

# **AN EQUAL START?**

Providing quality early education and  
care for disadvantaged children

Edited by Ludovica Gambaro, Kitty Stewart  
and Jane Waldfogel



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# Introduction

*Ludovica Gambero, Kitty Stewart and Jane Waldfogel*

In recent decades, the provision of early childhood education and care (ECEC) has risen up the policy agenda right across the globe. One central driving force has been the increasing labour force participation of women, which has created a growing demand for childcare services for preschool age children. Governments have encouraged and subsidised these services for a number of reasons. Concerns about child poverty have figured prominently in countries such as the UK, while the need to tackle social exclusion among immigrant groups has been a factor in many continental European countries. Demographic change has also been important. Rising rates of lone parenthood have created fiscal pressure in countries where the state has traditionally stepped in in the absence of a male breadwinner. In some countries, for example Germany, the policy goal of facilitating work–family balance has been coupled with that of promoting fertility rates.

At the same time, there has been growing interest in the value of early education from a child development perspective. Research has increasingly underlined the importance of what happens in a child's early years for their later life chances (for a review, see Almond and Currie, 2011). Evidence from a wide range of countries indicates that children who have had exposure to preschool education do better at school, and that the benefits are long lasting (Heckman et al, 2010; Ruhm and Waldfogel, 2012).

Two points in particular emerge clearly from the research into the impact of ECEC. The first is the importance of quality: children stand to gain much more where the quality of provision is higher (Shonkoff and Phillips, 2000; Blau, 2001; Baker and Milligan, 2008; Sylva et al, 2011). What is understood by quality can vary between (and within) countries but broadly, children appear to do best in settings in which adults interact with children in a responsive, sensitive and stimulating way. If care is low quality the expected benefits do not materialise, and some provision may even be damaging to children's prospects. Thus, while at its best childcare is far more than just somewhere to park children while parents are working, not all settings will promote

children's cognitive, social and emotional development: *what happens* in a setting is crucial.

The second point is that ECEC appears to make the most difference to children from disadvantaged backgrounds (Ruhm and Waldfogel, 2012). There are a number of possible reasons for this. Children from higher income backgrounds are more likely to have access to books and educational toys at home, and more likely to be taken on trips to museums and parks which widen their horizons and stimulate their thinking; the added value of attending an early education setting will be greater for children who do not already enjoy these benefits. Many children from immigrant families will speak a different language with their parents, so early education gives them exposure to the national language before they start school. Other children may hear only a limited range of vocabulary at home, may live in cramped conditions with less space to run or play physical games, or may have parents whose attention is distracted by younger siblings or financial pressures.

Thus while childcare provision makes it possible for parents – or more particularly mothers – to go out and work in the paid labour market, children themselves can gain from high-quality early education and care. In principle, this looks like a win-win situation: high-quality care can help tackle income poverty in the short term (and gender inequality in the medium term) while improving children's life chances by preparing them for future learning.

However, *delivering* on this potential 'double dividend' poses clear challenges. Most significantly, high-quality provision is expensive. In the context of scarce resources, the policy goal of making ECEC more universally available is often prioritised over improving quality (Kamerman and Kahn, 2001; West, 2006). But focusing predominantly on ensuring availability and affordability is not adequate if we are interested in fostering child development.

This book brings together eight country studies and examines the issues governments face when they try to expand early childhood provision and make sure that it is an equitable and high-quality service. Our starting point was the UK, where investment in services for young children over the last 15 years has gone a long way towards improving both the accessibility and the quality of early years provision, but continuing challenges remain. Our idea for this comparative volume grew from a belief that the experience of a diverse set of countries would offer new perspectives on how these challenges might be addressed.

Of course, systems of provision and the policies underpinning them vary substantially across countries. Some countries, for example France,



have a strong nursery education tradition and offer a school-based service to all children age three and above, while providing parents with generous and universal childcare subsidies for younger children (Martin, 2010). In the Nordic countries, on the other hand, services for children under school age have developed since the 1960s, albeit at varying speeds, and are rooted in the pedagogical tradition, with hardly any distinction between children of different age groups (Leira, 2002). By contrast, English-speaking countries have been historically characterised by low levels of ECEC and by a more marginal role for the state, with perhaps the exception of Australia (O'Connor et al, 1999; Brennan, 2002).

However, despite different starting points, all governments are confronted with the pressure of providing early education and care and face dilemmas regarding the policy instruments to be used to achieve this goal. This book explores how services are organised and how policies are designed in different countries. The aim is not that of favouring 'fast policy transfer'; rather, the idea underpinning the book can be described as 'contextualised policy learning' (Mahon, 2006), whereby attention is given to how policies work on the ground and to the contexts in which they are embedded. We asked each of our authors to address the same question: How does your country ensure access to high-quality early childhood education and care for disadvantaged children? Their answers are rich in policy detail and empirical evidence, and offer new ideas and insights – although, as often as not, they highlight common policy challenges rather than identifying clear solutions.

The rest of this introductory chapter takes the following structure. We begin by discussing current evidence on the impact of early education and care for children's outcomes. We then turn to explore the purpose of this book in more detail. We discuss our rationale for choosing the eight countries and consider some broad similarities and differences between them, drawing on international data. Finally, we provide a brief overview of each of the country chapters, highlighting the key policy issues that arise in each one.

## **Why does it matter? What we know about early education and care and children's outcomes**

A growing body of evidence points to the importance of ECEC for child development, and hence its potential impact on longer-term educational, employment and wider social outcomes. Initially, such evidence came from US evaluations of small-scale trials, including the

Perry Preschool project, which provided high-quality early childhood education to a randomly selected group of disadvantaged children in Michigan. Studies which have followed the Perry children into their forties have found long-term gains attached to enrolment in the programme, including improvements in educational attainment, employment and earnings, as well as social benefits such as reduced criminal activity (see, for example, Karoly et al, 2005; Heckman et al, 2010). Waldfogel (2006) discusses evaluations of other similar experimental programmes, all of which point to substantial gains in cognitive achievement.

These evaluations have been influential, despite small sample sizes, because the randomised project design allows us to be confident that identified effects are causal and do not simply reflect hidden differences between families, such as differing parental attitudes to education. However, while they offer solid guidance for the impacts of small, high-quality interventions on very disadvantaged children, they are less helpful in relation to universal or large-scale programmes (Baker, 2011). In this respect, evidence from European countries is illuminating. This strand of research has made use of regional variations in service provision, birthday cut-offs or rigorous econometric techniques to get close to identifying causal effects in the absence of randomised design (see Ruhm and Waldfogel, 2012 for a review). For example, studies in France, Norway and Denmark have exploited variation in local provision to examine the effects of the expansion of universal preschool programmes during the 1960s and 1970s, and found positive benefits for attainment and later labour market participation (Havnes and Mogstad, 2011; Bingley and Westergaard-Nielsen, 2012; Dumas and Lefranc, 2012). More recently, universal prekindergarten programmes have been implemented in a number of US states, and the related research points to positive short-term effects on children's literacy and maths scores and on socio-emotional development (Gormley et al, 2005, 2008; Magnuson et al, 2007a, 2007b; Wong et al, 2008).

In England, the best available evidence comes from an observational study, the Effective Provision of Preschool Education (EPPE) project, which observed children in a range of different preschool settings in 1997 and tracked their progress on into compulsory schooling. Children who had attended preschool had higher levels of cognitive and social-behavioural outcomes on entry to primary school than children who had not (Sylva et al, 2004). Follow up studies found that positive effects were still apparent at the end of primary school (Sylva et al, 2008). Higher quality preschool continued to predict maths, science and social-behavioural outcomes at age 14 (Sylva et al, 2012b).

Analysis of the Organisation for Economic Co-operation and Development's (OECD) education survey, the Programme for International Student Assessment (PISA), also indicates that early education can have lasting effects. In nearly all OECD countries, 15 year-olds who had attended pre-primary education outperformed those who had not: even after controlling for socioeconomic background, a year of preschool was associated with a test score improvement of 33 points, close to the 39 points linked to a year of formal schooling (OECD, 2011a). Using these same data, Mostafa and Green (2012) estimate that if Sweden and the UK had had universal preschool programmes in place in the early 1990s, Sweden would be seven places higher up the OECD league table in PISA 2009, and the UK twelve places higher up.

Aside from the generally positive impact of early education on later outcomes, two further findings emerge clearly from the research in this field. The first is that the quality of provision matters; not all formal provision is alike. Studies that assess both the quality of provision and children's outcomes are relatively rare, and the available evidence is largely observational, but findings are very consistent: children make more progress in settings with high 'process quality', meaning settings where interactions between adults and children are warm and responsive. This is in turn associated with particular structural features, most notably staff qualifications and child-to-staff ratios (see, for example, Ruopp et al, 1979 for a rare example of experimental research in this area, and literature reviews in Shonkoff and Phillips, 2000; Vandell and Wolfe, 2000; Blau, 2001).

The OECD PISA analysis finds the strongest association between preschool education and later test scores in countries that have invested to improve the quality of provision (OECD, 2011a), while in England the EPPE results also underline the importance of quality. The study rated the quality of provision using the Early Childhood Environment Rating Scale (ECERS), which includes observation of classroom practice and interactions between staff and children. Higher quality was found to be strongly associated with more highly qualified staff, and with the presence of trained teachers in particular. The effect of preschool experience on outcomes at entry to school was greater where the quality of early education had been higher. By age 11, attendance at a low-quality preschool setting carried almost no benefits in comparison to non-attendance; and by 14, only the highest quality settings appeared to have left a mark (Sylva et al, 2011, 2012b).

There is also evidence that low-quality provision can have a negative impact. In Canada, studies examining a childcare subsidy programme

that led to big increases in the use of non-parental childcare found significant negative effects on socio-emotional outcomes, health, and the vocabulary of young children. Researchers attributed these effects in part to declines in parental health and relationship quality (in turn linked to more hostile, less consistent parenting), and in part to the fact that most of the childcare taken up was informal and of poor quality (Baker and Milligan, 2008; Lefebvre et al, 2011).

The second clear finding is that gains are largest for children from low income or immigrant households, and for those with less educated parents. Indeed, in many studies the positive effects are confined to these groups (Ruhm and Waldfogel, 2012). In England, the EPPE study finds a stronger effect of high-quality preschool on children from disadvantaged backgrounds (Sylva et al, 2011, 2012a). In the US, studies of prekindergarten and kindergarten expansion find larger effects for families with low levels of education, low income, immigrant or non-English speaking backgrounds, and families from disadvantaged neighbourhoods (Gormley et al, 2005, 2008; Magnuson et al, 2007a; Figlio and Roth, 2009; Fitzpatrick, 2010; Dhuey, 2011). The studies cited earlier of preschool expansion in Denmark, France and Norway all find stronger effects for disadvantaged children, in particular the children of less educated mothers in both Denmark and Norway (Havnes and Mogstad, 2011; Bingley and Westergaard-Nielsen, 2012; Dumas and Lefranc, 2012). Studies by Spiess et al (2003) for Germany and Fredriksson et al (2010) for Sweden find that preschool attendance closes gaps in attainment at age 12 or 13 between children of immigrants and children with native-born parents.

