an additional cash payment, the Early Childhood Supplement (ECS), was introduced for all parents with children under five years of age to assist them covering childcare costs (regardless of whether the parent was a working parent or not) at a cost of almost €500m per annum.

A key characteristic these cash payments is their high visibility in the national budget process and as a consequence their vulnerability. This high visibility was to result in the elimination of the ECS earlier this year and its replacement with a less expensive subsidy scheme. While Child Benefit was untouched in national budget cuts so far, a
national debate has already begun about whether to means-test or tax child benefit into the future (Ireland 2009).

These universal cash payments are also very **indirect**, meaning the State funds but is not involved in delivery of the services. Parents have full discretion about whether to spend the cash on ECEC services or not. However, cash payments are not as employment neutral as advocates believe as research shows they discourage women’s participation in the workforce (Lewis 2006), which runs contrary to national policy on employment and equality. The OECD have also found that cash payments tends to encourage rather than discourage greater use of informal care (2006), which is also contrary to national policy.

Despite these drawbacks, cash benefits were an attractive political tool as they are not **coercive** as full discretion about accessing services remains with parents. The State’s complete reliance on the free market to provide services is described by Salamon as being highly **automatic** as it is a tool that utilises existing administrative structures.

### 4.2 Active Labour Market Programmes (ALMP)

The ALMP is a funding source not normally evaluated when looking at investment in ECEC as it is managed by the Department of Enterprise Trade and Employment as part of its social inclusion brief. The decision to include it in this analysis is because of its importance to the sector. Almost all community service providers in the State rely on the Community Employment (CE) ALMP to provide staff for their service (Associates 2007) and they would not be sustainable without this on-going State funded labour supply.

The CE ALMP enables qualifying adults in receipt of welfare payments to participate in a scheme in which they work and train for 19 hours per week in a community based service or activity. While not as indirect as cash payments, CE is an **indirect** tool as the service provider delivers the service to the parent while the State funds the CE staff via the ALMP. The State attaches no conditions in relation to the type of service or who can use the service other than the service is community based.

While the CE budget is highly visible, there are 2300 CE places ring-fenced for community childcare services within the overall budget (OMCYA 2008). This is not visible at a macro level so even if the overall CE budget is cut the resources may be reallocated to protect the CE childcare places therefore the budget may be described as being of medium **visibility**.

CE is not a **coercive** tool as it does not restrict the behaviour of parents or providers directly. Utilising CE to support ECEC delivery is a medium level **automaticity** tool as it taps into an existing State funding stream that relies on the C&V sector to deliver services. While the C&V sector did exist prior to the development of the EOCP, most
of the community childcare services that exist today were established subsequent to EOCP funding being made available. Their objectives are often social as well as economic so do not rely on automatic mechanisms of the market to deliver public services but depend upon the intervention of the State to assist fund delivery, which falls in between high automaticity, that relies on existing structures, and low automaticity, that establishes its own administrative system to deliver services.

4.3 Grants

€419m was made available primarily through capital grants under the EOCP to increase the number of childcare places in the State following the drawdown of EU matching funding. It is estimated that almost 40,000 additional childcare places were added to the 56,000 in existence prior to the programme. Approximately 80% of capital funding went to community childcare centres (OMCYA 2008). Private and community providers applied to Pobal, an administrative agency established to manage government funds. It oversaw the funding process with the support of a network of City and County Childcare Committees (CCCs) that were established across the country in 2001 to represent, social partners, State interests, providers and parents on each committee.

Capital grants are an indirect tool in which third parties are contracted to build childcare facilities. However, the criteria for accessing funding are quite specific and administrative workload high for the grantee and the grant provider. So the State was able to impose some conditions and criteria in relation to how the funds were used, but there was no attempt at direct delivery of service.

While the EOCP fund was highly visible, it was not a very vulnerable fund in its first phase as exchequer funding was needed to match fund the EU contribution. Also, the capital fund had the added advantage of being a once-off expenditure so the State did not have to commit to a long-term investment beyond the life of the programme. However, in the second phase of the funding programme, the National Childcare Investment Programme (NCIP 2006 – 2010) that was funded exclusively by the Exchequer, all grants have ceased.

