

Scandinavian Childcare:

Adapting to the Irish Context

EU Parliament House, Molesworth Street, Dublin 2
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Research for new economic policies

Outline

Some perspectives and options for Ireland

- 1. 2% of GDP**
- 2. Child Income Supports**
- 3. The Free Pre-School Year**
- 4. The Cost of a Child / The Cost of Work**
- 5. The Costs and Benefits of ECEC**
- 6. Paying for this Investment?**

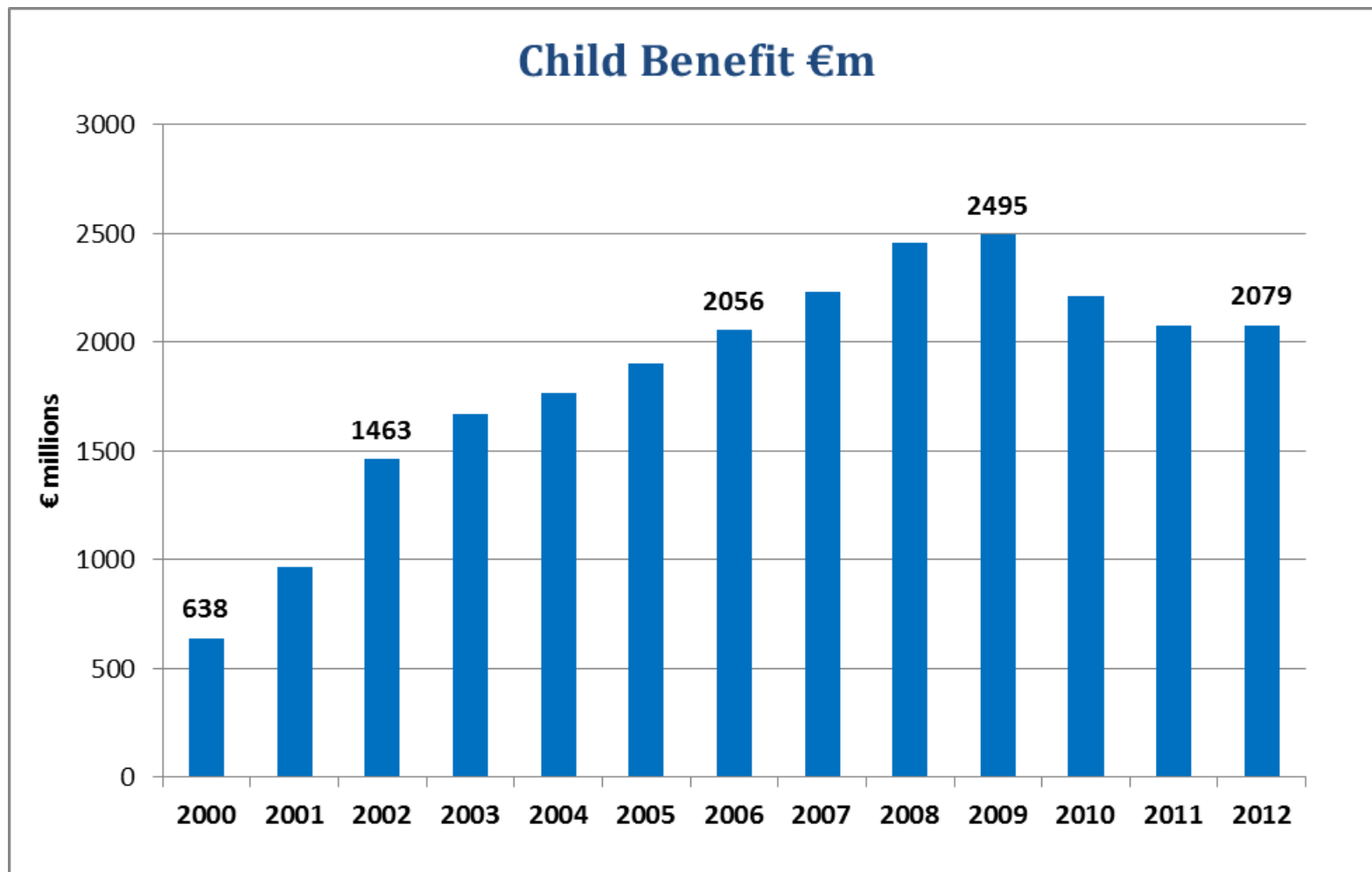
1. 2% of GDP

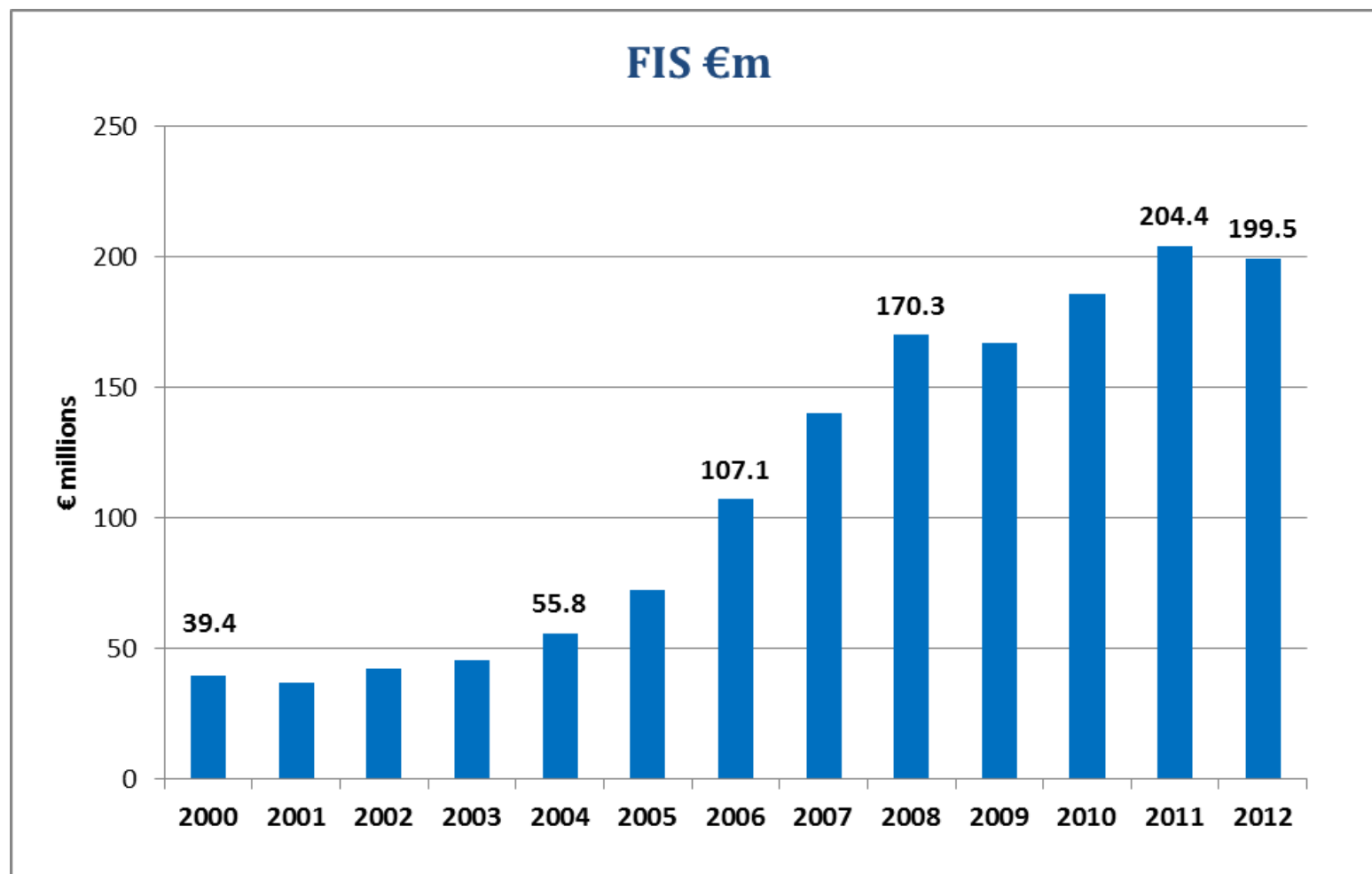
- Using CSO and Budget 2013 figures (€m)

