

# Scandinavian Childcare:

## Adapting to the Irish Context

EU Parliament House, Molesworth Street, Dublin 2  
March 4<sup>th</sup> 2013

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## 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?

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## 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
<b>2% GDP</b>	<b>3,775</b>	<b>3,355</b>	<b>3,482</b>	<b>3,628</b>
<b>2% GNP</b>	<b>3,244</b>	<b>2,678</b>	<b>2,756</b>	<b>2,847</b>

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**NERI**  
Research for a more innovative Ireland

## 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...

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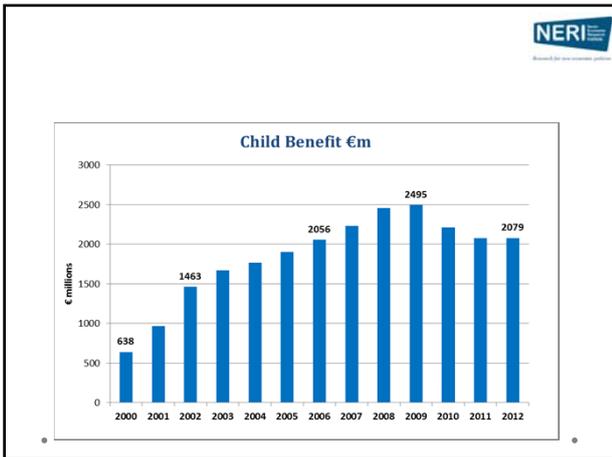
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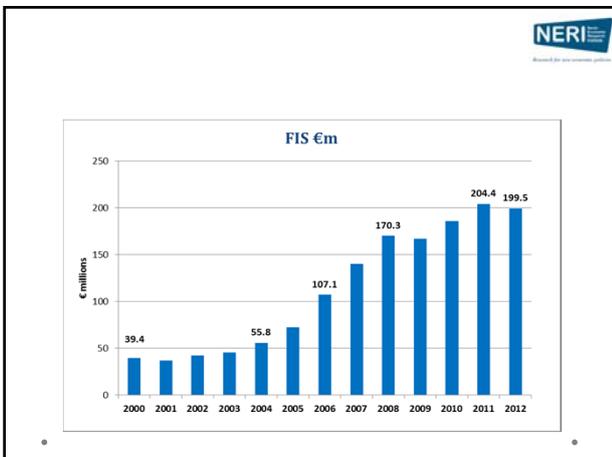
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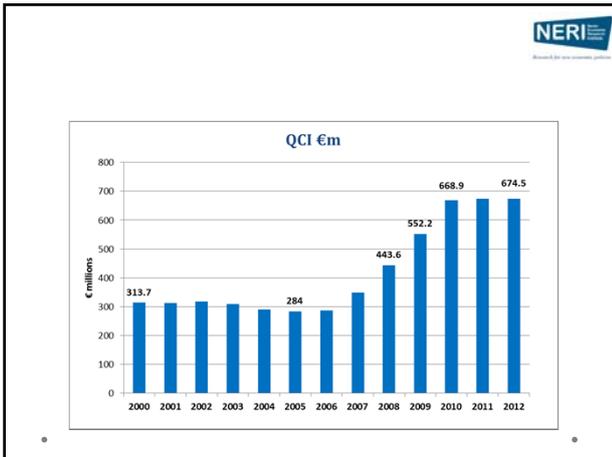
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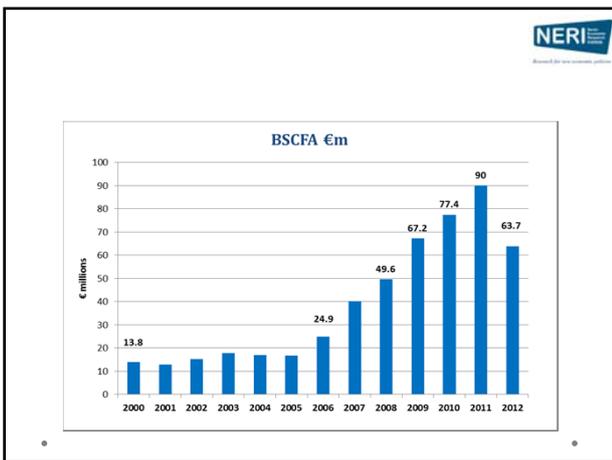
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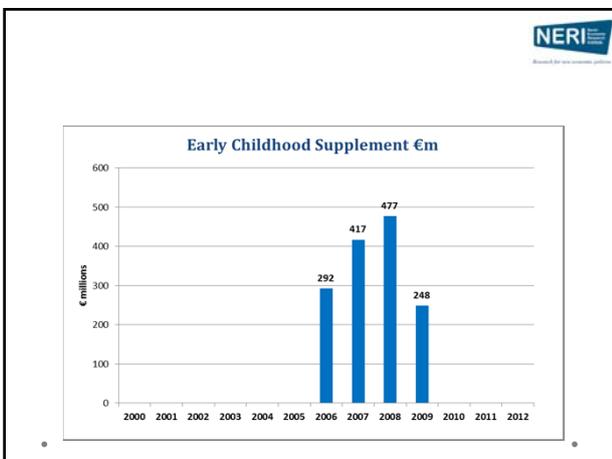
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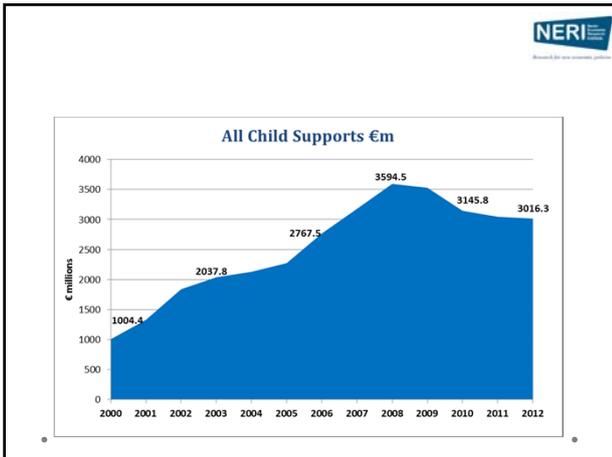
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**Child Benefit expenditure on under 5 year olds - 2013**