In terms of the level of coerciveness, the grants are low to medium as community service providers had discretion as to whether to apply but once they did they were required in many cases to set up legal companies limited by guarantee and establish Boards of Management with a diverse representation before they could access funding. Pobal and the CCCs were often extensively involved in supporting the various groups in preparing themselves to apply for funding. Private providers did not have the same requirement so little change in their behaviour resulted from applying for funding.

The grants were designed to utilise third parties to negotiate in the free market the building of each facility. In many cases, the C&V groups could not afford to build
the facility with EOCP funding alone so in a large number of cases were co-funded by other State Agencies or Local Authorities. In some cases, facilities were built as part of a wider development so groups had little influence in selecting contractors, site, design, etc. Not all groups were subsumed by larger projects but a huge variety of models existed reflecting the diversity of the backgrounds of each C&V group and the level of connections they had within the existing State and third party network infrastructure. Overall, the level of automaticity can be described as medium as the free market and existing local development and authority structures were utilised at times but several administrative structures were established to track funding for various funders (e.g. the EU and local authorities) resulting in often highly complex administrative arrangements, with projects often spanning several years.

4.4 Subsidies

Subsidies for service providers were introduced in 2000 under the EOCP in the form of Staffing Grants. This was a social inclusion measure aimed at targeting services in designated areas of disadvantage to reduce the overall operational costs of the service in order to make services more affordable, thus more accessible for local residents. The grant was paid to individual community childcare providers that were non-profit, located in designated areas of disadvantage, facilitating parents return to work, education or training and applied a sliding scale of fees to ensure those most in need were supported to access the service. Amounts varied but up to three full time staff could be funded annually by the grant. Purcal and Fisher describe this type of grant as an operational subsidy where they cover part of the services costs (2006) and it is a supply side investment tool as it stimulates the supply of services.

In 2008, under the NCIP, the Staffing Grant was replaced with the Community Childcare Subvention Scheme (CCSS), a demand-side investment tool. The key change was that providers were paid a fee subsidy amount based on the welfare status of parents. No longer could the community childcare provider determine their own fee structure to facilitate access of local people. Instead, a sliding scale for different welfare payments was developed and providers were paid the appropriate subsidy amount based on the parental qualification. Non-qualifying parents, even if local, working and on low income, were required to pay the full cost of the childcare place (although in many cases still benefitting if CE labour was being used to reduce the overall running costs of the service). This shift in funding has the potential to change the role of community providers from one of capacity builder to gate keeper, focusing on whether parents qualify rather than how the service can benefit them and their children.

The CCSS is still quite indirect as the State relies on the community childcare providers to provide services to children but the State determines which parents qualifying for access but have little influence over the type or quality of service, as conditions of funding are not linked to any quality criteria. Parents are restricted to
accessing community childcare services but it is not mandatory to attend so it is not a highly coercive scheme, however the financial incentives are quite high for qualifying parents with many of them experiencing significant decreases in fees since the introduction of the CCSS of up to €60 per week for full time care and €45 for part-time places¹ (O'Donoghue 2009). However research has revealed some of the qualifying parents are being driven deeper into a welfare trap where they are unable to take up employment for fear of losing their secondary benefits, including the subsidy (O'Donoghue 2009) which once again is contrary to national policy that advocates employment as a route out of poverty (Ireland 2006).

The amount spent on the overall CCSS is approximately €50m per annum (OMCYA 2008) and it is highly visible. The number of qualifying parents will increase dramatically during the economic downturn which could potentially drive up numbers if they apply for places. This is a distinct drawback of fee subsidies rather than operational subsidies (Purcal and Fisher 2006). In tight economic times, the State may consider reducing the subsidy amount or restrict the criteria for access even more. To date, the latter is the favoured option being recommended (Ireland 2009).

The CCSS rely on the community childcare providers but the OMCYA have increased their administrative function to increase the involvement of their departmental staff and CCCs so it can be said to be moderately automatic. This has resulted in a reduction of third party involvement in the process thus reducing opportunity to influence programmes or represent target groups. Within the C&V sector there is a lot of unrest about limiting the definition of disadvantage to a single criteria of welfare status (Planet 2008) rather than continuing to let local, community based providers that have a fuller understanding of the issues of the area to determine who gets access to the services (McCarthy 2008).

In 2009 there was a significant shift away from the use of cash payments, the most indirect and most expensive of policy tools used by the State, with the abolition of the ECS. It has been replaced by the Early Childhood Care and Education (ECCE) subsidy which, for the first time, offers a free pre-school place for children one year before starting school. Savings by the State of over €300m per annum are expected as the ECCE is estimated to cost approximately €170 m per annum (09/04/2009).