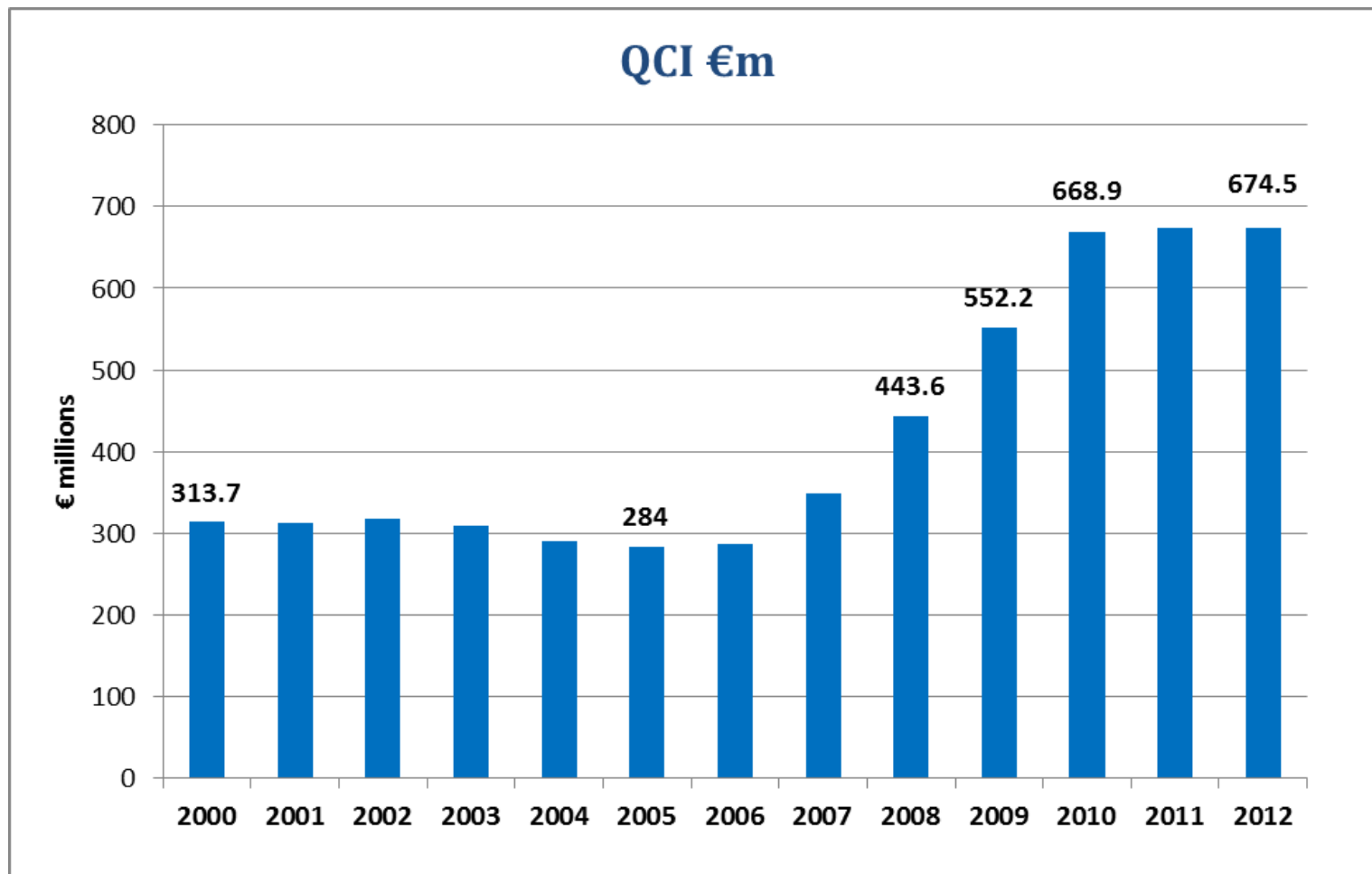
	2007	2013	2014	2015
GDP	188,729	167,725	174,100	181,400
GNP	162,209	133,900	137,775	142,325
2% GDP	3,775	3,355	3,482	3,628
2% GNP	3,244	2,678	2,756	2,847

