

Options for Investing in Early Childhood Education in Ireland

A Global Gathering for Early Childhood
Dublin, October 17th 2013

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Outline

1. Introduction
2. Current Child Income Supports
3. The Costs and Benefits of ECEC
4. Options for Investing (funding it)
5. Conclusion

Presentation draws on a forthcoming *NERI Research in Brief* entitled '*Investing in Children*' to be published in November 2013.

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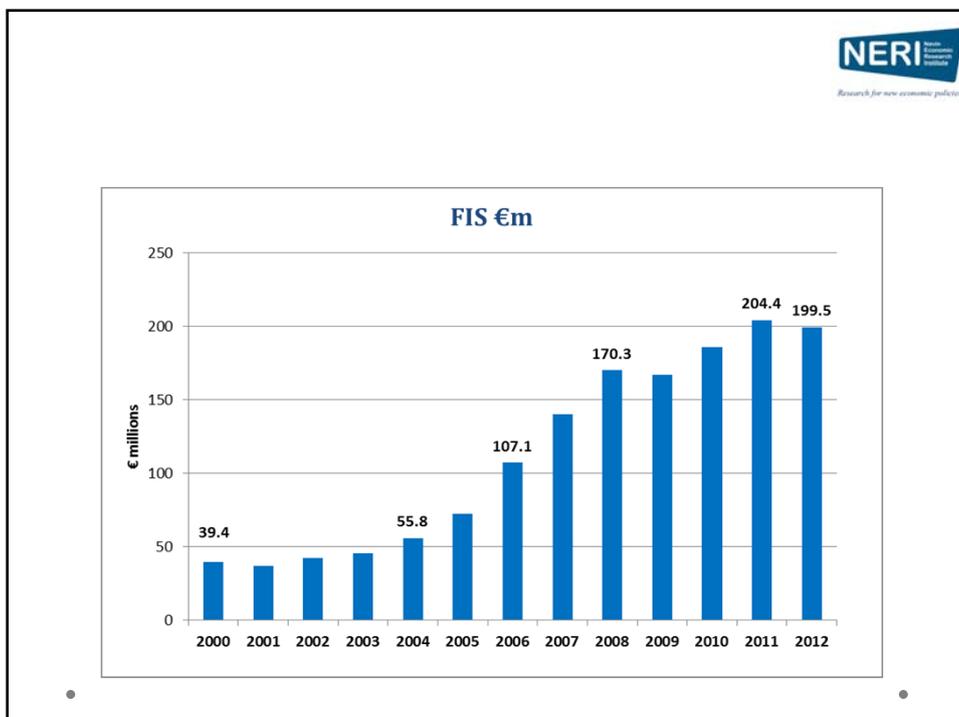
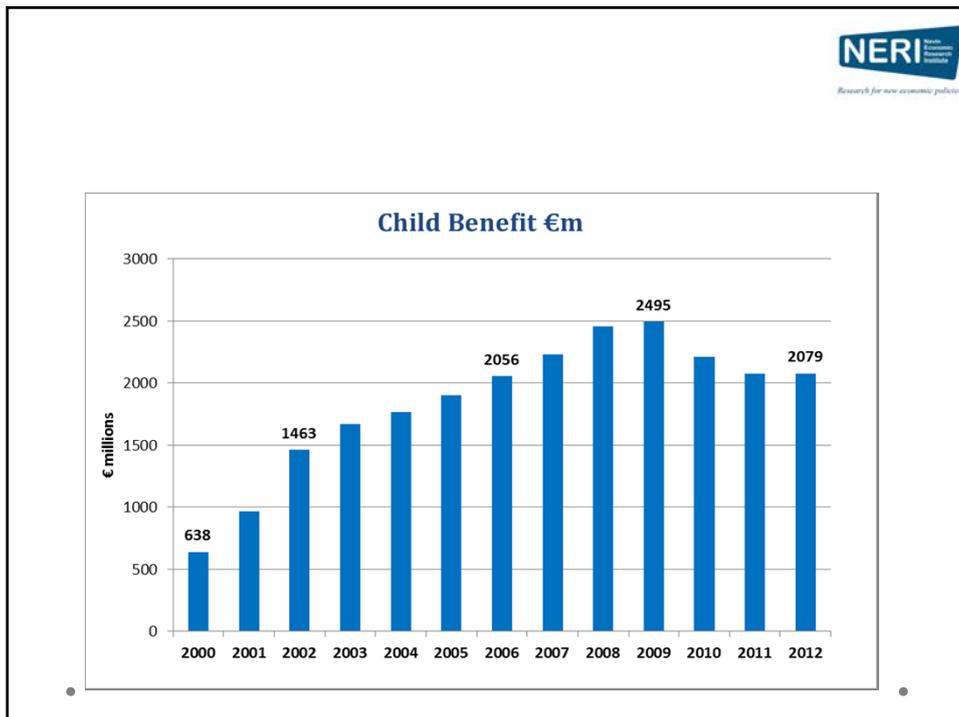
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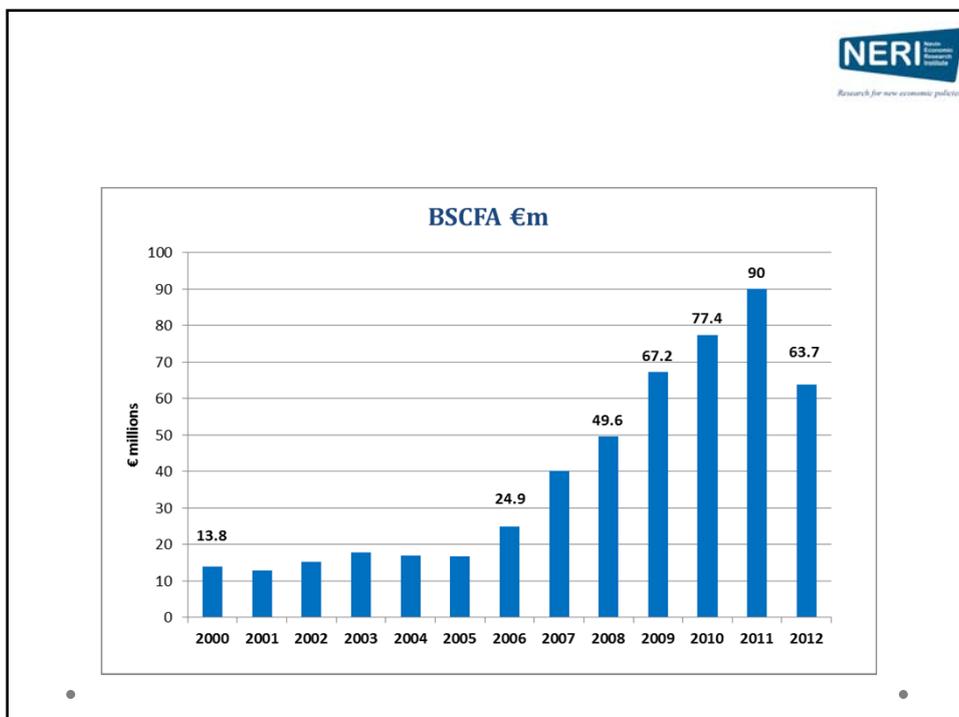
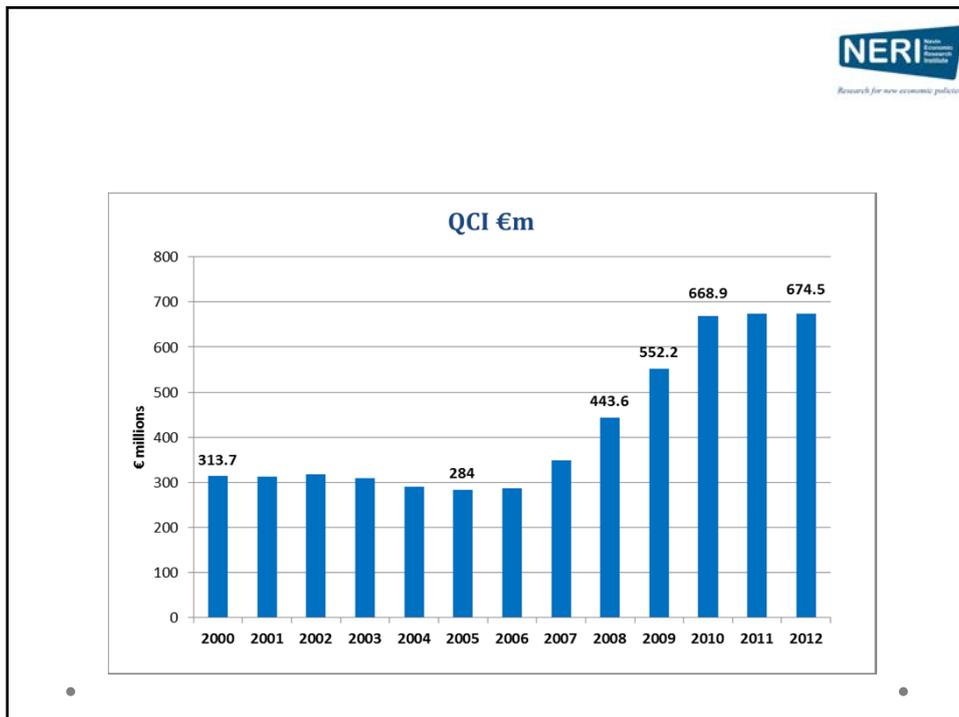
1. Introduction