One question on which research is less clear, however, concerns the benefits of ECEC for *younger* children – those under three years old. Most of the research cited so far focuses on preschool programmes for children aged three, four and five. There is less research into the impact of formal provision for under threes. A wide range of literature looks at the impact of maternal employment during a child's first year and is fairly consistent in identifying negative effects for health, cognitive and socio-behavioural development, especially where mothers work full time, although the effects vary by the quality of alternative care provided, by the quality of maternal care, and also by the extent to which employment leads to increases in income (see the discussion in Waldfogel, 2006).

Studies of maternal employment at ages one and two generally find either positive or neutral effects for children's cognitive outcomes, although long hours of group care have been linked to negative social and behavioural outcomes, particularly for boys, and again the quality

of provision seems important (see Langlois and Liben, 2003; Waldfogel, 2006). These findings suggest that some exposure to high-quality group ECEC provision, perhaps part time, might have a positive impact on child development for one and two year-olds, as it does for older children, but research that has focused specifically on this question, largely for two year-olds, has been inconclusive. For France, Goux and Maurin (2010) (making use of regional variation in availability) find that enrolment in nursery school at age two rather than three shows no significant relation to later school achievement, while an observational study by Caille (2001) finds only slightly less likelihood of children being held back a class in their later schooling if they started attending at age two rather than three, although results are larger for children of immigrants. For England, Sylva et al (2012a) find very little medium-term advantage associated with starting preschool at age two rather than three. On the other hand, in Germany, Felfe and Lalive (2011) find that centre-based care for nought to three year-olds is associated with small developmental benefits for the average child and larger and lasting benefits for children from lower income families.

So while there is strong evidence that preschool attendance is beneficial once children reach three, it is less clear that we should worry about access to group settings before that point. On the other hand, just as for older children, there is good evidence that where children do attend, the *quality* of provision makes a significant difference to outcomes. And, in practice, in all the countries in our study, use of formal provision for the under threes is rising as maternal employment increases. So making formal services for babies and infants both accessible and high quality is an increasing priority for policy.

## **The purpose and scope of this book**

The literature reviewed so far offers solid evidence that investing in high-quality ECEC can have positive returns for child development as well as facilitating female labour force participation, but it provides little guidance on *how* to deliver such services. This kind of analysis – focused on the ways government can intervene – has been carried out chiefly by the OECD, particularly an influential review, *Starting Strong*, which offered a detailed analysis of countries' different institutional arrangements and the common policy issues that emerge in relation to early education and care (OECD, 2001, 2006). Our approach in this book is similar to that in *Starting Strong*, providing an updated account for the eight countries we cover. However, we look at policy through a particular lens, focusing specifically on the extent to which policies

in different countries enable disadvantaged children to receive high-quality provision.

Our examination of policy distinguishes between three main policy tools: provision (who directly provides early education and care?), regulation and funding. In all the countries included in the book, early education and care is delivered, albeit to a varying extent, by a mixed economy of providers, with providers from the state sector, the voluntary sector and often also the private for-profit sector operating alongside one another. The existence of a mixed economy is important and interesting for a number of reasons. For one thing, who the providers are determines the *nature* of the services available: in several countries staff qualifications, ethos and opening hours vary sharply between sectors. A variety of providers may offer parents the possibility of choosing the service that best fits their needs. But it can also lead to fragmentation, where children are segregated or enjoy little continuity, moving from one provider to another depending on their age, the time of year, or even the time of day.

Second, the presence of a variety of providers makes the state's role more complicated. Where government provides services directly (as in most compulsory education systems), questions of how much to spend, how to spend it, and how to improve and monitor quality remain. But when voluntary or for-profit providers are involved, influencing the cost and quality of services becomes more challenging. The government has two broad policy mechanisms – funding and regulation. How best to deploy them to deliver on the dual goals of child development and adequate childcare for working parents leads to numerous policy dilemmas. For example, should governments focus regulation on quality or should they also attempt to control prices? Are high regulatory standards for all settings necessary or should governments allow the market to operate freely, with parents choosing the standard of care they prefer for their children? If the latter, how can they ensure that children from lower income families are not priced out of better quality options? Can governments encourage or incentivise quality improvements without mandating them? And if the state is subsidising for-profit providers, how can we be sure the funding goes towards improving quality and not boosting profits?

These are the challenges we set out to examine in this book. Our goal was to learn from the experience of a range of countries grappling with these issues. To achieve this we aimed to bring together detailed discussion of the 'nuts and bolts' of policy with empirical evidence on the extent to which children from disadvantaged families do in fact access early education and care services, and on the quality of the

provision they receive. Empirical evidence of this kind is not always easily available. Because governments have turned their attention to the issue relatively recently, and because administrative responsibility has traditionally been split across departments, official statistics are often patchy and rarely contain information specific to disadvantaged children. Better data collection is indeed an OECD recommendation in this field (OECD, 2006, 2011c). Notwithstanding these challenges, the authors of each of our country chapters have managed to shed light on how successfully national policies operate in practice for disadvantaged children, by retrieving information from a variety of sources, including up-to-date government or research reports, and in some cases by carrying out new analysis on recent data.

The advantage of comparative international research is that it enables us to examine a wider variety of policies and systems of provision. But it also poses some formidable challenges. First and foremost, early education and care arrangements are deeply embedded in national socioeconomic systems, cultural values and norms. This is a point that comparative scholars have amply explored, touching on different aspects of service provision (for example, Michel and Mahon, 2002; Cameron and Moss, 2007; Kremer, 2007; Leira and Saraceno, 2008; Scheiwe and Willekens, 2009). Early education and care reflect different responses to the question of how far the state should support families in their dual role of providing for children financially and caring for them (Gornick and Meyers, 2003; Lewis, 2006; Saraceno, 2011). They also reflect national variations in the organisation of the school system (Moss and Penn, 1996; Scheiwe and Willekens, 2009). More generally, countries' different approaches relate to national specific norms and practices concerning the primacy of market forces in the allocation of services and resources (O'Connor et al, 1999). In short, national differences in the organisation of children's care and education are deeply rooted in different historical developments and reflect the wider set of relations between families, the market and the state.

While our focus in this book is firmly on current policy developments, each country case is introduced with reference to its specific historical trajectory. But it should be clear that our objective is not so much to understand the *causes* of national differences. Rather, our interest lies in exploring what *consequences* such different arrangements have for children, and for disadvantaged children in particular. In that respect, the contextual differences across countries become less salient. Furthermore, while we pay attention to different policy levers – provision, funding and regulation – we also consider how the *combination* of policy choices affect disadvantaged children.

Thus, we maintain throughout the book a focus on the possible tensions or synergies across various policies within each country, so that our attention to policy details does not lead to discussing individual features in isolation from the context in which they emerge.

The second challenge of bringing together the experience of different countries relates to the understanding of quality. The problem is twofold – not only does quality mean something different in each country, it is also a broad concept, which encompasses different dimensions. Yet, while we acknowledge that there is no single quality metric, our view is that some features are indispensable for services to be responsive to children’s needs and able to foster their development. These features include sufficient resources and standards to ensure that children are safe, that staff are adequately paid and trained, and that the types of practices that take place in settings have high pedagogical value. Although these conditions seem quite obvious they are not achieved in several countries; and where they are, they are greatly facilitated by existing policy arrangements.

Other aspects of quality matter too. For example, in France an important aspect of quality is a sufficient social mix within individual nurseries, which resonates with the idea that early childhood services should contribute to social cohesion. Likewise, continuity of arrangements is relevant in some contexts but not others, and is explored where appropriate.

The final challenge we face relates to the definition of disadvantage. The position and the characteristics of disadvantaged children vary markedly across the countries considered here. For one thing, levels of inequality and poverty vary significantly across the countries considered, as we will illustrate later. Furthermore, not all aspects of disadvantage are salient in each country. Income is an important dimension, and one that most of the authors look at, but other dimensions matter too. Immigration status is a key factor in some of the countries examined, notably in Germany, Norway and the Netherlands. The position of Māori and Aboriginal children is discussed in the chapters on New Zealand and Australia. Thus, disadvantage is defined *within* each chapter in order to be relevant to the specific national context. One gap, however, is the important theme of disability, missing mainly for reasons of space. Disability is far from a homogenous category: children with certain disabilities may be well accommodated by a specific system of services while others may not. A meaningful discussion would have required authors to delve into these issues, and space was simply not adequate. However, the book offers a useful starting point for investigating this theme. Lack of subsidies and weak regulatory



systems serve all children poorly, but particularly those with additional needs.

## **The countries**

Our comparative study includes eight countries: Australia, France, Germany, the Netherlands, New Zealand, Norway, the UK and the US. We had three main criteria driving our choice of case studies. First, we restricted ourselves to industrialised countries. While there are interesting developments in the provision of ECEC in many areas of the globe (see, for example, Penn, 2004 for an overview of initiatives in developing countries), we wanted to explore approaches to provision in countries with similar income levels to the UK. Second, we chose countries that rely on a range of providers from different sectors to deliver early education and care, ruling out those where the state directly provides the bulk of services. As noted earlier, the issues that arise in funding and regulating services are much more complex where a range of providers is involved. Third, we sought to capture a variety of different country experiences, and to include countries that had undertaken recent reforms or were actively grappling with the questions raised here.

The countries chosen thus have some commonalities, but are also very different. In particular, the ‘mixed economy’ of services includes different types of organisations depending on the country. In the UK, early education and care is delivered in part by the state, and in part by both for-profit and non-profit organisations. Among for-profit settings, there is a conspicuous presence of commercial chains, as is the case in Australia, New Zealand and the US. The presence of commercial providers raises important questions, which we explore in the book. In other countries, such as Germany, there is a stronger tradition of collaboration between the state and the third sector: the voluntary sector delivers the majority of early education provision in a wider context in which voluntary sector providers are heavily involved in the delivery of other services, including health and education.

There are also differences in relation to whether early childhood services have been seen traditionally as primarily educational or primarily as childcare, or whether they are fully integrated (Kaga et al, 2010; Moss, 2010). France is notable because it has a strong tradition of a two-tier system, whereby children aged three to five are catered for by the school system (albeit not compulsory), and ‘childcare’ refers to children under three. Norway and New Zealand have an integrated system: the education and care of children falls under the responsibility

of the education ministry and is seen as educational in the broadest sense of the word. The distinction between education and care is also fuzzy in other countries, where there may be an overlap between preschool and day-care services.

This overlap reflects the fact that the expansion of services has blurred the historical distinctions between childcare and education, and providing services that meet both goals is now a widespread ambition, even in countries without a history of integrated provision. Relatedly, the term ‘early childhood education and care’ has gained widespread acceptance as the most appropriate way to refer collectively to the services discussed in this book. We have encouraged chapter authors to use this term, but in places it has been more natural for them to use the term that is common in a particular country – ‘kindergarten’ in Norway, for example, is used for services for children aged one to six. Where different terminology is used, chapter authors explain and clarify this as they go.

In the rest of this section we present some background data for the eight countries to provide some context for the case studies that follow.

Table 1.1 presents some immediate similarities and differences between the countries. One obvious source of difference is population size: included are some of the smaller countries in the world (Norway and New Zealand) as well as one of the larger ones, the US. On the other hand, all eight are higher income countries, although with a per capita income which ranges from \$25,000 PPP (Purchasing Power Parity) in New Zealand to nearly twice that in Norway. But while all are rich countries, income is distributed very differently across the eight, with a divide between the four Anglophone countries, where child poverty and income inequality are above the OECD average, and the four more egalitarian European countries. Lone parenthood rates also vary substantially, from a low of 11% in the Netherlands to a high of 26% in the US. These differences are clearly relevant to the provision of ECEC: there may be stronger demand for childcare in one-adult households, while providing high-quality services may be both more important and more challenging and expensive in countries with higher child poverty rates. At the same time, child poverty rates will, to some extent, reflect the availability of affordable and trusted childcare services. A further demographic factor that will affect demand for childcare is the fertility rate, which is above the OECD average in all the countries except Germany.