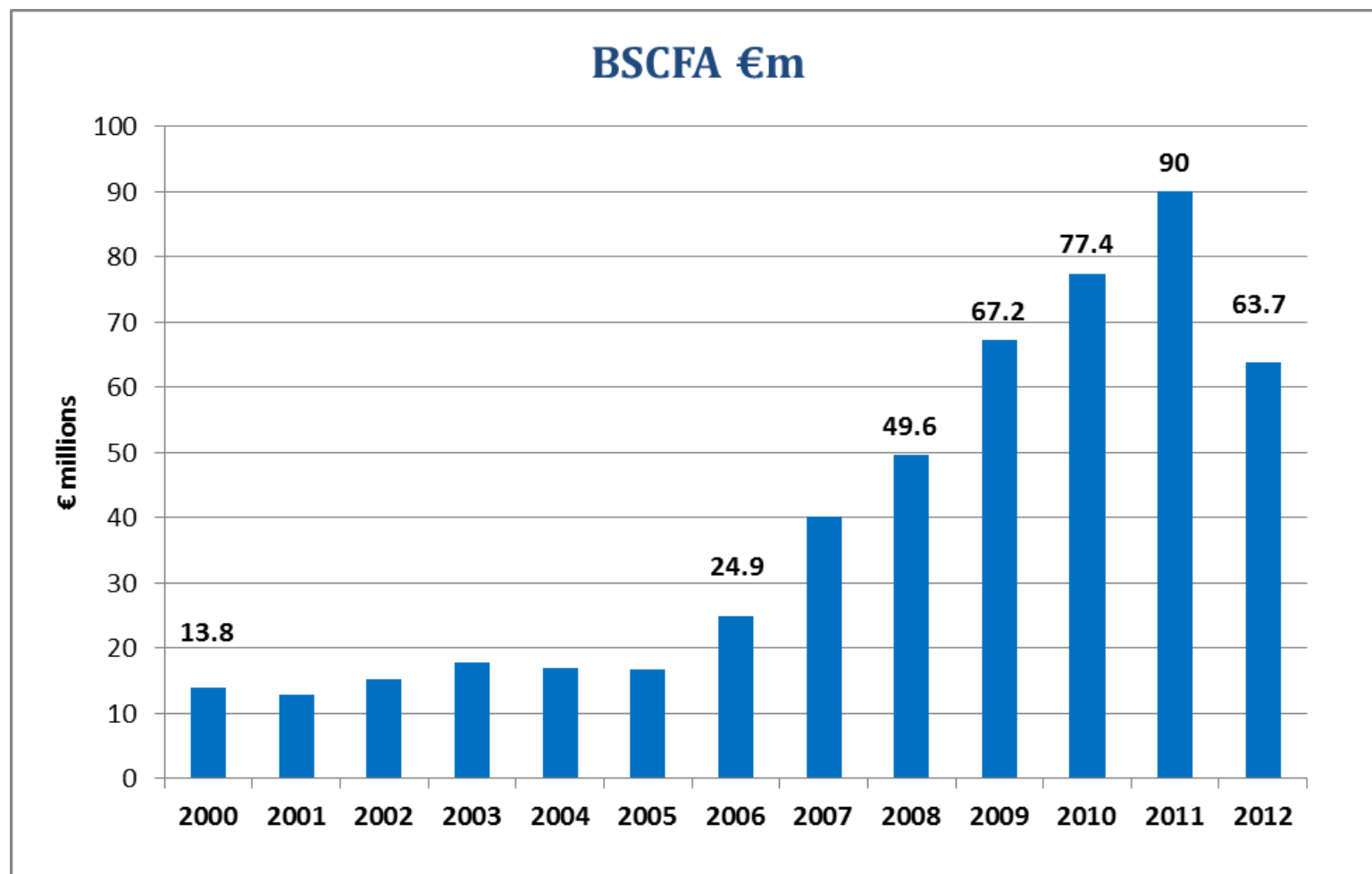
2. Child Income Supports

- Data from the report of the Advisory Group on Tax and Social Welfare (*'The Mangan Report'*)
- Expenditure on:
 - Child Benefit
 - Family Income Supplement
 - Qualified Child Increases
 - Back to School Clothing and Footwear Allowance
 - Early Childcare Supplement
 - Others...
- Note, this is for all children...