One of the most significant features of the subsidy is the State’s apparent recognition of the education element of childcare as the OMCYA have negotiated an exemption from commercial rates payments to local authorities on the grounds that, like schools, they are educational bodies (OMCYA 31/07/09). However, only providers accessing this scheme and receiving income from no other source (e.g., fees from parents for other childcare services) can qualify for the exemption, even if the service is a non-profit organisation.
The State will utilise existing services, private or community, to deliver pre-school services on its behalf, as the preference for tools that have a high degree of **automaticity** continues but some restrictions apply. Services can only be subsidised if they register for the scheme and the State determines what it thinks the cost of the service should be. However, this policy tool is not as **indirect** as other tools as the State is quite specific about the type of educational service to be provided and has outlined its intentions to put in place conditions in relation to staffing qualifications and adherence to the National Early Learning and Quality Frameworks.

While parents can opt in or out of the scheme they can only avail of services with providers that have registered for the scheme, community or private, so access is determined by numbers of providers signing up for the scheme. As the service is free, the incentive to look for a place is very high making it a more **coercive** tool than the cash payment. The ECCE is a very **visible** tool but at present it may not be as vulnerable as other payments as it represents a significant savings relative to the ECS that it has replaced.

4.5 Regulation

The final tool to be reviewed is the use of regulation which differs from all other tools in that it has low **visibility**, low levels of **automaticity** as the State develops its own administrative structures and develops and enforces the regulations reflecting a medium of level of **directness**. This is a very under-utilised tool to date with Childcare Regulations focusing on staff/child ratios and some health and safety issues. Low visibility often means low vulnerability but a recruitment embargo as part of a cost cutting exercise in the Department of Health and Children has resulted in patchy coverage and enforcement across the State as adequate monitoring and enforcement staff are not in place. Regulations are by their nature a highly **coercive** tool as compliance is mandatory but overall investment in enforcement is low so providers are required to be self-regulating to a large degree.

5.0 Tool Characteristics Favoured by the Irish State

5.1 Low Directness

During the years of the Celtic Tiger the Irish State demonstrated a preference for very indirect tools such as cash payments where consumers have complete discretion about whether to purchase ECEC services. These were a quick, easy and politically attractive remedy to a relatively new problem. The major drawback however was the level of expense and the lack of control or influence over services being delivered. As the State comes under increasing financial pressure to reduce costs, it has moved away from cash benefits and favoured the introduction of subsidies that have a range of terms and conditions attached to them but the ‘customer orientation’ remains intact to some extent.
While indirect tools are traditionally difficult to manage and less effective than direct provision of services, as the State is distanced from delivery (Salamon 2002), they have played an important role in deferring the articulation of a comprehensive stance and policy position in relation to ECEC by the State. The more direct the tools become, the more specific the objectives of the funding need to be, revealing the ideology driving funding decisions.

5.2 High Visibility

In terms of visibility, the tools selected tend to be highly visible but with varying degrees of vulnerability. Politically, the substantial increase in CB in 2006 was an easy and popular option but it increased its visibility substantially and the difficult task of deciding whether to tax or means test the payment is under way at present, a decision that which will change the universal nature of the tool completely.

The CE payment dedicated to ECEC has a medium visibility and the ring fencing strategy may assist in keeping the budget intact at the moment. Capital grants were also highly visible and vulnerable and since EU matching funding finished they have been discontinued. The subsidy payments while visible are less vulnerable at this time. The ECEC programme currently represents a savings to the State since the abolition of the ECS and is very politically popular, as it is employment neutral, addresses some of the criticisms contained in the OECD’s review of ECEC provision (2006) bringing us in line with most other States in providing a free pre-school years, and the incentive to take up places is high making it an attractive political success story. The CCSS is highly visible and is the key significant targeting measure in place at the moment. The rates and qualifying criteria may be vulnerable but any reduction in overall funding to services would result in closure of services, a very politically undesirable outcome.

5.3 Medium/Low Coercion

Low levels of coercion are being replaced by a moderate level of coercion with subsidy levels in ECEC and CCSS providing financial incentives for targeted parents high enough to make them wonder why they should not participate. There is little regulation to date influencing the behaviour of providers but conditions in relation to quality, staff qualifications and pedagogy are increasing in profile with plans to make ECCE funding conditional on complying to national quality initiatives (OMCYA 31/07/09).

