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The Affordable Childcare Scheme – parental panacea, or paradoxical ideology?

Introduction

The provision, cost, quality and accessibility of childcare ¹ has dominated social, political and economic discourse in Ireland since the late 1990s. In terms of cost, the OECD (2014) assert that a family with two children can pay between 24% and 35% of net income for a dual earner family, and 40% of the net income of a lone parent family. Within this context, the cost of childcare is a considerable barrier to employment (European Commission, 2014; Department of Children and Youth Affairs (DCYA), 2016). Against this backdrop, Minister Zappone, announced the *Affordable Childcare Scheme*, as part of Budget 2017. The scheme is premised upon the principle of progressive universalism (DCYA, 2013, 2016), comprising both a universal and a targeted element, based on net parental income. This paper which examines the recently published policy paper on the *Affordable Childcare Scheme* (DCYA, 2016), highlights the advantages for parents, while also interrogating the ideological paradox that underpins the scheme, and the concomitant consequences for childcare providers.

What is the Affordable Childcare Scheme?

The *Affordable Childcare Scheme* is a single ‘national scheme of financial support towards the cost of childcare’ (DCYA, 2016, p. 4). As such, it is the first attempt in Ireland, to introduce subsidised childcare for all children from 6 months to 15 years.

In line with current maternity, and paternity leave arrangements, a system of income related subsidies will be available to parents with children from 6 months of age (i.e., the point at which mothers generally return to work following maternity leave). Bearing in mind that the Early Childhood Care and Education (ECCE) programme entitles all children to avail of 15 hours of free pre-school per week from age 3 until they transfer to primary school, the *Affordable Childcare Scheme* should not need to support full-time childcare costs for children

¹ Although the term Early Childhood Education and Care is used within the literature, for the purposes of this paper, childcare is the term used in keeping with the Affordable Childcare Scheme policy document

from age 3 onwards, but should instead ‘wraparound’ the ECCE programme (DCYA, 2016, p. 19).

The cost and quality of afterschool care has also been highlighted as an issue in the Programme for a Partnership Government 2016, which commits to introducing ‘a new system to support and expand quality afterschool care for school age children’ (p. 78). Consequently, the *Affordable Childcare Scheme* ‘will become the vehicle for supporting the affordability of afterschool care’ (DCYA, 2016, p. 19). It will replace the four existing targeted funding programmes: Community Childcare Subvention Community and Private (CCS = €45m; CCSP = €16 m); Childcare Education and Training (CETS = €17 million); After-school Childcare (ASCC = €1.3m), and Community Employment Childcare (CEC= €6.7m). The combined €86m annual investment in these four programmes will be incorporated into the *Affordable Childcare Scheme* (Minister Katherine Zappone, 21st June, 2016), thus streamlining the application process for parents, and reducing the administrative burden for childcare providers.

The scheme is underpinned by a series of core principles (Figure 1)

Figure 1. Principles Underpinning the Affordable Childcare Scheme



It is envisaged that these principles will provide a system of progressive financial support towards the cost of childcare, where all parents are assessed on the same consistent equitable basis having regard to their ability to pay, and their need for childcare. The scheme should also support parental choice and geographic access to childcare, allowing a choice of TUSLA registered childcare provider. Finally, the scheme will be administratively clear and straightforward, with robust, clear, well-defined eligibility rules set down in primary legislation (Adapted DCYA, 2016, p. 14).

Key aspects of the Affordable Childcare Scheme

Operating on the principle that the ‘money follows the child’, the scheme will be open to all parents, not just those in receipt of social welfare payments, or training programmes, and all registered childcare providers, private, community and childminding.

It adopts a ‘supply-side’ approach to funding (DCYA, 2016, p. 22), whereby, subsidies will be paid directly to providers, who must pass on the subsidy to parent in the form of reduced childcare fees. Ultimately, this approach will support the Government to redress the childcare cost barrier to labour market participation (Ibid., p. 22).

While the primary focus will be upon targeting financial support progressively, based upon parental ability to pay, a minimum universal subsidy will be made available to all families with children aged between 6 and 36 months. As illustrated in Table 1, while the universal subsidy will not be means-tested, income thresholds will apply to the targeted element of the scheme.