Table 1.2 shows employment indicators of female and maternal labour market participation. Employment rates for women are at or above the OECD average in all cases, ranging from a low of 70% in

**Table 1.1: Background statistics on case study countries**

	Popula- tion (million) 2011	GDP per capita (\$PPP) 2009	Gini coefficient 2008	Child poverty rate 2008	Lone parent- hood rate 2007	Total fertility rate 2009
Australia	22.6	34,259	0.315	14.0	16.8	1.90
France	63.1	29,578	0.293	9.3	13.5	1.99
Germany	82.2	32,255	0.295	8.3	15.0	1.36
Netherlands	16.7	36,358	0.294	9.6	11.1	1.79
New Zealand	4.4	24,706	0.330	12.2	23.7	2.14
Norway	4.9	47,676	0.250	7.8	25.0	1.98
UK	62.4	32,147	0.342	13.2	21.5	1.94
US	313.1	41,761	0.378	21.6	25.8	2.01
OECD average			0.314	12.3	14.9	1.74

Notes: GDP per capita is given in 2005 \$PPP. Gini coefficient for Australia is 2007/08 and for New Zealand and UK 2008/09. Child poverty rate shows percentage of children living in households below 50% equivalised median income; UK figure is 2007. Lone parenthood rate shows percentage of children aged 0–17 living with one parent. Lone parenthood for Norway is 2011.

Sources: Population and GDP from United Nations Development Programme (UNDP) Human Development Database (<http://hdr.undp.org/en/statistics/>). Child poverty rate from OECD Social Indicators, *Society at a Glance 2011*. Gini coefficient from OECD database on income distribution and poverty ([www.oecd.org/els/social/inequality](http://www.oecd.org/els/social/inequality)). Lone parenthood rate and total fertility rate from OECD (2011b) except lone parenthood in Norway which is from Statistics Norway ([www.ssb.no/barn/](http://www.ssb.no/barn/))

**Table 1.2: Female employment rates in case study countries**

	Employment rate for women aged 25–54 (%) 2009	Part-time employment as a share of total, women (%) 2009	Maternal employment, youngest child under 3 (%) 2007	Maternal employment, youngest child 3–5 (%) 2007
Australia	72	34	48	n/a
France	77	21	54	64
Germany	75	39	36	55
Netherlands	80	56	69	68
New Zealand	74	30	45	61
Norway	84	22	81	88
UK	74	35	53	58
US	70	14	54	63
OECD average	71	22	52	61

Notes: Part-time employment data are 2005 for US. Maternal employment data for Australia are 2005 and for Norway 2009.

Source: OECD (2011b) except maternal employment for Norway, which is from Meld St 6 (2010–11) *Likestilling for like lønn* [Gender equality for equal pay], Table 6.1

the US to a high of 84% in Norway. However, interesting differences emerge in relation to both part-time work and maternal employment. Part-time work is extremely common in the Netherlands (56%), and also common in Germany, the UK, Australia and New Zealand, where roughly one-third of women work part time. This contrasts with the situation in France, Norway and especially the US, where part-time employment is the exception. In relation to employment in the first few years of a child's life, in six of our countries barely half of women undertake employment in the first three years. The Netherlands (69%) and Norway (81%) stand out here. In the years between three and five the gaps close slightly, but a divide remains between Norway, where 88% of mothers work, and the other countries, in which no more than two-thirds do.

Table 1.3 shows enrolment in ECEC at different ages in 2008. In several countries participation has increased significantly since that date, as discussed in the country chapters, but these are the latest comparable figures published by the OECD. From age three onwards enrolment is at least 80% in all countries except Australia and the US, and from age four effectively universal except in these same two countries. Of course, Table 1.3 does not tell us whether attendance is part time or full time, whether it works effectively as childcare as well as early

**Table 1.3: Enrolment rates in childcare and early education services, 2008 (%)**

	Under 3 years	3 years	4 years	5 years
Australia	29	12	53	100
France	42	99	100	101
Germany	18	87	95	96
Netherlands	56	n/a	100	99
New Zealand	38	88	95	100
Norway	51	92	95	96
UK	41	82	97	99
US	31	36	58	73
OECD average	30	60	80	92

Notes: Enrolment rates for under three year olds concern formal childcare arrangements such as group care in childcare centres, registered childminders based in their own homes looking after one or more children and care provided by a carer at the home of the child. Enrolment rates for three to five year olds concern those enrolled in formal preschool services, and in some countries four and five year olds in primary schools. The reported figure for three year olds in the Netherlands was implausible (below 1%) and has not been included. In some countries enrolment has increased significantly since 2008, especially for the under threes.

Source: OECD Family Database ([www.oecd.org/els/social/family/database](http://www.oecd.org/els/social/family/database))

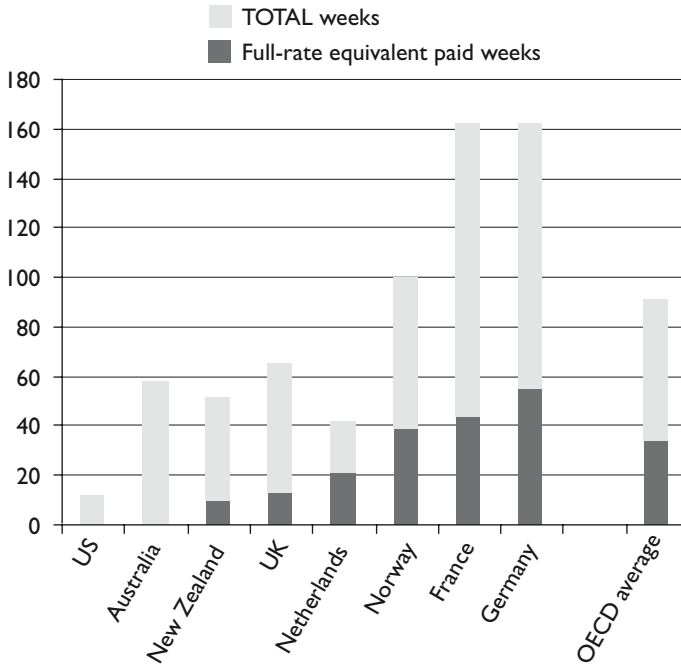
education, whether children have access to highly trained staff and in what ratios, and whether children from disadvantaged backgrounds are the children most likely to miss out or least likely to receive the best provision. These questions are explored in the country case studies, and we return to them in our concluding chapter.

Table 1.3 shows much lower, and more varied, enrolment rates in relation to children under three, ranging from 18% of children in Germany to 56% in the Netherlands (although by 2012 enrolment had reached 27% in Germany for this age group). In part, low enrolment rates for young children reflect a growing movement across countries towards helping parents to remain at home with children during their first year of life. Figure 1.1 shows that, with the exception of the US, all our countries provide the right to at least nine months combined maternity and parental leave; and in practice, in all but the US a parent can remain at home for at least a year.<sup>1</sup> Not all of this leave is paid, but Norway, France and Germany provide the *equivalent* of full pay for at least nine months.<sup>2</sup>

For children aged between one and three, variation in enrolment rates is likely to reflect a combination of (related) factors: maternal employment; the cost, accessibility and quality of formal provision; and a certain amount of ambiguity about the value of formal provision for children aged between one and three (which in turn may reflect the mixed evidence discussed earlier in this chapter). As the country chapters will show, there is only one country in our study in which there is no divide in the options available for children under and over three: Norway, in which one to six year-olds are all provided for in the same kindergartens as part of a social pedagogical tradition within which kindergarten attendance is largely accepted as positive for the development of one and two year-olds as well as older children. In most countries, the provision of places for under threes has been driven by labour market rather than child development demands – providing care where parents need it, but not because children do – although several countries (including the UK, France and Germany) are now making moves to provide some part-time provision for two year-olds, whether parents are working or not.

Finally, Table 1.4 shows OECD figures for public expenditure on early education, childcare and other ‘benefits in kind’, which include family services, but not spending on broader social policy domains such as health and housing. These numbers provide a rough guide both to differences in overall spending between countries, and to the way spending is structured across age groups. For instance, in the UK and New Zealand spending is strongly concentrated on children aged

**Figure 1.1: Maternity and parental leave policies in case study countries, 2008**



Notes: The figure shows the combined total of maternity and parental leave entitlement. Maternity leave figures alone are misleading because some countries have short maternity leaves plus longer parental leave which parents can share between them. 'Full rate equivalent paid weeks' shows the duration of leave in weeks' payment as a percentage of average earnings received by the claimant over this period. Payments include child rearing benefit (for example, *Complément de libre choix d'activité* in France). In the Netherlands, fathers have a right to 26 weeks' leave that cannot be transferred to mothers; this is not shown in the figure.

Sources: OECD (2011b, Figure 4.1). Data refer to 2008. In 2011 Australia introduced the right to 18 weeks' leave paid at the minimum wage and an additional two weeks for partners. This is not reflected in the figure.

between three and five, while in France it is more evenly spread. These figures provide some interesting context that readers may wish to return to as they read the country chapters, although they should be used with a little caution for a number of reasons. Inevitably, in international comparisons of this kind, there are questions about whether countries have captured precisely the same categories. In addition, the per child numbers are calculated as a share of median income, which varies both because of total national income and because of the income distribution: Norway is both rich and relatively equal, so median income is higher than in the UK. Thus, while average

**Table 1.4: Public spending per child on childcare, early education and other benefits in kind as a share of median working-age household income, 2007 (%)**

Age of child	Australia	France	Germany	Netherlands	New Zealand	Norway	UK	US
0	4.1	19.3	2.8	11.8	0.7	7.0	2.6	1.7
1	6.0	19.3	3.0	12.0	1.0	10.5	2.6	1.2
2	6.5	25.0	7.5	12.1	1.4	14.1	4.8	1.3
3	11.1	36.5	21.1	12.3	34.4	31.2	41.2	8.2
4	23.5	37.0	23.3	36.7	38.2	32.7	45.3	12.4
5	31.7	37.0	23.5	37.0	24.6	33.0	30.8	15.6
Average per child 0–5	13.8	29.0	13.5	20.3	16.7	21.4	21.2	6.7
Total spending as a share of GDP (%)	0.65	1.66	0.75	1.39	0.79	1.45	1.13	0.55

Notes: Spending per child includes spending on childcare, education and 'other benefits in kind'. The latter covers spending exclusively for families (for example, family outreach). Spending on other social policy areas such as health and housing is not included.

Data presented in the final row differs from the OECD social expenditure database as it takes direct taxes into account.

Source: OECD (2011b, Figures 1.11, 2.4)

spending per child looks similar in the two countries, it will be higher in \$PPP terms per child in Norway (as indeed is reflected in the table's bottom line, which shows significantly higher spending in Norway as a share of gross domestic product, GDP). Nevertheless, the figures provide a useful broad tool for thinking about the scale and shape of investment in ECEC in different countries. Readers may wish to refer back to them while reading the country case-studies, and we revisit them in our conclusions.