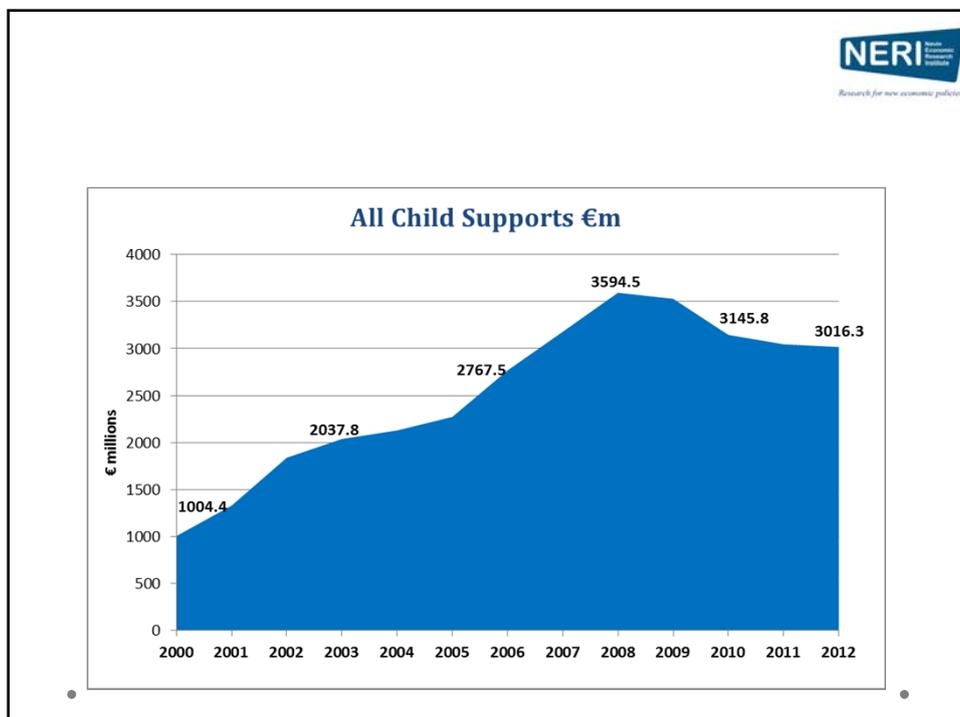
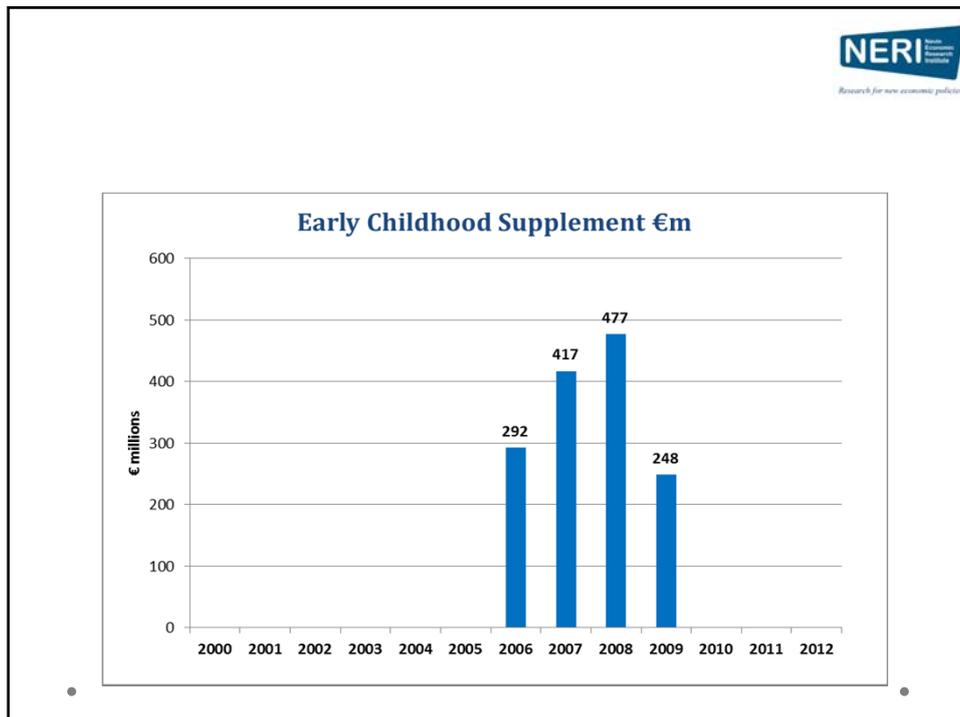
- Three contexts to this research:
 - Growing evidence that investing in children makes social and economic sense
 - Considerations of reform to exchequer expenditure on children
 - Considerations of investment options (stimulus measures) for Irish economy

2. Current Child Income Supports

- Data from the report of the Advisory Group on Tax and Social Welfare
- 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...







- **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%

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- **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%

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- Others
- Leaving out:
 - paid maternity leave
 - the free pre-school year
 - 4 and 5 year olds in primary school
- Two points:
 - 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. 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

4. Options for Investing

- **Two challenges**
 - Selling the idea
 - Funding its implementation (x4)
 - some policy pathways
- **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...

- **Parent Contributions**

- Parent will be willing to contribute
 - Does not have to be 100% state funded
 - Scandinavian precedents

- **Reallocation**

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

5. Conclusion

- The economics and public policy of ECEC
- If it was a bridge...
- Empirical evidence is convincing
- Options exist for funding this investment
- Challenging...all reform is
- But, worthwhile from a societal perspective

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