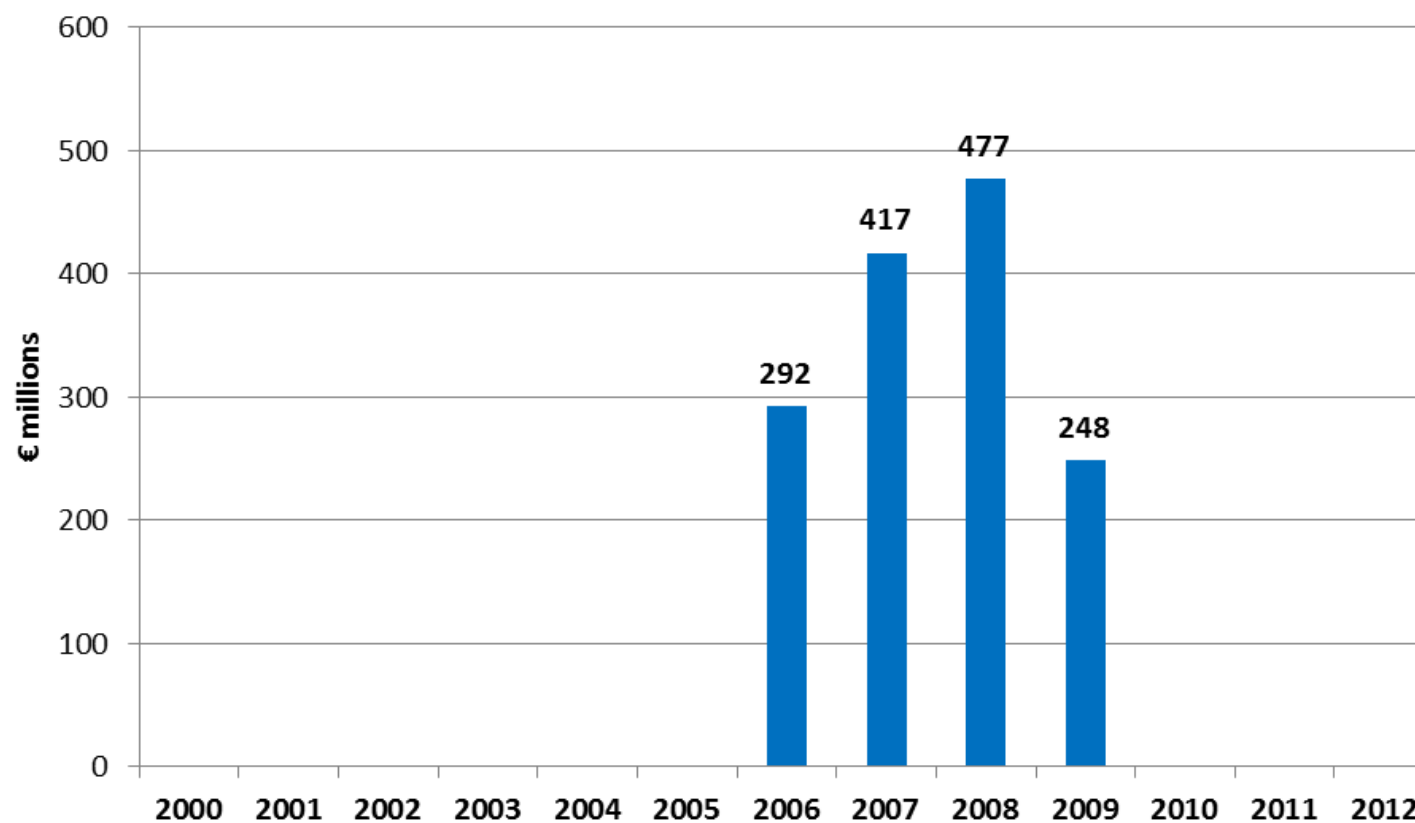


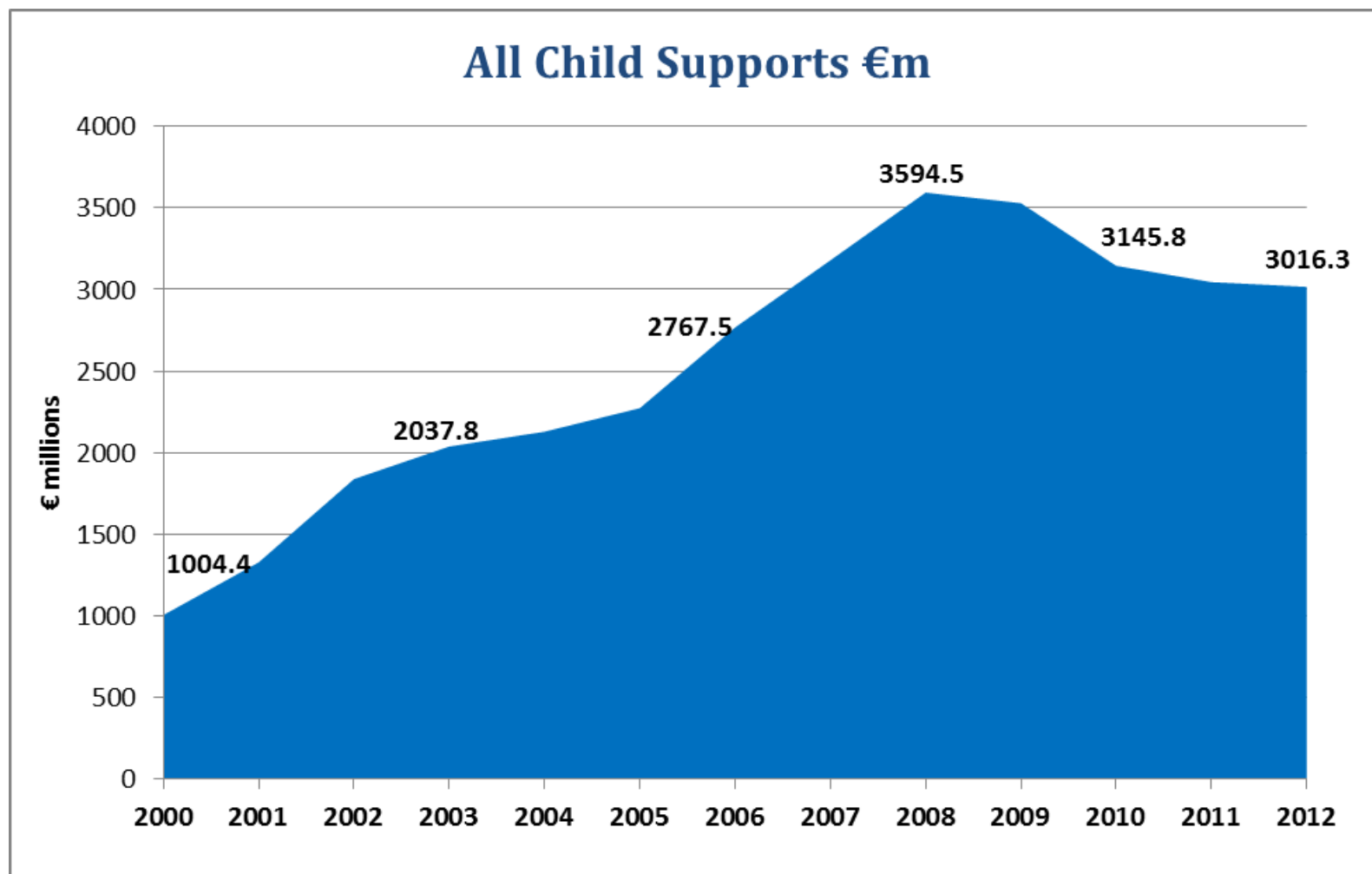






Early Childhood Supplement €m





- **Child Benefit expenditure on under 5 year olds - 2013**
 - ignores increased payment for 4th + child (eliminated from 2014)
 - using census 2011 population data