One final general note before we turn to introduce the individual chapters. In discussing charges and subsidies, chapter authors frequently use their own national currency. To aid interpretation, we have included a currency conversion table as an Appendix to this opening chapter.

## Overview of the country chapters

The volume begins with the UK. As Ludovica Gambaro, Kitty Stewart and Jane Waldfogel document, ECEC provision in the four nations that make up the UK has come a long way in the past 15 years, but there are still considerable gaps and challenges in the extent to which

disadvantaged children access high-quality ECEC. The entitlement to part-time preschool means that nearly all three and four year-olds have some exposure to ECEC, but concerns remain about access beyond the entitlement and about the quality of provision. Financial support is only available to those in work, and even then it is only a partial subsidy, with parents having to pay at least 30% of the cost of a place. With regard to quality, staff qualifications in the UK – in particular, in the large private, voluntary and independent sector – are low in comparison to other countries, and there is evidence that low income children are particularly likely to attend low quality provision in that sector. Although local authorities are encouraged to reward quality using local funding formulae, they receive little or no extra funding for this. Outside the entitlement, settings can only improve quality if they can pass the cost on to parents, and costs are already very high. One positive note is that in England, three and four year-olds in more deprived areas are relatively protected by the fact that they are much more likely than children from better-off areas to attend maintained settings, where staff include qualified teachers. While the situation in the UK is challenging, the authors do offer some suggestions for improvements, including expanding maintained nursery classes to deliver the entitlement (including for two year-olds), raising and equalising qualification levels across all settings, and extending supply-side subsidies to cover younger children, to make care affordable for parents.

The Norwegian case, as described by Anne Lise Ellingsæter, provides an interesting contrast to the UK. Universal access to ‘kindergarten’ is legislated as a social right for children aged one to six, and indeed the great majority of children in this age group – 90% – are enrolled. Like in the UK, the private sector is quite heavily involved in actual service delivery (with about half of all institutions privately owned), but, unlike in the UK, this has not prevented the system from delivering generally high-quality provision, in large part because of the education levels of ECEC staff, including a high share of graduate pedagogues (teachers specialising in the early years). As the author discusses, recent policy efforts have focused on expanding access to services at a reasonable cost for parents as well as strengthening the quality of services, with positive results in relation to the inclusion of children who come from low income households or whose parents have lower levels of education.

France, like Norway, is a leader in the ECEC arena. But, as documented in the chapter by Jeanne Fagnani, while France has achieved universal preschool provision for children aged three and up in high-quality *écoles maternelles*, it faces challenges in the supply of



care for children under the age of three. There is a shortfall of places, and participation is strongly graded by social class, with children of non-working, low income or low educated parents less likely than their more advantaged peers to participate and, in particular, less likely to attend a *crèche* (childcare centre). To meet the shortfall (and to expand employment opportunities for low-skilled women), the government is taking steps to expand the supply of childminders, even though most parents, given a choice, would prefer a *crèche*, which is seen as a higher-quality form of provision. The supply concerns have meant that the thrust of recent policy efforts has been to expand the number of places available, even if this means potentially reducing quality (by, for example, permitting lower staff qualifications and increased child-to-staff ratios).

The Netherlands system of ECEC also has divisions by social class, as we learn in the chapter by Emre Akgündüz and Janneke Plantenga. Private day-care centres provide care for young children whose parents are employed, often on a part-time basis but with the potential to attend full time and year-round. Publicly funded playgroups, in contrast, are more child-centred, focus only on children aged two to four, and cover only about 10 hours a week and 42 weeks per year. Because of the difference in focus, playgroups tend to serve children from lower income families and minority backgrounds; they also host special programmes for disadvantaged children. The authors provide new evidence on the relative quality of care children receive in the two types of programmes, using data from the Pre-COOL survey for two year-olds. Reassuringly, they find that the average quality of care on offer in playgroups is at least as good as that provided by private day-care centres, suggesting that low income and minority children are not disadvantaged by their disproportionate attendance in that sector. However, they also find that within the private day-care sector, higher income children tend to receive care of higher quality than their lower income peers.

The final European case is Germany. As Pamela Oberhuemer documents, Germany is experiencing a rapid expansion of provision in the ECEC sector, motivated by concerns related to gender equity and female labour force participation, educational achievement of children and social inclusion of groups at risk, in particular children from families with a migration background. The change has been particularly dramatic in the Western part of the country, where levels of provision were traditionally very low. Since 1996, all children from the age of three have been entitled to a nursery or family day-care place, and that entitlement is now to be extended downwards to reach

children aged one and two. However, thus far, it is mostly the more highly educated and higher income families who are accessing ECEC for younger children, in part because mothers in these families are most likely to be employed. Young children with a migration background are much less likely than their peers to be enrolled both before and after age three, in spite of the entitlement to provision from three upwards.

The next two chapters turn to New Zealand and Australia. Helen May chronicles the remarkable changes in ECEC policy that have occurred in New Zealand over the past few decades, with the establishment of a universal entitlement to preschool for three and four year-olds, subsidies for children under the age of three and a commitment to quality that included the goal of having 100% of staff in the sector be qualified teachers. While New Zealand has now entered a period of retrenchment (with, for example, a freeze in funding for the three and four year-old entitlement and a revision of the teacher target to 80% rather than 100%), at least part of the stated purpose for this is to free up funds that can be focused on increasing access and quality for the most vulnerable children. It remains to be seen what the net effect of these reforms will be for disadvantaged children, and for the system as a whole.

ECEC in Australia is also undergoing reform, but in a complex federal landscape. As Deborah Brennan and Marianne Fenech chronicle in their chapter, current national initiatives include an aspiration to provide all children with high-quality preschool, staffed by trained teachers, in the year before school entry. There are also efforts to improve quality through an early years learning framework. However, considerable local and state variation remains, and the chapter points to concerns about whether children from lower income families will be priced out by quality improvements. The preschool offer is not free, although it is intended that cost should not be a barrier to entry. Enrolment is not universal and children from low income families are less likely to attend than their higher income peers. A further complicating factor in the Australian context is the large role that has been played by the private sector, including for-profit providers.

Our final case, the US, is in some ways not dissimilar from Australia. As Katherine Magnuson and Jane Waldfogel discuss, responsibilities are split between federal and state (and local) governments, and as in Australia the private sector (including for-profit providers) plays a large role. And, as in Australia, significant disparities in enrolment are evident, with low income children and children of immigrants less likely than their peers to be enrolled, and less likely to be in formal school or centre-based care. Low income children also attend care of lower

average quality than that attended by higher income children. The authors discuss current policy initiatives to reduce disparities, including efforts to expand and improve the federal Head Start programme for low income children, federal and state quality improvement efforts, and state and local expansions of prekindergarten programmes serving three and four year-olds.

## **Policy implications**

The volume concludes with a chapter by Kitty Stewart, Ludovica Gambaro, Jane Waldfogel and Jill Rutter, drawing out the policy implications from the country studies. While the country contexts and particular challenges vary, some common themes emerge. To summarise briefly here, we argue that free and universal provision (as for three and four year-olds in the UK, France and New Zealand) is the most effective way to achieve high enrolment rates. Where there are charges, it is important that they are income-related and generous at the bottom of the income distribution, and that subsidies cover the children of non-working as well as working parents. Subsidies should also be transparent and stable, with at least the option that they flow directly from state to provider, without the need for reimbursement. Income-related fees (operated in many countries including France, Norway and Germany), rather than tax credit or reimbursement systems, may be the simplest way of achieving this.

The most effective way to ensure that the settings lower income children attend are high quality is to raise standards overall. Quality is understood a little differently in different countries, with variations in the emphasis on curriculum and monitoring and structural indicators, but the level of staff qualifications is a constant. All children benefit from access to a graduate teacher or early years professional, but disadvantaged children stand to gain the most.

To ensure that lower income children are not priced out by quality improvements in services that charge fees, strong minimum regulations are important, and state subsidies should also be linked to the quality of provision (for example, to staff qualification levels), rather than a flat rate to all providers. This allows providers to raise quality without passing the cost on to parents, and lets parents choose higher quality provision without paying a heavy top-up. Subsidies linked to quality are currently rare, but New Zealand provides an example. Supply-side subsidies to settings in disadvantaged areas (similar to the 'pupil premium' used in compulsory schooling in England in Wales) are

another important way of supporting the quality of provision in areas where parents might not be able to afford it.

We also draw out particular lessons for countries operating a ‘mixed economy’ of provision, including a for-profit sector. There is no evidence in our country studies that competition between providers in a mixed economy itself drives quality improvement. Perhaps because quality is hard for parents to observe, competition seems to be dominated by price, as the Netherlands case illustrates. Several countries, including the UK, US and Australia, are seeking to encourage parents to be more responsive to quality differences by publishing quality ratings, but policy makers should be aware that without the measures described above this is likely to lead to a greater socio-economic gradient in access to quality. The recent expansion of for-profit provision in Norway indicates that a for-profit sector can form a part of a high-quality and equitable system of provision, but this appears to work because of tight regulation, including high minimum standards for staff qualifications and limits on both prices and profits, alongside generous government funding of the sector. Furthermore the sector is still relatively small, and the Australian experience shows how a more substantial for-profit sector, including large corporations, can be powerful enough to resist regulatory reforms.

Finally, we conclude that, while there are certainly ways in which resources can be spent more effectively than at present, and potential gains from trading off different aspects of quality with each other – for example, letting child-to-staff ratios rise slightly to fund higher qualified staff – many of our suggestions for how to improve both quality and access require increased spending. We argue that most of the countries in this study need to be prepared to invest a greater share of national income in ECEC. This investment will pay off in the short run by making it easier for mothers to choose to work, reducing child poverty and increasing growth, and in the long run by boosting children’s long-term life chances. Not least important, it is also in the current interests of the wellbeing of young children of all backgrounds.

## **Notes**

<sup>1</sup> In the Netherlands parental leave is organised as an individual right, rather than a family right: parents cannot transfer their entitlement between them. Fathers are entitled to 26 weeks of parental leave, mostly unpaid, which can be taken up flexibly (for example, part time). If both the father *and* the mother take their respective leave, the cumulative duration is over a year.

<sup>2</sup> Here the total duration of the leave is weighted by the level of compensation. In Germany, for example, payment is 67% of net earnings for 12 months.

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## Appendix I.1: Currencies exchange rates

	Australian dollar <sup>a</sup>	Euro <sup>b</sup>	New Zealand dollar <sup>c</sup>	US dollar <sup>d</sup>	UK pound sterling <sup>e</sup>
Australian dollar	1	1.24	0.78	0.97	1.53
Euro	0.8	1	0.63	0.78	1.23
New Zealand dollar	1.28	1.59	1	1.23	1.96
Norwegian krone	6.03 <sup>f</sup>	7.48	4.71 <sup>f</sup>	5.82	9.22
US dollar	1.04	1.28	0.81	1	1.59
UK pound sterling	0.65	0.81	0.51	0.63	1

Notes: The exchange rates reported are annual averages of 'spot exchange rates' for 2012 as reported by various central banks. Each column indicates how much the currency reported at the top buys.