- ignores increased payment for 4<sup>th</sup> + 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 4<sup>th</sup> + 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:
  - 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

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### 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...

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### 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...

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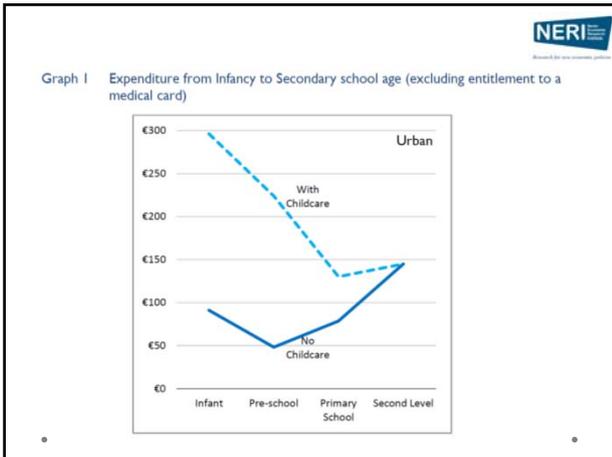
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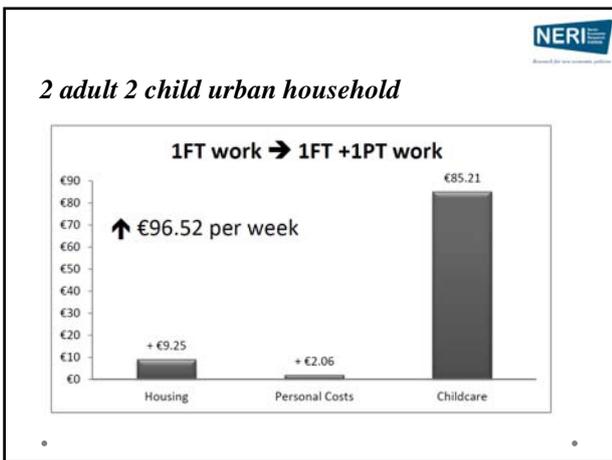
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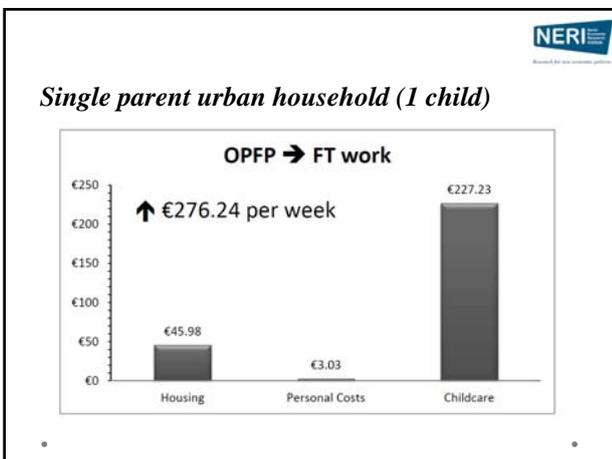
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## 5. Costs & Benefits of ECEC

- 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

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- 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

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## 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...

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- **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...

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- **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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Research for new economic policies

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