No of Children	CB payment	Total cost	% GDP
421,266	€1,560	€657.2m	0.39%

- **Child Benefit expenditure on under 12 year olds - 2013**
 - ignores increased payment for 4th + child (eliminated from 2014)
 - using census 2011 population data

No of Children	CB payment	Total cost	% GDP
860,596	€1,560	€1,343m	0.80%

- Others
- Leaving out:
 - paid maternity leave
 - the free pre-school year
 - 4 and 5 year olds in primary school
- Two points:
 - We are spending a lot already
 - Maybe an issue of the reallocation of existing funds as well as finding additional funds...probably a bit of both

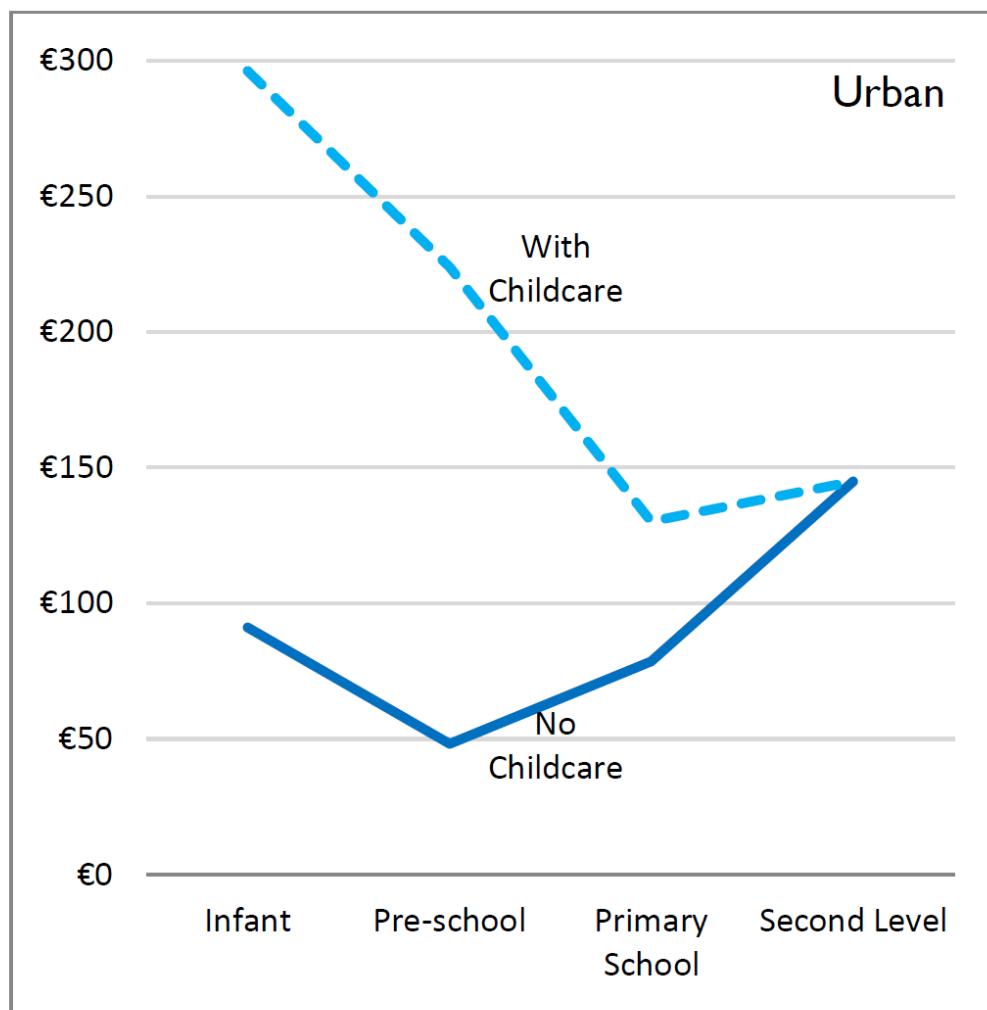
3. The Free Pre-School Year

- Introduced in 2010
- Over 60,000 children participating
 - Those between 3yrs 2 months and 4 yrs and 7 months
 - 3hrs a day, 5 days a week, over 38 weeks
- Cost of €166m per annum
- 0.1% of GDP
- Money well spent...
- Drawbacks...