Table 1: Overview of Subsidies Payable under the Affordable Childcare Scheme

Targeted Subsidies for Low Income Families	Universal Subsidy for All Families with Children under 3 years of age
Lower net income threshold €22,700 Below €22,700, parents pay 30c/hour, or €12 for a 40 hour week	Subsidy at a rate of 50c/hour payable for each hour of childcare used up to a maximum of 40 hours per
	Parents receive a maximum of €960 per year per child, or €80 per month
Higher net income threshold €47, 500 tapered subsidies	Based on full-time care (paid pro-rata)
Maximum 40 hours per week	Payable to TUSLA registered providers
Covers children from 6months to 15 years	
Payable to TUSLA registered providers	

As shown, two income thresholds will apply. Under the **base net income threshold** of €22,700, parents will qualify for the maximum hourly rate of subsidy (i.e., 30c/hour) towards the cost of childcare. A tapered subsidy will apply to incomes in excess of €22,700, up to the **maximum net income threshold** of €47,500, after which no subsidy will be payable.

Subsidies will be provided on a cost-sharing basis, i.e., a parental co-payment will apply², even where the maximum subsidy rate is payable; in this case, the parent will pay €12/week for a 40 hour week. The parental co-payment will be paid directly to the childcare provider.

Higher levels of maximum subsidy will be paid for younger children as follows: under-1s (€5.38), 1 year old (€4.60), 2 year old (€4.40), 3 – 5 year old (€4.16), and school-age (€3.96). Subsidies will be payable for up to 40 hours per week if both parents are in work, training or study (or one parent if one-parent family). If parents are not in work, training or study, subsidies will be payable for 15 hours of childcare per week.

Benefits of the Affordable Childcare Scheme for Parents

Without doubt, the *Affordable Childcare Scheme* represents a major reform of how childcare is funded in Ireland, and is a welcome development for parents who struggle with the cost of provision. Because of the universal nature of the scheme, and the principle that the money follows the child, all families can benefit. Recent investment has focused almost exclusively upon the ECCE programme. As a result, the cost of childcare for children from birth to three years has placed enormous financial pressure on working parents. Furthermore, parents requiring additional hours of childcare, for children, outside of the ECCE programme, were largely unsupported, as were those requiring after school provision, during term time, and school holiday periods.

The provisions of the scheme with regards to addressing each of these areas for parents is commendable. As mentioned, the scheme will ‘wraparound’ the ECCE programme; providing subsidies for children from 6 months to 15 years, and therefore providing much needed financial support to parents in employment. In keeping with the principle of progressive universalism, lower income families will benefit most. The generous subsidies should combat the cost of childcare as a barrier to labour market participation for these families, helping to reduce child poverty, a stated objective of the scheme, and of the programme for Government 2016.

In all cases, subsidies are payable for a maximum of 48 weeks/year taking account of the minimum statutory leave entitlement of 20 working days under the Organisation of Working Time Act, 1997. This measure seems to suggest, that parents will not be required to pay for

² An exception applies where a child is referred for a childcare subsidy by TUSLA on child welfare or family support grounds. In such cases, TUSLA will cover the cost of the parental co-payment.

childcare during periods of annual leave. While this will be a welcome relief for parents, as discussed later in this paper, it presents a considerable challenge for childcare providers who continually struggle with sustainability (Dublin City Childcare Committee (DCCC) 2015; Early Childhood Ireland (ECI) 2016; Moloney and Pettersen, 2016).

Paradoxical Ideology

In addition to ensuring that access to affordable childcare is not a barrier to labour market participation, the DCYA also propose that the *Affordable childcare scheme* will provide a strong basis for supporting the higher level objectives of

- Promoting positive child outcomes
- Narrowing the gap in attainment between more and less advantaged children by enabling all children to access high quality, affordable childcare
- Driving quality across the sector in Ireland

Thus while the DCYA highlights the need for quality childcare, it asserts that this objective ‘cannot and should not be divorced from the objective of affordability’ (2016, p.31).

Although the suggestion that subsidy levels will be linked to quality is admirable, it is apparent that the twin objectives of quality and affordability represent an ideological paradox in the context of the *Affordable Childcare Scheme*. The State may well be concerned with the quality of childcare, but in the absence of adequate financial support to childcare providers, quality and affordability will be incompatible.

In its current iteration, the *Affordable Childcare Scheme* is primarily focused upon labour market activation, as illustrated in Figures 2 and 3, which provide an overview of the frequency of key words used within the policy document relating to affordability, labour market activation/participation and quality.