*Sources:*

<sup>a</sup> Reserve Bank of Australia: Statistics, historical exchange rates; <sup>b</sup> European Central Bank: Statistical Warehouse – Exchange rates – Bilateral rates; <sup>c</sup> Reserve Bank of New Zealand: Statistics – Foreign exchange rates – Bilateral rates; <sup>d</sup> Bank of England: Statistical interactive database – Daily spot exchange rates against US dollar; <sup>e</sup> Bank of England: Statistical interactive database – Daily spot exchange rates against sterling; <sup>f</sup> Norges Bank: Exchange rates

## Common challenges, lessons for policy

*Kitty Stewart, Ludovica Gambaro, Jane Waldfogel and Jill Rutter*

Although national contexts are different, countries face similar challenges in attempting to ensure that all children have access to high-quality early childhood education and care (ECEC) provision. There are inevitable tensions in trying to deliver on all three corners of what Katherine Magnuson and Jane Waldfogel refer to in their chapter on the US as the ‘childcare triangle’ – access, quality and affordability. In this concluding chapter we draw together the evidence from our eight country case studies to examine how different countries have best addressed these common challenges.

We begin by asking how disadvantaged children can be encouraged and enabled to access formal ECEC. Second, we ask what can be done to make sure that this provision is of the highest possible quality. We then explore how countries have addressed the trade-off between expanding access to include more children (or including them from an earlier age) and improving the quality of what is on offer. We go on to look at issues of delivery, including decentralised provision and the role of different sectors, including private for-profit providers. Finally, we come back to the bottom line: extending provision costs money, and so does improving quality. Do governments simply need to find more resources or are there ways to spend money more effectively?

Policies, of course, emerge and are implemented against a specific political and institutional context, and scholars of comparative social policy, pointing to the breadth of countries’ dissimilarities, warn against the dangers of simple ‘policy borrowing’ (Mahon, 2006). As the individual chapters illustrate, national approaches to ECEC are underpinned by different social and cultural norms regarding gender equality and childhood, by differences between policy makers as to whether parental employment or child development is the prime focus of concern, and by differences in the length of time that childcare and early education have had a place on the policy agenda (see also, among others, Kremer, 2007; Lewis et al, 2008; Saraceno, 2011). Our aim in this chapter is not to advocate for importing particular policies

into any one country, but to identify common themes and highlight insights from good practice which might be useful in thinking about the way ECEC is organised, funded and delivered. We also try not to focus too heavily on contemporary policy debates in any one country: our aim is to draw out broader lessons that will stand the test of time.

## **I. How can disadvantaged children be encouraged to access formal ECEC?**

Consistently across countries, our chapters show that children from low income and immigrant backgrounds are less likely to access ECEC services. The divide is much sharper for children under than over three, but universal enrolment even among over threes has not been achieved in many places. What can be done to address this?

### ***Free services***

One clear message is that free and universal services have much higher enrolment rates than services with a fee. In the UK and France, despite very different traditions of service organisation, universal free preschool for children aged three plus has resulted in near universal take-up.<sup>1</sup> In New Zealand, a policy of 20 hours' free ECEC has also been effective, with enrolment rates above 90% and a narrowing of enrolment gaps between children from different ethnic backgrounds. In the US, Magnuson and Waldfogel argue that extending state schooling downwards to include younger children in prekindergarten programmes is the way to close enrolment gaps; currently, private preschool and centre-based provision is expensive and low income children, Hispanic and immigrant children are less likely to attend.

While universal policies appear to be most effective at reaching the disadvantaged, they are clearly expensive for government: in order to reach a relatively small group of children, the state pays for provision for many others who would attend anyway. Thus in England, increasing enrolment from around 60% to more than 90% of three year-olds has been achieved at the cost of extending funding to cover all 90%.<sup>2</sup> There are both instrumental and intrinsic arguments in favour of a universal approach to providing ECEC. In instrumental terms, if early education leads to long-term gains in improved educational and social-behavioural outcomes, subsidising children from richer backgrounds in order to reach all children may be seen as a sensible social investment that will deliver a pay-off in the long run. The intrinsic value of a universal approach is underlined by Helen May in her chapter on

New Zealand, where the idea of early education as a right of the young child, whatever his or her background, has been central to the debate about how services are funded and delivered. Under this line of thought, free universal services are not just an expensive but effective way to reach the most vulnerable, but are part of government responsibility to all children.

Nevertheless, the high cost of a universal approach raises the question of whether it is *necessary* in order to ensure full enrolment: can targeted policies achieve the same goal? The most well-developed example of a targeted early education policy among our case study countries is the Head Start programme in the US, which serves only children below the poverty line or with disabilities. Magnuson and Waldfogel argue that a greater share of low income children have been enrolled in preschool programmes in years when funding for Head Start and other targeted programmes have been more generous. But enrolment of three year-olds remains below 20% for the bottom two quintiles of the population, and indeed below 50% for all but the richest quintile, raising questions about whether targeting is appropriate if full enrolment is the aim. Furthermore, some commentators have raised concerns about the lack of social mix in Head Start centres, especially in light of research that suggests that peer effects are important. England has now introduced targeted free provision for the 40% most disadvantaged two year-olds, alongside universal provision for three and four year-olds. This has been cautiously welcomed amid concerns that outreach to draw in families for a targeted service will be harder than it has been for the universal entitlement, both because of the need to identify eligible families and because of potential stigma. The effectiveness of the strategy in comparison to the free universal offer will provide an interesting comparison of the two approaches.

A second question is whether making provision free and universal is *sufficient* to draw in the most disadvantaged groups. In England, the last 7–8% of three year-olds have proved difficult to reach, despite considerable focus on outreach: central government issues guidance on good practice and requires local authorities to collect and publish data on uptake by disadvantaged groups. In New Zealand, while enrolment gaps have narrowed under the universal strategy, participation remains considerably lower for Pasifika and Māori children. New Zealand has responded in two ways: first, with a greater focus on targeted initiatives, funded by a shift to subsidised rather than free universal hours. Helen May raises concerns about this change, arguing that the most effective strategy is universal access *plus* outreach to vulnerable groups, not one or the other. In a second and still more controversial

move, New Zealand is experimenting with compulsion as a way to bring some targeted groups into early education: since July 2013, 15 hours' ECEC attendance has been obligatory for children of benefit recipients from the age of three. The New Zealand Early Childhood Council, representing community and private early childhood centres, has lent this policy its support, but critics are concerned that the threat of benefit sanctions can only add further stress to families already in difficult circumstances, thereby undermining rather than supporting child development.<sup>3</sup>

One final question that arises in relation to free provision is how effectively it fits into a system of childcare for working parents. If many settings delivering the free entitlement operate half-day sessions only, as in the UK, there is the danger of a split between settings that cater part time for children of non-working parents, and those that cater full time for children whose parents work. This is a concern for two reasons: it increases the likelihood of social segregation between settings, and it creates an extra barrier to employment for parents who get their children started with a part-time provider. An effective system of wrap-around care – such as childminders – can prevent both problems, but at the cost of the child experiencing an additional transition between carers each day. Where free provision covers the full school day (as in France) the divide does not arise. Likewise, where settings have the flexibility to offer both sessional and full-day placements (as in New Zealand), part-time free provision appears to reduce the cost of ECEC across the board and increase the number of hours children attend without reinforcing segregation.

### *Fees and charges*

Where there are fees or charges, a number of aspects of funding design appear to help increase participation among disadvantaged groups. One is to have place guarantees and subsidy systems that apply to all families, not just those where parents are working. In Norway, the legal right to a kindergarten place extends to all children from the age of one regardless of their parents' employment status (something that marks Norway out even from some other Scandinavian countries, such as Sweden). State subsidies also extend to all children in Norway, as in New Zealand, Australia, the Netherlands (playgroups only), France (*crèches* only) and some German *Länder* (for example, Hamburg, after initial criticism of its voucher system). In contrast, in the UK and the US, children of non-working parents can routinely access subsidised services only when they reach the age of three, although England has

now extended free provision to disadvantaged two year-olds, as noted before.

Second, the extent to which costs vary with income is clearly important. Almost all the countries in our study operate some sort of income-based charging policy, whether this is a sliding fee paid at the point of access (as in Norway, Germany, New Zealand, the US, playgroups in the Netherlands and *crèches* in France), or an income-related reimbursement paid later to eligible parents through the tax system (the UK, Australia, some US states, working parents in the Netherlands and parents opting for childminders in France). However, the extent of support varies considerably, and a system can be income-related without being very generous to those at the bottom of the income distribution. In the UK, tax credit subsidies are tightly targeted on working families on low incomes, but even families receiving the maximum level of support still pay at least 30% of the cost of a childcare place. In the Netherlands, in contrast, all families receive some reimbursement, and those receiving the most support pay just 3.5% of fees, while the highest income households pay two-thirds. Designing subsidies to be both income-related and generous to those most in need raises a basic conundrum which is common to all means-tested systems: if support is withdrawn steeply as income rises, this can create disincentives to increase hours or earnings. To minimise this problem, systems that operate very low or no-fee systems for the lowest income families need to offer some support to all.

In Norway, very high participation among younger children from disadvantaged backgrounds has been achieved by a combination of policies: the legal guarantee to a place for all children alongside fees that are both low overall and income-related. Anne Lise Ellingsæter points to significant growth in the numbers accessing formal care between 2000 and 2011, a period in which services were expanding and parental fees were reduced. Attendance remains higher among higher income parents, but rates increased fastest between 2004–08 for families on lower incomes. Some 60% of one to two year-olds living with a single parent with no employment income are enrolled in kindergarten, as are 31% of those with two non-working parents; these rates are far higher than those for equivalent groups in any of the other countries in our study.

However, it is worth emphasising that even low fees appear to deter access compared to free provision. Pilot projects in Oslo offering free childcare for all four and five year-olds found almost all children participating, but when a fee of €80 a month was introduced, one-third of children failed to appear. In France, sliding income-related fees for

under threes do not appear to be sufficient to solve the access problem: attendance among low income families is low in *crèches* despite the high value placed on this type of care in French society, and despite priority access being given to lone mothers. Low income families make use of extended parental leave, use informal provision or work in shifts to avoid the need to pay for care outside the home. In Germany, fees are income-related but take-up is still low among families with a migration background. In Australia, Deb Brennan and Marianne Fenech point to non-working families' eligibility for 24 hours a week of Child Care Benefit (CCB) as a positive feature of the system there, but note that the need to make a part-payment (known in Australia as the 'gap fee') appears to be a major obstacle to participation among families without work.

A third point is that subsidies should be transparent and stable – unlike in the US, where the median spell of receipt of childcare subsidies is about six months, which in turn is linked to instability in care providers. Means-tested support may operate as a barrier to access if it is difficult for parents to calculate how much they will be required to pay: upfront income-related fees may be preferable for this reason to reimbursement through the tax credit system, as in the UK. Income-related fees have the additional advantage for low income parents that payment is made directly to providers, rather than parents meeting the cost and then claiming a reimbursement, although intermediate options are possible, as in Australia, where families can choose to have CCB paid directly to their service provider. Avoiding the need for reimbursement is likely to be particularly important where subsidies extend to include the children of non-working parents, for whom upfront payment would be most difficult. It is probably no coincidence that countries that subsidise provision for non-working families tend to operate income-related fees rather than reimbursement systems. Income-related fees are much easier to implement in publicly provided systems, such as France, but the experiences of Norway and Germany suggest that they can also work where private providers are involved.

