

Q&As – Budget changes relating to Childcare and Pre-school funding

The following information was provided by the Department of Children and Youth Affairs on Tuesday 6th December 2011.

Q: What are the changes to the pre-school year in Early Childhood Care & Education (ECCE) programme?

A: Under the programme, services are paid a capitation in respect of each child. Up to now, this has been at a weekly rate of €64.50, or €75 where the pre-school leaders hold degree level qualifications in Early Education. From **next September 2012**, these rates will be reduced by approximately 3%, to €62.50 and €73 respectively. This change will not take effect in the current pre-school year.

It is recognised that the largest cost for services is labour, and the Staff/Child ratios are governed by the Child Care (Pre-School Services) (No 2) Regulations 2006. These currently require that, where children are in the ECCE age cohort, that there should be a ratio of no more than 1:10. It has been decided to increase this ratio to increase to a maximum of 1:11, from 1st September 2012. Ratios regarding the space per child will remain unchanged.

Q: What difference will this make to the quality of the programme?

A: While the ratio of staff to children is important, it is considered that an increase of 1 child per adult, from 10 to 11, will not have an unduly significant impact on the quality of the pre-school experience. Internationally, most countries range from ratios of 1:7 to 1:15 for this age cohort, and the majority are between 1:8 and 1:12, and Ireland is therefore within that range.

Q: What about children in full daycare, where the ratios are different?

A: Currently there is a different ratio for children in the ECCE age cohort in daycare, as opposed to sessional care. For the duration of the ECCE programme session (currently 2¼ hours or 3 hours per day) the standard sessional ratios will apply. For the remainder of the day (i.e. the hours before and after the ECCE session) the normal ratio of 1:8 will continue to apply to children in daycare. The details of this change will be finalised in the context of the re-drafting of the Regulations.

Q: How will this affect the income of services?

A: Where services are in a position to accommodate additional children, their total income will rise by 6.6%. If they do not increase their child numbers and maintain their current ratios, their income will fall by between 2.7% and 3.1%.

Q: What will happen if a service cannot attract additional children?

A: In that case, the income of the service from the ECCE programme will fall by €2 per child per week.

Q: What is the overall position regarding ECCE funding next year?

A: Demographic factors mean that there is an increase of 3,000 in the number of children participating in the scheme. This requires an increase in funding for the scheme of €9.8m, even after the savings associated with the change in capitation rates.

Q: **When these changes take effect?**

A: All of them will take effect from September 2012

CETS changes

Q: **What are the changes to the Childcare Education & Training Support (CETS) programme?**

A: Under this programme, childcare is provided to certain FAS and VEC trainees by Childcare services, who in turn receive a capitation payment of €170. **From September 2012**, this capitation will be reduced to €145, and services will be allowed charge a fee of up to €25. In most cases, price competition is expected to see the fee charged to be closer to €10-15.

Q: **Might this reduce the supply of places under the programme below the required level?**

A: No, supply of places under this programme has been consistently strong, and the facility to charge up to €25 will ensure that, where supply might be tighter, or costs higher, there will still be the opportunity for services to receive the same level of income per parent.

Q: **Are there places still available under this programme?**

A: Yes. Places are capped under the programme at 2,800 and that figure was reached about a month ago, but there are people starting and finishing courses all the time, and as trainees come off courses, others replace them, and take up places under this programme. This is happening on an ongoing basis.

Q: **How much will parents have to pay for their childcare under the programme?**

A: This will vary, depending on the costs of services and the fees they normally charge of parents, and the type of place being availed of (full-day, half-day or after-school). The maximum amounts allowable are €25 for full daycare, with pro-rata reductions for half-day and after-school places, however price competition is expected to result in lower prices than this in both the commercial and the not-for-profit sectors. It is estimated that most parents will be charged around €10-15 per week for full daycare, €5-10 per week for half-day care, and around €5 per week for after school care.

The Community Childcare Subvention (CCS) programme

Q: **What is this programme?**

A: The CCS programme subsidises childcare to disadvantaged families that use community-based

not-for-profit childcare facilities. Parents in receipt of welfare payments (including Family Income Supplement) are subsidised by €100 for full daycare (although most use half-day or sessional places, which have pro-rata reduced rates of €50 and €33 respectively). Other parents who have a Medical Card or GP Visit Card receive a lower subsidy of half that rate.

Q: What are the changes to this programme?

A: There are two changes which are effective from **September 2012**. The first is a reduction in the higher capitation rate, from €100 to €95 for 5 days of full daycare (and pro-rata reductions for halfday/sessional places). The second, concerning eligibility, is that a welfare recipient will only get the full rate of subvention if they also qualify for a medical card, and if they don't they will be paid the lower rate of €50 (which has not been reduced).

In order to ensure the sustainability of the programme in the face of rising costs this year, it has also become necessary to cap the level of grant aid to services, over the period from September 2011-August 2012, at the levels generated by the annual return in October. This will mean that the option of making a second return, mid-year, will not be made available to services in 2012. As a result, parents who take up additional places in these services will only be able to avail of subvented places where other subvented parents leave the service. The data concerning the eligibility of parents in the 2011/2 annual return was received very recently from the Department of Social Protection, and is currently being processed, and services will be informed of their grant levels shortly.

Q: Who would receive a welfare payment but not a medical card?

A: Most welfare recipients in the programme have obtained their payments via a means-tested benefit (e.g. One-parent Family Payment). However others would have qualified as a result of a PRSI based entitlement, e.g. Widowers Pension. Such people will still receive the higher rate of payment if they have satisfied a Medical Card means test, but if do not (e.g. due to the level of their salary), they will receive the lower rate of subvention (€50 per week) from September 2012.

Q: How much extra will most parents have to pay?

A: Most parents do not avail of childcare in these services, and most parents who require childcare for work would not qualify for subvention under this programme.

Of the parents availing of support under this programme, only a minority avail of full daycare (as they are not in full-time employment), and most of them use sessional, half-day or after-school places, often for less than 5 days per week. This means that the reduction in the higher capitation rate will result in an average additional cost of about €2.20 per child per week, effective from 1st September 2012.

Those parents who will only qualify for the lower rate of subvention as a result of not satisfying the Medical Card means test will see an increase of up to €50 in their childcare costs (if they avail of full daycare, 5 days per week), but their childcare fees will remain, on average, at about €100-110 per week (as a result of the remaining €50 weekly subsidy), which is still well below what can be found in the commercial sector.