Figure 2: Frequency of terms associated with affordability³

³ Counts of the use of ‘affordability’ exclude the use of the term in relation to the ‘Affordable’ childcare scheme which is used repeatedly throughout the policy document

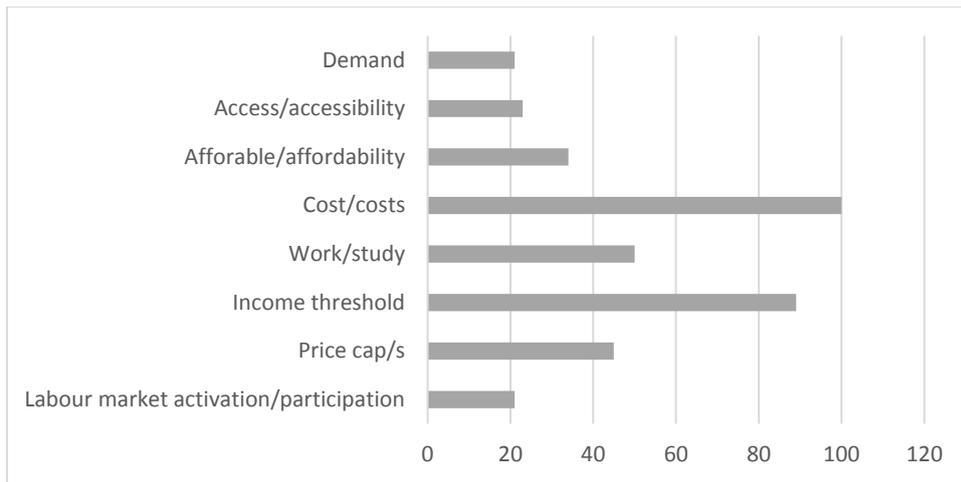
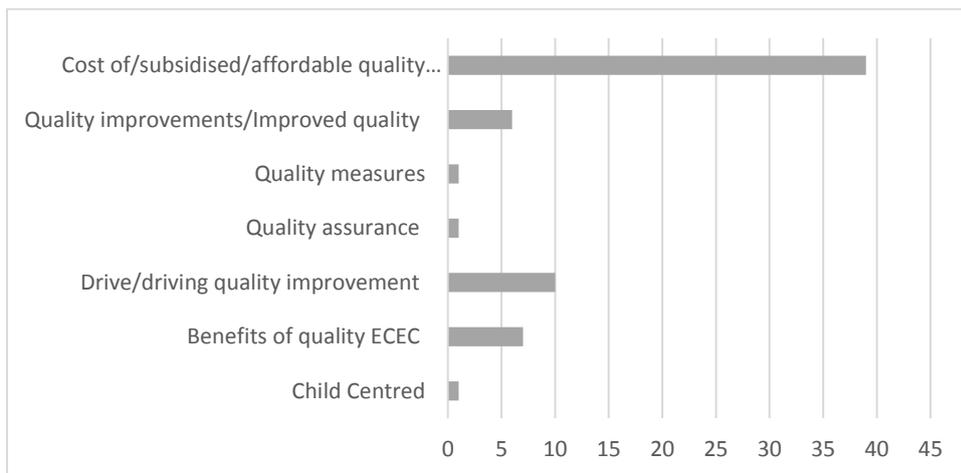


Figure 3. Frequency of Terms Associated with Quality



Although the word quality is mentioned seventy nine times throughout the policy document, interestingly, it is qualified by use of the terms ‘affordable/subsidised/cost’ no less than thirty nine times. Likewise, although the potential of the *Affordable Childcare Scheme* to ‘drive quality’ is mentioned 10 times, the concept of quality is not defined.

Regrettably, the scheme presents childcare as a service/commodity for parents, enabling them to participate in the labour market, rather than being premised upon the needs and rights of children, or the needs and rights of early childhood educators to a living wage, and appropriate terms and conditions of employment. This is best encapsulated in the following

statement (DCYA, 2016, p.26) which highlights the benefits of the scheme with regards to ‘increase[ing] the responsiveness of public funding to parents’ changing needs, and parental choice which, in turn, promotes competition between childcare providers with regard to the quality of care provided’. Similarly, while Start Strong (2014) assert that ‘competition amongst providers will drive down prices and increase quality’ (p. 30), ‘Experience in Europe does not provide any evidence that quality would increase due to competition (Melhuish, 2015, p. 16).

Quality Costs

The subsidies payable through the *Affordable Childcare Scheme*, while beneficial for parents; may in fact, worsen the financial sustainability of the childcare sector (Table 2).

Table 2. Overview of a fully subsidised place for a 1-year old child for 40 hours per week

Level of care required	Government Subsidy	Parental co-payment	Total income to setting
40 hours/week	€4.60/hour €184.00/week	30 cent/hour €12/week	€196

At first glance, the weekly income illustrated in Table 2 seems lucrative. It must be remembered however, that as the subsidy is paid for 48 weeks of the year only, settings will effectively be left without an income for four weeks. Full daycare providers pay their staff for 52 weeks of the year not 48, and therefore, any income resulting from the *Affordable Childcare Scheme* must be spread over 52 weeks. Dublin for example, has been identified as a high-cost region for childcare (DCYA, 2016) with minimum fees pitched at €900/month (Pat Kenny Tonight). Using the minimum fee of €900/month, and calculating the income shown in Table 2 over 52 weeks ($€196 \times 48 = €9408 \div 12 \text{ months (52 weeks)} = €784$) there is a substantial shortfall in funding in the sum of €116/month to the childcare provider.