5.4 High & Medium Automaticity

The State has had a tendency to choose highly automatic tools that utilise existing administrations. While the private sector has responded to a demand for services, the C&V sector has mobilised to fill the gap left in areas of market failure. Unlike, the US or the UK, the C&V or non-profit sector in Ireland does not have a strong
philanthropic tradition and relies on the State for most funding. Without this funding the sector would struggle to survive. This in effect means that we have a medium level of automaticity when utilising the C&V sector to deliver services on behalf of the State.

When States began the trend of opting for highly automatic tools that availed of existing administrative structures, it was envisaged that this would reduce the administrative work load for them but the Irish experience would seem to bear out Salamon’s conclusions that “automatic tools turn out to be far more cumbersome to administer than advocates assume(d)” (2002 p. 35). The State was investing resources into monitoring grants and subsidies yet found itself with little control and unable to gather relevant statistics to report on in relation to numbers of children attending various types of ECEC services. This may have prompted the State when developing the CCSS and consequently the ECEC to take back some of the administrative control and target supports to individuals rather than to providers. The major drawback for target groups of this shift is the reduction of representation and voice from those often best positioned to understand the problem, in deciding how investment in ECEC should take place.

This shift away from a networking model to a more traditional hierarchical system of administration returns control of implementation to the government department while reducing the level of consultation needed with third parties (Rathgeb Smith and Ingram 2002). Research into Senior Civil Servants’ perception of the effectiveness of agencification in Ireland in 2007 concluded that Ireland continues to make decisions in a hierarchical system of governance despite the increase in agencies and networks in place to assist in the decision making process (Quinn 2008). What was revealing was the negative attitude among some civil servants who saw “removing issues from the political sphere as a way of building consensus” as key benefit of agencification but one civil servant goes on to reveal it is “partly about anchoring your interest groups without bringing them inside the tent” (p. 51). So in Ireland, the networking feature of ‘new governance’ model (Salamon 2002) was adopted but was not perhaps ideologically or normatively embraced by key policy makers within the various State departments making the transition back to a managerial style administration easy to do.

6.0 Conclusion

The Irish State continues to rely on indirect tools that decrease the focus on the role of the State in addressing the problem of ECEC. The tools selected tend to automatically utilise the existing administrative structures of the market to deliver ECEC services. The State has been instrumental in developing the community and voluntary sector to fill the gap in public service delivery in areas of market failure. Levels of coercion are increasing but remain encouraging rather than directive in their attempts to facilitate access to ECEC. The high visibility of policy tools to date
has resulted in an overall reduction in State investment in ECEC, with grants terminating and cash payments being eliminated and replaced by a subsidy scheme. The targeted subsidy has shifted from a supply to a demand-side funding mechanism, bringing it in line with the other tools selected. The State has increased its administrative control resulting in a reduction in opportunity for democratic representation and voice which is worrying, particularly given the vulnerability of ECEC funding in times of economic downturn and the need for advocacy to argue in favour of maintaining and increasing investment in ECEC. Recent changes in funding see the State reveal less resistance to direct funding of ECEC when framed within an educational context for three and four year olds but no overt comprehensive strategy for ECEC investment for services operating outside this limited field is emerging. The State continues to leave the resolution of the ECEC problem in the hands of parents.


Daly, M. and S. Clavero (2002). Contemporary Family Policy - A Comparative Review of Ireland, France, Germany, Sweden and the UK. Dublin, Ireland, IPA for The Department of Social and Family Affairs.


OMCYA (31/07/09). Email for CCCs on ECCE developments, Correspondence sent to City and County Childcare Committees.


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1 Pobal, a national agency responsible for managing the finance of the EOCP programme and administration of the funds.

City and County Childcare Committees were established in each of the 33 local authority areas with voluntary Boards of Management with representatives on each Board of the State agencies, Government Departments, employers, trade unions, Community & Voluntary groups, private service providers, community service providers, parents using private and community services.


1 Central Service 1:
Full-time fee prior to CCSS €100 per week; Full-time fee under CCSS for Band A parent €40.

South Central Service 2:
Part-time fee prior to CCSS €75 per week; Part-time fee since CCSS €30.