## **2. How can disadvantaged children be assured high-quality provision?**

The second major challenge is how to ensure that the provision on offer is high quality, and in particular, that where disadvantaged children are participating in ECEC they are accessing the highest quality services available. There are two aspects to this: the quality of



provision in a country overall, and fair access to that quality. We look at these issues in turn.

### *Overall quality of provision*

Our eight countries use similar policy levers to promote quality – curriculum, staff qualifications, child-to-staff ratios and inspection and monitoring – but they combine and design them differently, placing varying degrees of emphasis on particular levers.

For one thing, there is a broad divide between an approach that mandates a detailed curriculum, which is roughly the way the UK has moved, and a looser arrangement in which highly qualified staff are given more freedom. Norway represents the latter model: as Anne Lise Ellingsæter describes, kindergartens in Norway are charged with laying a sound foundation for the child's development, lifelong learning and active participation in a democratic society. There are few standard requirements, and supervision is up to the municipality. But graduate-level teachers are required in all kindergartens, and heads and pedagogical leaders must also be graduates (with exemptions when no qualified candidates are available). The New Zealand model also fits this mould, with a broad curriculum, *Tē Whāriki*, which was itself a key driver of the attempt to move towards a policy of 100% qualified teachers in all early childhood provision, because the curriculum requires practitioners to be reflective, research-oriented and equipped with relevant knowledge. Rather than telling teachers what to cover, *Tē Whāriki* requires them to 'weave' their own curriculum patterns around five strands of empowerment: wellbeing, belonging, contribution, communication and exploration.

In England, in contrast, the Early Years Foundation Stage (EYFS) curriculum is detailed and specific. There have been significant increases in the last 15 years in the proportion of staff with vocational qualifications, and investment in a new graduate qualification, but the proportion of graduates among ECEC staff remains relatively low. Germany is following a similar pattern: attempts to improve the quality of provision during the last decade have largely focused on the development of early childhood curricula frameworks. In both England and Germany, curricula are holistic, participatory, play-based and child-centred, not narrowly focused on cognitive achievement, and they have been welcomed by early childhood experts, but in both countries there are concerns about whether they can be effectively delivered without more educated staff. Pamela Oberhuemer points out that, in Germany, only 4% of staff are educated to degree level,

which is particularly low given that the system covers children up to the age of six.

A second contrast is in the emphasis placed on monitoring and inspection: this is carried out in a much more systematic and centralised way in all four UK nations, with their official ratings by the education (or care) inspectorate, than in any of the other seven countries. In the Netherlands and Norway, local governments are in charge of monitoring. In Norway, municipalities must develop a plan for supervision, but what form this takes, and how often it happens, is left up to the municipality; the use of the word 'supervision' instead of 'inspection' is interesting in itself. In Germany, *Länder* governments take different approaches, but Pamela Oberhuemer describes the control measures to ensure compliance with the curriculum as generally low key and mainly based on agreements with provider organisations. The US case is difficult to characterise – on the whole, the system relies more heavily on regulations and inspections to ensure quality than it does on curricula, but the strength of those regulations and of inspection systems varies widely by state.

A third area of difference across countries concerns approaches to child-to-staff ratios and qualifications. On the surface, there is some evidence of a trade-off between ratios and qualifications. Both New Zealand and France have more highly trained staff than the UK, for example, alongside a higher ratio of children to each staff member, certainly for younger children. In New Zealand the ratio is 5:1 for children under two and 10:1 for those two plus, and in French *crèches* 5:1 for children who are not yet walking and 8:1 for other children. At the time of writing, a ratio of 3:1 was required for under twos in England and 4:1 for two year-olds.

This raises the possibility that countries with low ratios might consider raising them to fund higher qualified staff, but a little nuance is needed.<sup>4</sup> First, in New Zealand there are concerns that ratios are too high, and proposals to bring them down have been mooted. Second, Norway, another country where qualification requirements are very high, operates with ratios very similar to those in the UK, although this is disguised by the fact that municipalities make the decision, with the national requirement simply to ensure that ratios are 'adequate'. Anne Lise Ellingsæter reports that the average ratio in practice in Norway is 3.4 children per adult for under threes. A third point is that cultural differences in the way education is perceived may affect the appropriate ratio in particular countries. High child-to-staff ratios require more focus on groups and less individual attention, and this may fit better with some national models of learning than others.

Other countries in our study currently operate with relatively high ratios alongside relatively low-qualified staff. In Germany, ratios vary across *Länder* from a high of just over 6:1 for under threes in Brandenburg, to a low of just over 3:1 in Saarland. In the Netherlands, where all staff must have completed 'intermediate' vocational training (but just 5% have higher qualifications than this), ratios average 5:1 in both playgroups and day-care centres. However, while this model may help to deliver childcare at lower cost, in both these countries measures of process quality are low, so the combination of high ratios and low qualifications does not look a promising model to follow in terms of quality.

A fourth issue worth highlighting here is the difference in national approaches to the requirements of staff working with younger and older children. Only Norway and New Zealand have the same professional figure working across all age groups – pedagogues in Norway, specifically trained to work with children under six, and teachers in New Zealand. In Germany, staff also work across age groups, but at a lower professional level. Elsewhere a divide is common between the staff employed for three and four year-olds and those for younger children. In France, staff in *crèches* (including *crèche* directors) have a background in health rather than education, while in *écoles maternelles* staff are trained teachers. In the UK it is widely accepted in principle that three and four year-olds should have access to a teacher, but there is much less consensus about whether this is necessary for younger children.

Finally, across countries centre-based provision is consistently more stringently regulated and has higher staff requirements than home-based arrangements, although several countries have introduced recent reforms to improve childminding quality. In France, initial training has been extended to 12 months, and there has been an expansion of centres offering childminders support and advice. In New Zealand and England, home-based providers must implement the national curriculum, and in England childminders are inspected and rated by the national inspectorate. In New Zealand, home-based providers are coordinated by teachers who visit them monthly and support their practice. It is also worth noting in relation to home-based services that, in almost all countries, only a small percentage of children attend. The exception to this pattern is France, where childminding is the most common mode of provision for children under three. However, Jeanne Fagnani explains that patterns of usage seem to reflect the availability of services rather than preference, as the high demand for *crèches* suggests. This echoes what Ellingsæter and Gulbrandsen (2007) describe for

Norway, where family-based provision declined rapidly once centre-based places became available.

To some extent, the discussion so far suggests that high-quality ECEC provision might take several different forms. Indeed, what quality looks like will depend in some respects on national preferences and priorities (see, for example, Dahlberg and Moss, 1997). Equally, however – and especially given our focus in this book on child development – too much relativism would be misplaced. Measures of process quality, such as those captured by the Early Childhood Environment Rating Scale (ECERS), Infant/Toddler Environment Rating Scale (ITERS) and Classroom Assessment Scoring System (CLASS), or those developed within individual countries, point to some national arrangements as being more satisfactory than others. Recent national studies in Germany and the US find that only around 10% of settings are of high quality, with the bulk of provision judged as mediocre. The analysis presented by Emre Akgündüz and Janneke Plantenga offers a similar picture for the Netherlands, with fairly low scores for instructional support. Further, structural indicators, and in particular highly qualified staff, have been found to predict higher process quality, and Norway, New Zealand and France (for over three) are our frontrunners on these indicators. For New Zealand, Helen May reports that the variations in process quality across types of services were found to be related to the quality of leadership and staff qualifications, echoing findings from the Effective Provision of Preschool Education (EPPE) study in England, and lending support to an approach to quality that is centred on well-qualified staff.

### *Equal access to quality*

We turn now to consider mechanisms that ensure that access to higher quality provision is fair, and that children who are disadvantaged at home are not also disadvantaged in early education. Having high-quality provision on average is one of the key factors, of course, but the way that settings are organised and funded can make a difference to how far the highest quality settings in a country are accessible to the most disadvantaged children.

In general, where chapters provided evidence of the relationship between children's background and ECEC quality, they showed that disadvantaged children were more likely to attend lower quality settings, but the relationship was less clear-cut than might have been expected. In the US, children from low income families attend lower quality services on average, and this seems true of prekindergarten as

well as other programmes. Similarly, in Germany, evidence suggests that Turkish children attend settings with a less favourable learning environment than German children. In England, *within* sectors (focusing on either the private, voluntary and independent sector, PVI, or on state nursery classes) quality is lower in more disadvantaged areas, although the gradient is not steep.

On the other hand, staff qualification requirements are higher in the state sector than the PVI in England, and this works to protect disadvantaged children, as state settings are predominantly found in disadvantaged areas. In the Netherlands, ECEC is characterised by a striking degree of social segregation, with children from dual-income families attending full day-care settings and those from lower income and minority backgrounds attending playgroups, but the quality of provision is fairly equal (although low) for all. Playgroup staff are similarly qualified to day-care staff, and no large difference in process quality was identified between the two sectors: children from higher socio-economic backgrounds experience better support for emotional but not cognitive development. In Norway, high staff qualification requirements ensure that all provision appears to be of relatively high quality, although Ellingsæter notes that in Oslo – where most immigrants are – there are more difficulties in teacher recruitment.

The absence of a sharper relationship between background and quality is surprising given that all the countries in our study operate a childcare market, to a greater or lesser extent. A market would be expected to deliver sorting, with higher income parents purchasing higher quality provision. The fact that this happens less than expected is welcome, but also poses something of a puzzle. A possible explanation is that quality is either not very important or (more likely) not very visible to parents. As has been observed in the healthcare field (for example, Propper, 1996; Propper et al, 2006), and as David Blau and Naci Mocan have argued with regard to childcare (Blau and Mocan, 2002; Mocan, 2007), if a market operates on both price and quality, and consumers do not observe quality clearly, they make decisions based on price, which in turn discourages providers from investing in quality: why spend more when the main observed effect will be higher prices? In the Netherlands, this phenomenon is visible in the way the reimbursement limit operates in effect as a soft cap on fees: centres that charge a higher fee than that covered by the subsidy appear to get priced out. On the surface, this is encouraging from an equity but not a quality perspective: it suggests that the free market does not bid up quality, as is sometimes expected. On reflection, low-quality provision across the board is not good for equity either, as disadvantaged children

have most to gain from high-quality provision, and therefore most to lose from mediocre settings.

What conclusions can we draw about how countries might look to improve quality with an eye on disadvantaged children in particular?

First, while competition does not appear to bid up quality automatically, it might do so with more information – but this is likely to have negative effects for equality of access. Increasingly, countries are taking this route, with the publication, for example, of quality ratings in Australia, Ofsted ratings in the UK, and Tiered Quality Rating and Improvement Systems (TQRIS) and star ratings in the US; both the latter are countries in which a relationship between social background and ECEC quality has been identified. In the Netherlands, Akgündüz and Plantenga suggest that higher emotional support identified for children of richer parents may be because this aspect of provision is easier for parents to observe (and perhaps more highly valued in the Dutch context), while no other ratings data are available; ratings systems reflecting wider aspects of quality might therefore shift parental behaviour in the Netherlands. Choice may lead to a social gradient even where the state pays the full cost of provision, as the literature on school choice testifies, but where subsidies are partial or parents are able to top up a state contribution, the challenges to equity increase.