On the basis of these calculations, any childcare provider currently charging more than €780/month will be placed in the impossible position of subsidising a Government funding scheme, or, reducing their fees and quality, in order to participate. Of course there is always the option of laying staff off to draw social welfare as currently happens with the ECCE

scheme (Moloney and Pettersen, 2016), or as proposed in the *Affordable Childcare Scheme* policy document, ‘services may be able to use staff more flexibly, reducing staff numbers at times of low demand (during the day, week or year) in order to maintain a high occupancy rate. The terms ‘cheap childcare’, ‘zero hour contracts’ and ‘race to the bottom’ come to mind.

In the unlikely event, that any early childhood educator will be permanently employed into the future, the question must be asked: Are they not entitled to 20 days paid annual leave in accordance with the provisions of the Working Time Act, 1997? The answer to this rhetorical question is of course yes, but who will pay? Rather than compete with each other, it is much more likely that childcare providers will be far too focussed on survival, than to think of creative ways to maximise quality and funding as proposed by the DCYA. Clearly, subsidy rates under the *Affordable Childcare Scheme* were considered in light of their implications for parental co-payments, rather than supporting and recognising the need to adequately fund the childcare sector in line with UNICEF and OECD recommendations.

In designing the scheme, the DCYA suggest that ‘children’s developmental outcomes should be first among equals when considering policy objectives, and that a child-centred approach should be adopted when designing the scheme’ (p. 14). Sadly, as indicated in Figure 3, this is the only mention of the concept ‘child-centred’ in the entire document. As mentioned previously, a higher level objective of the scheme is to: promote positive child outcomes, and to narrow the gap in attainment between more and less advantaged children. However laudable, these objectives cannot be achieved simply through accessing childcare alone. Rather, national and international literature identifies the level of staff qualifications as the best general indicator of educational outcomes and positive experiences for young children (DCYA, 2015; OECD, 2012; Nutbrown, 2012). Alongside this, the OECD (2016) assert that salary, working environment, and workload all influence an early childhood educator’s decision to enter, and remain in the profession. Consequently, in Norway, for example, statutory starting salaries for teachers, including those working in pre-primary, exceed OECD averages across all levels of education (OECD, 2016). By comparison, the salaries of early childhood educators in Ireland are abysmal, and in general, fall short of the living wage of €11.50 per hour. According to the OECD, generous core funding can ensure the recruitment of a highly professional staff who remain committed to improving children’s developmental

outcomes. Competitive wages attract a strong professional staff that is more likely to be satisfied with their jobs, perform well and make long-term career commitments leading to lower staff turn-over. Indirectly, this can improve child development outcomes (OECD, 2012).

Anecdotally, the childcare sector in Ireland is in crisis, with many providers finding it increasingly difficult to recruit, or to retain staff (Moloney and Pope, 2013; Moloney and Pettersen, 2016). Regardless of the importance of remunerating early childhood educators appropriately, staff ‘wages’ are mentioned only once in the entire *Affordable Childcare Scheme* policy document (with the exception of the appendices), and it is apparent, that the subsidies payable through the scheme will do little to drive quality, rather they will perpetuate cycles of in-employment poverty for early childhood educators.

Conclusion

From a parental perspective, the *Affordable Childcare Scheme* has much to offer, in terms of providing much needed support with childcare costs. It can therefore be regarded as radical and transformational with regards to a new way of funding childcare, moving from universal to targeted subsidies, for all parents of children from six months to 15 years. From a Government perspective, it holds the promise of addressing the childcare cost barrier to labour force participation, and by extension, to reducing child poverty. Unfortunately, from the perspective of children and childcare providers, it is underpinned by a paradoxical ideology, where affordability and quality are dichotomous concepts. Childcare is being presented as a service/commodity for parents, rather than being premised upon the needs and rights of children, or the needs and rights of early childhood educators.

In its quest to expedite labour market activation, the State has overlooked the looming crisis in the sector which is characterised by low salaries, an exodus of highly qualified staff, ubiquitous disharmony, and sustainability. Ultimately, the *Affordable childcare Scheme* may in fact worsen the crisis within the sector. It is incumbent upon the Government to reconsider the terms of the scheme, to ensure that it can achieve the twin objectives of quality and affordability, in a way that delivers high quality experiences for children, while also valuing and respecting those that work with young children. This is the only way in which the State

can drive quality, and deliver upon its commitment to create the ‘best small country in the world in which to grow up and raise a family’ (DCYA, 2014), and where early childhood leads education.

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