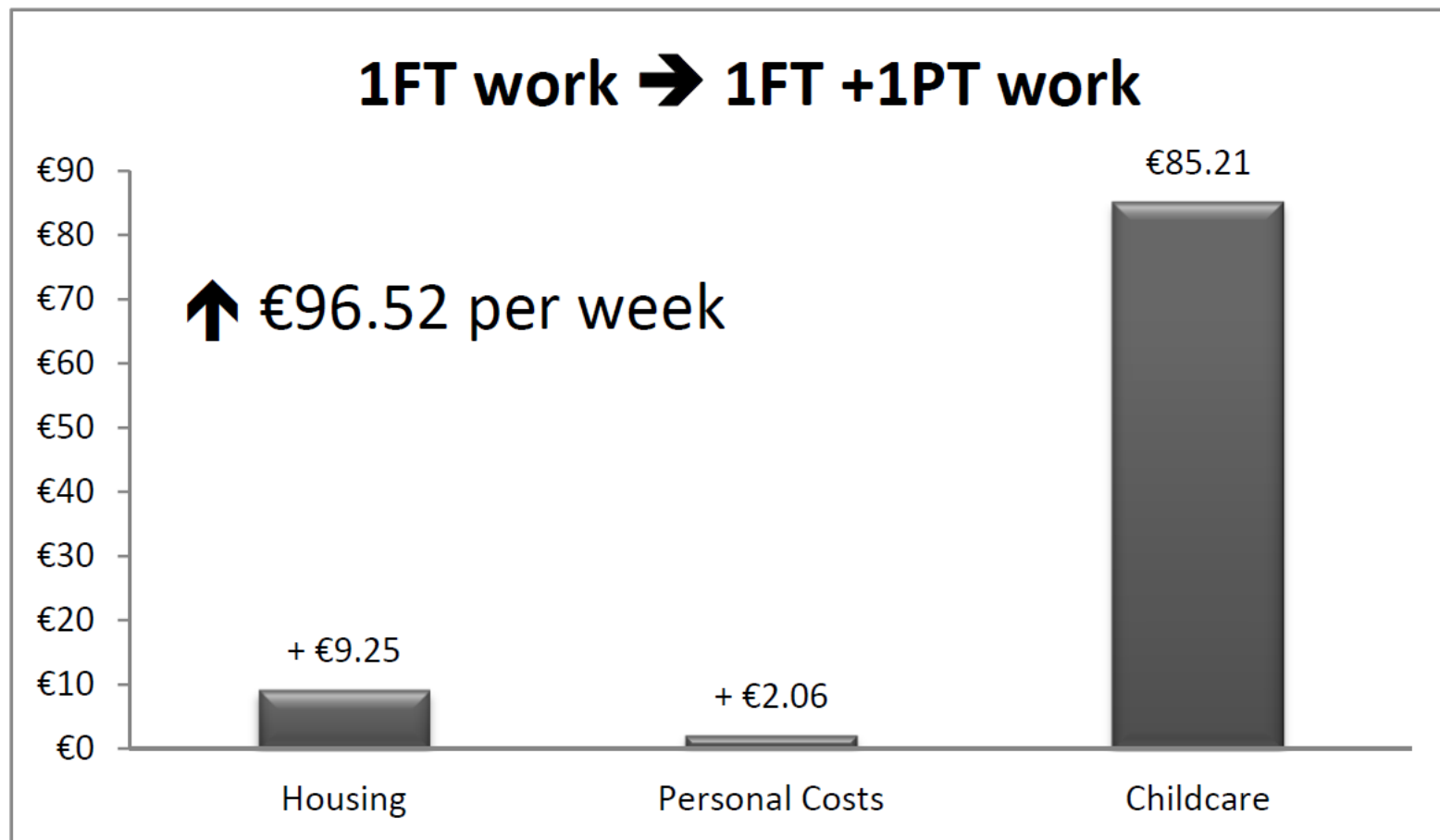
4. The Cost of a Child / Work

- Two publications of relevance from recent studies on Minimum Income Standards in Ireland
- Collins and the Vincentian Partnership for Social Justice (Mac Mahon, Weld and Thornton)
 - A Minimum Income Standard for Ireland (2012)
 - The Cost of Work (2012)
 - The Cost of a Child (2012)
- How much for a minimum and adequate standard of living...