The obvious way to minimise this problem is for the state to set sufficiently high minimum standards for all settings over key drivers of quality such as staff qualifications, so that choice is exercised over less crucial aspects of provision, as, for example, in Norway – where further limits are imposed by a maximum fee. But this is expensive, and the state must meet the costs or risk pricing lower and middle-income families out of formal provision altogether, a danger Brennan and Fenech's chapter underlines sharply for Australia. There are also practical questions about a sudden shift to new mandatory requirements in the absence of sufficient numbers of appropriately trained staff.

An intermediate option is for the state to be more explicit in using subsidies to promote quality, so rather than paying a flat subsidy to settings which is topped up by parental fees, centres which invest in quality receive higher levels of funding, allowing them to improve without pricing out lower income families. Examples of this are surprisingly rare, but New Zealand provides a model: quality funding bands ensure that centres which employ more qualified staff receive higher levels of funding from government. In England, local authorities can give providers quality supplements in their funding for the three and four year-old entitlement, but as authorities themselves receive a fixed budget, few make use of this possibility as it would mean other

settings would suffer. On the other hand, dedicated funding streams (such as the Graduate Leader Fund, which ran in England from 2006 to 2011) have proved effective. In the US, TQRIS in some instances provide higher levels of subsidy payments for more highly rated programmes; in North Carolina, for example, settings are financially supported to train and employ more highly qualified staff, with a view to mandating higher qualifications in the long run.

An alternative mechanism for ensuring that the settings accessed by disadvantaged children are high quality is to promote the quality of part-time provision. This has happened in England by historical accident: state nursery classes and schools have higher staff qualification requirements and are located in inner-city areas, where there are high concentrations of low income and minority ethnic families, and as a result more disadvantaged three and four year-olds are much *more* likely to access a setting with a teacher than their better-off peers. The development of *écoles maternelles* for two year-olds in urban France might be a similar story, although it is not clear that they provide higher quality provision for this age group than the French *crèches*. In the Netherlands, investing in the quality of playgroups would be a way to target quality improvements on the most disadvantaged groups.

On the other hand, while this is a pragmatic approach, certainly in the short run, it is also a strategy with limitations. First, it ignores the situation of children of low income working parents in full-time settings. Second, it does nothing to tackle social segregation, and if peer group effects exist (as research by Mathers et al, 2007, for England, and Shager, 2012, for the US, suggests they do), or simply if social mixing has intrinsic value as a part of education, policy needs to be breaking down the distinction between part-time and full-time settings, rather than working with it. Third, part-time provision does little to support an easy transition to work. A part-time place in a state nursery school in England is a good thing from a child development perspective, but logistically complicated for a working parent, and probably means non-working mothers postponing looking for work until a child starts full-time school. This in turn means these places are not doing a good job of supporting poverty reduction during early childhood. Increased funding for *all* settings in disadvantaged areas – similar to the school-level pupil premium in England and Wales – may be a less divisive and more productive strategy.

### 3. The trade-off between expanding access and improving quality

Several of our countries have seen rapid labour market, demographic and behavioural change in recent years, with significant increases in demand for ECEC provision, particularly for younger children. Ellingsæter points to the ‘toddler invasion’ in Norway, in which the share of one to two year-olds attending kindergarten increased from 37% in 2000 to 80% in 2011. In Germany, participation rates for under threes rose from 9% in 2002 to over 25% in 2011. France has been focused on increasing formal childcare places in the face of a rising birth rate and an increasing reliance on two incomes, while in the Netherlands demand for institutionalised childcare has also grown rapidly since the 1990s with growing female labour force participation. While expanding access, countries have also been trying to improve quality in response to a better understanding of the role of ECEC in child development. Has this led to trade-offs between the two?

Certainly, some countries have expanded provision by compromising on quality. In France, low-qualified women in disadvantaged areas have been encouraged to become childminders, both to increase places in the absence of sufficient *crèche* capacity and to increase female employment directly. Ratios have also been relaxed so that registered childminders can look after four children instead of three. Jeanne Fagnani argues that recent reforms have been driven more by labour market pressure than by the best interest of the child, although there have been simultaneous attempts to improve the training and support available to childminders. On the other hand, direct regulation of childminders’ wages has pushed up prices, so this form of care is no longer accessible to the poorest families who instead rely on informal care or shift working; this resonates with debates in England around tighter regulations for childminders which have improved quality, but increased prices. A system which prices lower income families out of formal provision is clearly not helpful for disadvantaged children, but nor is cheap but low-quality formal care.

In the Netherlands, the government met rising demand with a radical switch from supply-side to demand-side financing in 2005, intended to stimulate an expansion of private sector places. The switch did succeed in increasing places, but indicators of process quality fell markedly. Akgündüz and Plantenga suggest that this fall in quality is not a direct result of the change in funding itself, but may be due to the speed of expansion, with staff shortages, a lack of management



experience and difficulties in inspecting and regulating quality during such rapid expansion.

On the other hand, in Norway quality has increased alongside places, indicating that it is possible to act on both fronts at once with sufficient state funding. A survey of kindergartens in 2008 showed that structural quality had improved in parallel with sector expansion, with the share of staff in private kindergartens who are qualified teachers rising from 2004.

However, first, short-term problems of staffing are likely to be inevitable during periods of rapid expansion, and countries have to find ways to address this, perhaps by weakening training requirements in the short run and providing in-post training and support. In France, *crèche* requirements have been reduced so that only 40% rather than 50% of staff need hold a specialised qualification. In Germany, some *Länder* have introduced faster pathways to qualifications to meet the rapid rise in demand for staff.

Second, where resources are short, trade-offs are unavoidable, and there are no obvious answers except to keep both quality and access goals in mind. Very high-quality provision is not much good for disadvantaged children if they cannot access it, and this may justify, for example, the dilution of the New Zealand government's 100% teacher policy to a goal of 80% if funds are used as pledged to improve participation among Māori and Pasifika children. In Australia, recent ambitious moves to improve quality by guaranteeing all four year-olds access to a trained teacher have been widely welcomed, but have raised concerns that without sufficient funding the result may be better-off children receiving high-quality provision and the less well-off not accessing formal care at all; Australia has opted to make the provision high quality, but not free (somewhat in contrast to the entitlement in England). On the other hand, easy access to low-quality provision is a cause for concern, as highlighted by research in the US and Canada which has identified a negative association between childcare subsidies and child outcomes.

In light of these tensions, some countries are attempting to improve quality without spending (much) more money. For example, the US is pursuing federal competition for Head Start funding along with a requirement for Head Start programmes to use CLASS indicators to monitor quality and inform improvements. Similarly, self-evaluation using ECERS is being encouraged and supported by local authorities working with providers in England. However, while these strategies may hold some promise, there are limits to what can be achieved

without additional resources for materials, training and higher wages, as Deborah Brennan and Marianne Fenech point out.

Finally, given the use made of informal care by many disadvantaged families, the value of policies that improve the quality of informal care should not be forgotten. The Sure Start children's centre model in England has been successful at providing a hub for integrated services, including 'stay-and-play' sessions and other activities for children, and social opportunities and parenting support for parents and informal carers. Children's centres have inspired similar strategies elsewhere, including family centres in Germany and *multi-accueil* centres in France, as the chapters by Fagnani and Oberhuemer testify, while integrated child and family centres are also being established in Australia, specifically targeting indigenous families.

#### **4. Delivery: what matters?**

Under this heading, we discuss four issues about the way ECEC is delivered and the extent to which these issues matter from the perspective of disadvantaged children's access to high-quality provision. We consider two issues of governance – ECEC responsibility at ministerial level, and the question of decentralisation. We then consider which sectors are involved in delivery, and in particular, whether problems arise from having for-profit providers in the mix. Finally, we raise some issues regarding the workforce.

##### *Ministerial responsibility*

The integration of early education and childcare services under a single ministerial responsibility, preferably the education ministry, has long been a recommendation of both early childhood experts and international organisations such as the Organisation for Economic Co-operation and Development (OECD) (2006; Kaga et al, 2010). Most of the countries in our study have moved in this direction, but in France there is continuing division, with responsibility for *crèches* for under threes falling under social security and health and *écoles maternelles* under education. In the US, federal childcare policy is housed in the Department of Health and Human Services, although with recent links established with the Department of Education. In England, the Department for Education is the lead body, but the Department for Work and Pensions continues to have some responsibility. While formal responsibility may reveal social and political attitudes to the role of ECEC, our sense from our country case studies is that its practical

significance for the nature, quality and equality of provision may today be overstated, and that a commitment to integrating, coordinating and improving services matters more than where responsibility is based.

### ***Decentralisation***

A repeated theme in the chapters is the trade-off between allowing lower levels of governance to be responsive to local needs and priorities, and ensuring overall equality across states/*Länder*/local authorities. In the federal states in our study – Germany, the US and Australia – it is notable that children experience very different services depending on where they live. On the other hand, local variation also provides opportunities for innovation and for learning from both good and bad practice. Local governments can also play an important role in supporting small providers to improve quality, a role centralised inspectorate systems are unlikely to cover, although funding from central government is needed to make this possible.

For a federal government, two roles seem important: first, to impose (or at least to encourage) minimum standards on all states or authorities; and second, to ensure that there is an effective method of open coordination, so that successful policies can be adopted (and adjusted) elsewhere. Australia's new National Quality Framework (NQF) aims to bring all states into a single quality assurance scheme, and imposes minimum standards on child-to-staff ratios and qualification requirements which will require significant changes in some states; the extent to which it will also facilitate policy learning across states is not yet clear. Germany's National Quality Initiative (2000–06) led to a non-binding Common Framework for Early Education which was agreed by ministers in all 16 *Länder*.

Decentralisation also raises issues with respect to funding. First, there are questions about how far funding from central to local governments should be ring-fenced or earmarked rather than fungible to other spending areas. The message here seems to be that until services are really established, earmarked funding is important, and that a shift away from earmarking is in any case risky without strong quality regulations. Norway has recently made the move from earmarked to general-purpose block grant funding, but in the context of a guaranteed right to a kindergarten place for all children and a structure of provision that already covers very high numbers. To date, the shift has not led to changes in municipal behaviour, but a government-appointed expert commission has called for additional quality regulations and controls to ensure that quality does not fall as a result of the change. Where

services are less well established, the absence of earmarked funding could be problematic for access as well as quality, even where there is a formal entitlement to a place. In Germany, the entitlement that came into force from August 2013 does not seem to have been sufficient to force *Länder* to provide more places.

A second issue concerns the way in which central funding to local authorities responds to quality improvements at local level. The English experience shows that if funding from central to local government is unrelated to quality, it is difficult to create such incentives at a lower level: local governments rarely use their right to give providers quality supplements because it would mean other providers (often weaker providers in need of support) suffering. Likewise, in Germany, the amount of federal money *Länder* receive is not related to quality measures. In the US, on the other hand, Waldfogel and Magnuson describe how the Obama administration has sought to promote quality by providing states with additional funding, provided that they operate certain quality improvement initiatives.

### *The 'mixed economy' and the role of the private sector*

By design, all the countries in the study have a mix of providers, and many of them have a growing number of for-profit providers. In France, provision of childcare services has been open to for-profit providers since 2002 with the explicit objective of increasing the availability of childcare places. In Norway, half of kindergartens are private; many are owned by parents, but for-profit actors are increasingly involved. In New Zealand the number of private sector providers grew by 47% between 2007 and 2011, compared to 3% for community services. In the Netherlands, publicly provided day-care disappeared after the funding reform of 2005, and only private for-profits (60%) and not-for-profits (40%) remain. Germany remains an exception, in which two-thirds of settings are run by non-governmental organisations (NGOs); but there are virtually no for-profit settings.