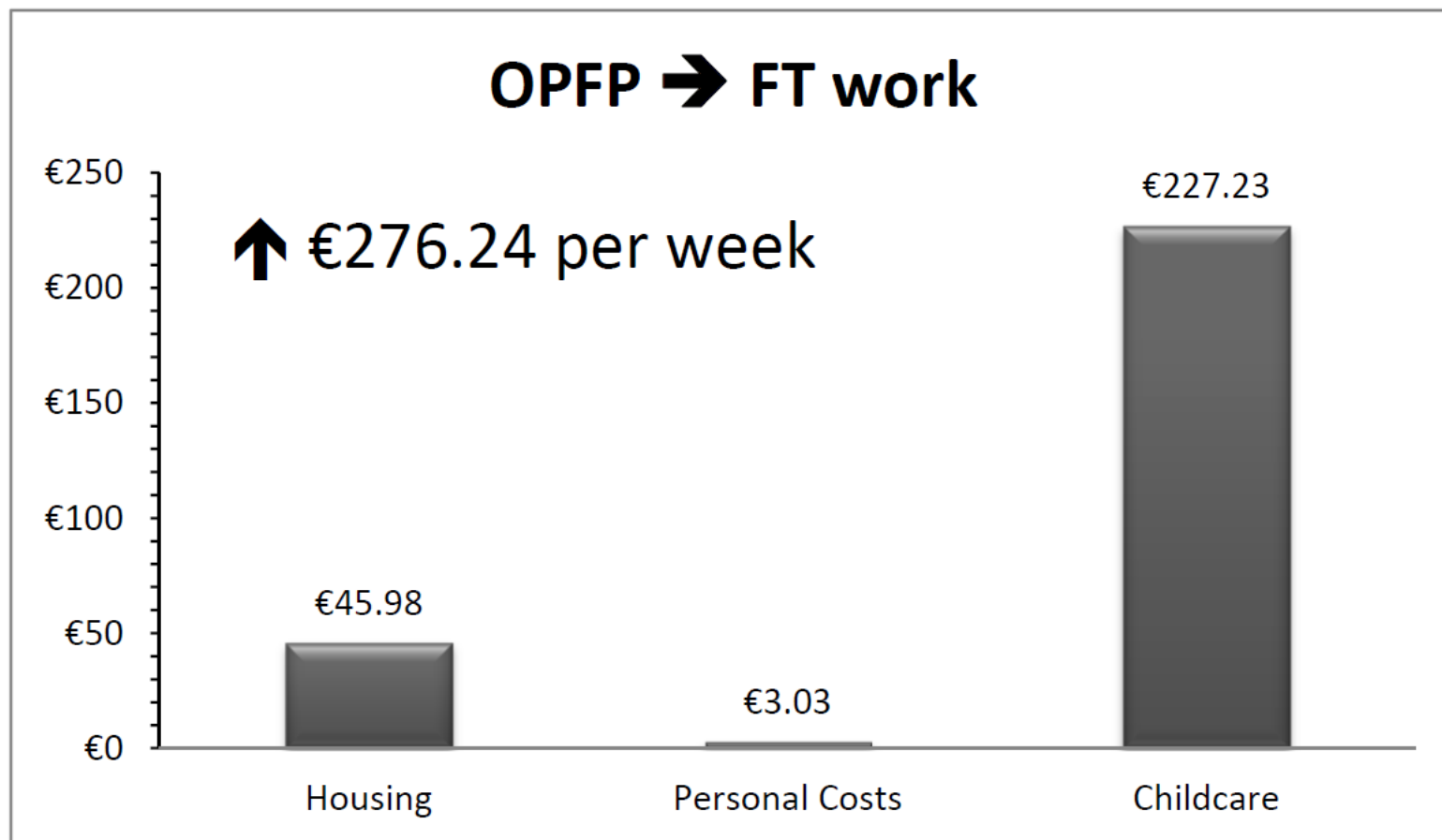
Graph I Expenditure from Infancy to Secondary school age (excluding entitlement to a medical card)



2 adult 2 child urban household



Single parent urban household (1 child)



5. Costs & Benefits of ECEC

- A number of studies on Early Childhood Education and Care
 - US, UK, France,...
- Benefits are broad:
 - more pronounced for children from disadvantaged backgrounds
 - improved literacy and numeracy
 - longer education participation
 - better labour market outcomes
 - better life outcomes
 - reduced societal costs from crime etc
 - benefits to children's parents
 - additional future tax revenues

- Putting numbers on this:
 - US studies in disadvantaged areas, cost-benefit ratio of 16:1
 - NESF (June 2005):
Early Childhood Care and Education
Cost Benefit Analysis
a return of €7.10 for every €1 spent
a return of €4.60 for every €1 spent
 - There are few such excellent investments available to us as a society

6. Paying for this Investment

- Two challenges
 - Selling the idea
 - Funding its implementation (x3)

- **Borrowing to Invest is ok**
 - 3% deficit target and investment
 - maybe we need to be able to count human capital investment as well as physical capital investment
 - why not? It pays for itself
 - ‘Investing to save’...
 - challenges, but...

- **Revenue sources**

- (i) Questions will arise in the years to come about what we do with additional tax revenue as economy recovers

- May take a few years, but it will arise
 - Tax cuts?; Reverse expenditure cuts?; something else
 - Could Children be an answer...

- (ii) Some currently needed

- We remain a low-tax economy...if we want European style social services we have to pay European style taxes...
 - Room on income taxes, capital taxes, property taxes, corporate taxes, tax expenditures...

- **Reallocation**

- See earlier, could we reverse out some of the last-decades increases in transfers to households and allocate this to the development of long-term services
- Difficult, but...

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