Concerns have been raised that making profits from the provision of early education is unethical in itself, and that the involvement of for-profit providers is damaging to quality because resources are siphoned off for shareholders rather than invested in staff wages and other quality inputs (see, for example, Penn, 2012; Sumison, 2012). For-profit providers also have a motive to focus attention on higher income families, which might not be conducive to equity of access. On the other hand, market logic predicts that a for-profit sector should

drive up quality as providers compete to draw parents in – assuming parents know what quality is and value it.

The few studies that specifically investigate this issue are from North America, and find that quality is often worse in the for-profit sector (Blau and Currie, 2006; Sosinsky et al, 2007; Cleveland and Krashinsky, 2009). In several countries, including Australia and the UK, research is hampered by the fact that publicly available data do not distinguish between for-profit and non-profit settings, but in England, state-maintained settings have been found to have the highest process quality, while those in the voluntary sector have made the fastest quality improvements in recent years (Mathers et al, 2007). In New Zealand, there is concern that private centres have been slower in moving towards qualified teacher targets and have poorer staff conditions. In Norway, municipal kindergartens have been found to be strongest at planning and providing training and education.

On the other hand, the contrasting situations of Norway and Germany show that high-quality provision can operate with a for-profit sector, while having not-for-profit providers is no guarantee of high quality. In Norway, the set-up appears to work because of strong quality requirements (staff qualifications) alongside limits on both prices (a price cap) and profits: profits are only allowed if they are ‘reasonable’ – and they are not considered reasonable if personnel costs are significantly lower than in municipal kindergartens. These tight regulations are particularly important in Norway because of the high levels of state subsidy to the sector; constraints are needed to ensure that government money is spent on the service and does not leak out into profits.

It should be noted, however, that the for-profit sector is still small in Norway. A more substantial for-profit sector, and one which includes large corporations, may be more difficult to manage as its size gives it greater power to resist regulatory reforms. This is one of the lessons of the Australian experience, in which a single chain, ABC, gained 25% of the childcare market before going into receivership in 2008. Brennan and Fenech argue that the private sector in Australia has acted as a brake on campaigns to improve regulatory standards in that country.

Furthermore, there is no evidence in our study that the presence of a for-profit sector will itself drive quality improvements. The experience of the Netherlands after its shift to a competitive childcare market was the opposite, with a measured decline in the quality of provision. This seems to be because quality is not well observed by parents, giving providers no incentive to invest in quality improvements. The message is that quality can be high in the private sector, but this comes about

through regulation and tighter standards (which are likely to reduce profitability), not through pressure of competition, which is likely to be dominated by price.

One last issue worth highlighting under this heading is that the mixed economy may be an important factor contributing to the fragmentation of provision, and to less continuity for children as they grow. Norway stands out as the only one of our eight countries in which, while different providers are involved, there is one type of setting that covers the full age spectrum, and continuity of care from age one to age six is the norm. Perhaps choice and fragmentation are two sides of the same coin, and the price Norwegian parents pay for continuity is having fewer options. But as Hirschman (1970) argued, 'voice' can be as effective as choice in improving public services, and parental involvement on kindergarten boards in Norway appears to ensure that kindergartens respond to local needs.

### *Workforce issues*

The workforce is clearly a central factor in the delivery of ECEC. The issue of staff educational requirements was touched on earlier in the chapter, but a second recurrent theme in the country studies is that of pay. Perhaps surprisingly, a problem of low pay emerges as a common theme in all the countries in our study and not only where minimal training requirements are likely to contribute to a 'low educated, low paid' workforce.

Highly qualified staff in the sector are found to command relatively low pay for their level of qualification, unless their wage is set at a par with that of teachers in compulsory education. Such parity exists in France and England, where *écoles maternelles* and nursery classes are an integral part of the school system and where preschool teachers belong to the same occupational group as primary school teachers. But when ECEC is delivered outside schools, pay is invariably lower. In Norway, where the presence of graduate staff is fairly large, kindergarten teachers have low wages, not only in comparison to other groups with higher education, but also relative to other teachers. In New Zealand, parity of pay between kindergarten teachers and primary and secondary school teachers was the outcome of a trade union struggle (May, 2005), but the same agreement did not cover teachers in care and education centres. As qualification requirements increase, the question of pay parity with other occupational groups – and with teachers in particular – will inevitably become more pressing.

A second question regards pay differentials among ECEC workers with different qualifications. In both the UK and Australia, wages are fairly flat, and workers are not rewarded financially if they upgrade their qualifications. In these contexts, quality initiatives centred on the promotion of new qualifications alone are likely to be short-lived unless they are underpinned by funding able to cover higher salaries.

More generally, adequate pay levels appear necessary simply to recruit and retain sufficient numbers of staff, irrespective of their qualifications. In France, Jeanne Fagnani explains how minimum pay requirements for childminders were introduced with the aim of making childminding more attractive and thus expanding supply. In the US, Waldfogel and Magnuson report how a positive trend in childcare workers' pay since the 1990s has been matched by a reduction in turnover rates.

## **5. Spending more or spending smarter?**

An unavoidable truth that emerges from this study is that putting more public resources into ECEC helps to ensure both that quality is high and that all children are able to access it. The countries that perform best on the combination of access and quality, France and Norway, are those that we identified in Chapter One as pushing the boat out on the third corner of the 'childcare triangle', with the highest level of spending as a share of GDP. That providing high-quality ECEC in a fair and accessible way is expensive may be an unwelcome conclusion in an era of recession and retrenchment, but the wide differences reported in [Table 1.4](#) remind us that countries do have choices, whatever the fiscal circumstances. As Jeanne Fagnani points out in her chapter, France has continued to increase investment in ECEC even in recent years, despite fiscal constraints.

[Table 1.4](#) also illustrated the extent to which spending on under fives is concentrated on the older children in that age group, largely reflecting much higher enrolment rates for three, four and five year-olds. Yet, as all chapters have testified, enrolment is rising for younger children. Unless resources are to be redistributed away from three and four year-olds, additional funding will have to be found from other government budgets: if spending on ECEC does *not* increase in coming years, it is likely to indicate that quality is falling. At the same time, the pressure of rising demand makes it particularly important to think about how resources can be spent most effectively to promote both quality and equity. We draw together potential lessons here.

A first general question is, does it matter to the effectiveness of the system whether public resources are organised as demand-side funding

(that is, following the individual child) or supply-side (direct to the provider)? Demand-side subsidies appear to work well as a tool for encouraging the expansion of places where they are needed, but not necessarily as a tool for improving quality, for reasons discussed earlier in the chapter. Nor are they obviously superior to supply-side funding in promoting parental choice: choice rests on the availability of a range of options, but demand-side funding can, in practice, lead to similar prices and a mediocre level of quality across the board, as the case of the Netherlands illustrates. Demand-side funding may also rule out upfront, income-related fees, and this may be considered a drawback for reasons discussed below. Furthermore, some supply-side support is likely to be essential to making services sustainable in disadvantaged areas, where parental ability to pay fees is lower.

Overall, our findings lead us towards agreement with the OECD (2006, p 114), which argues that 'direct public funding of services brings, in the majority of countries reviewed, more effective control, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access and participation than consumer subsidy models'. On the other hand, existing demand-side funding systems could be made more sophisticated and effective by incorporating quality supplements of the kind suggested below.

This brings us to the second clear lesson, which is the importance of better integration between funding and regulation mechanisms. There is currently a tendency for governments to use funding mechanisms to improve affordability and regulation to affect quality. But if funding is not linked to the quality of provision, whether on the supply-side or on the demand-side, it limits the incentives (and opportunities) for providers to raise quality, while also risking pricing out lower income families. Quality supplements that ensure that settings receive higher levels of funding if they employ more qualified staff (for example) are surprisingly rare and seem worthy of much greater policy attention. Such supplements would improve incentives to providers to invest in quality, while enabling parents with less ability to top up state support to opt for higher quality care.

Third, the cross-country evidence makes a strong case for transparent income-related fees where universal free provision is not possible. In both Norway and France (for under threes), income-related fees operate to facilitate access without making it free to all. If fees reduce to zero for families without income, this also promotes social integration, and may be an effective way to ensure that parents can use early education settings as childcare when they are ready for this. The Norwegian example shows how universal access can be achieved



through a system of income-related fees ranging from zero to a nationally enforced maximum cap. Income-related fees are much easier to implement in publicly provided systems, such as France, but the experiences of Norway and Germany suggest that they can also work where private providers are involved. However, as noted, combining transparent income-related fees with demand-side subsidies will at best be complicated and may simply be impossible. Where income-related fees are considered unworkable, countries should consider the Australian example, in which subsidies follow the child but can be paid directly to the provider, rather than as a reimbursement to the parent.

Fourth, there *may* be the potential to keep costs down by trading off different aspects of quality. Depending on a country's starting point, allowing child-to-staff ratios to rise slightly to pay for more highly qualified and better paid staff may be preferable to a system with large numbers of staff with low qualifications. However, any shift should be gradual, conditional on having high-qualified staff in post, and should pay careful attention to the nature of the education that settings are expected to deliver. An optimal service is likely to combine low ratios with a strong graduate presence, as in Norway.

Fifth, where for-profit providers are involved in ECEC delivery, mechanisms are needed to ensure that public resources do not simply boost shareholder profits. In Norway, where half of providers are private but the government pays 85% of childcare costs, fee-capping, combined with tight regulations with regard to staffing, appears to work well. In addition, strong incentives for providers to ensure access for disadvantaged children may be important in order to protect against social segregation, and discourage for-profits from seeking out higher income parents, particularly in countries with greater social inequality than Norway. These might include higher state subsidies for disadvantaged children; these are used in England, but are currently too small in size to have much effect.

Finally, however, we return to the inescapable point that improving access and raising quality is expensive, and someone has to pay. Most parents are unable to cover anything close to the full cost of high-quality provision, just as they would struggle to afford private schooling at compulsory level. In the Netherlands, employers make a substantial contribution to making childcare affordable, but this may be difficult to implement more widely, and it may also be hard to get Dutch employers to fund improvements in the *quality* of provision on offer. The French system, in which employers pay a general national insurance-type contribution rather than a direct part of employees' individual childcare costs, may be worth pursuing, although this is

really just another way of raising taxation. The bottom line is that in nearly all the countries in this study, more public resources are needed to ensure that ECEC provision is both high quality and accessible to all children. This requires political leadership and long-term vision.

## Notes

<sup>1</sup> As discussed in Chapter 2, in Northern Ireland provision for 3 year-olds is a policy aim but not a guarantee as in other parts of the UK.

<sup>2</sup> As discussed in Chapter 2, policies vary within the UK. Here and throughout this concluding chapter, when we refer to England, we mean that a statement applies to England only, rather than to the whole of the UK.

<sup>3</sup> ‘Should pre-school be compulsory?’, *The New Zealand Herald*, Friday 21 September 2012.

<sup>4</sup> The possibility of allowing child-to-staff ratios to rise if settings employed more highly qualified staff was put forward by the Coalition government in the UK in 2013, although it was unclear which level of qualification would trigger the higher ratio, and whether the ultimate goal was to improve quality or to reduce the cost of provision and therefore prices for parents (DfE, 2013). The proposal was controversial and had been shelved at the time of writing.

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