

# Government Assistance to Private Early Childhood Education and Care (ECEC) Settings during the COVID-19 Crisis

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Comparative Review

## Abstract

Along with the educational facilities around the world that closed due to the spread of the coronavirus, early childhood education and care (ECEC) settings for infants and toddlers closed as well. Though in many countries, the state provides most of the funding for ECEC services and sometimes operates such settings itself, in other countries, parents cover most of the expenses of these childcare services while receiving a partial subsidy (usually income-dependent) from the state. In this latter situation, when private ECEC settings shut down, they cannot collect payments from parents but must still pay fixed costs such as rent. As a result, the institutions may close down entirely, resulting in a shortage of ECEC settings after the crisis. Another option is to transfer part of the financial burden for the closure period to the parents (who might themselves be struggling financially given the cut to their regular income).

In this document, written in response to a request from MK Nitzan Horowitz, chair of the Special Committee on the Preparations of the Education System and Special Education, including for the Upcoming School Year, we examine the support that various countries have granted to private early childhood settings during the COVID-19 crisis. **We emphasize that this document focuses on countries with a significant percentage of childcare institutions in the infant and preschool care system that are privately funded (either entirely or with some government subsidy). This is the case in a small number of European countries—including Spain, the Netherlands, the United Kingdom, and Ireland—but it is widespread in other Western countries, including the United States, Canada, and Australia.** Before the findings, we briefly present background on models for operating early childhood settings in general—and particularly in the countries we reviewed—in order to help understand the support mechanisms offered in each country.

It is also important to recognize that certain features may reduce our ability to make a full comparison between countries where private early childhood settings are common (like Israel). For example, there are differences in the age at which children begin compulsory education (provided free to all children—in Israel, this takes place at a relatively young age) and in the extent of the subsidies given to private childcare facilities for younger children.

The findings in this document include:

- Private providers of early childhood education and care services (ECEC) exist in most countries, including those that have public early childhood institutions. In countries with a unified system for all children under school age, private settings

may provide educational services for infants and very young toddlers for whom no public facilities exist, or they may operate alongside the public institutions. In countries where several national agencies share responsibility for early childhood care, the educational services for the youngest children are often administered by private settings while the responsible state agency functions as a regulator and as a provider of funding but not as an operator. The government subsidizes private settings either by direct assistance to parents in the form of vouchers or tax credits, or by assisting the institutions themselves through tuition subsidies or by covering some of the operating costs.

- In Israel, the responsibility for early childhood education and care services is divided between the Ministry of Education, which is responsible for public educational institutions, and the Ministry of Labor, Social Affairs and Social Services, which supervises all private settings for children under age three and subsidizes tuition for some of the parents in ministry-approved daycare centers that meet specific criteria. Most settings for infants and toddlers under age three do not offer tuition subsidies, and they are funded entirely on a private basis.
- **During the COVID-19 crisis, most of the countries where private institutions play a significant role in the early childhood education system provided dedicated assistance to private early childhood settings.** This assistance had two main objectives, which may well coexist: allowing closed early childhood settings to pay their fixed costs and return to operation after the crisis, and allowing early childhood facilities to remain open in order to care for both the children of essential workers and children in special situations who require continuous care (e.g., children from a difficult socioeconomic background, children at risk, and children with special needs).
- We found clear differences between countries in terms of the assistance offered to private early childhood settings and the tools that the countries deployed for that purpose. The differences stem from how the country's early childhood education system is organized and the models it normally uses for funding private settings, the objective of the assistance, and the country's level of commitment to early childhood education and care.
- This document identified three main tools for assisting early childhood settings, in the countries reviewed some of which were employed simultaneously by certain countries:
  - Financial assistance to cover the facility's fixed expenses during the period of closure, which usually—but not necessarily—comes from the budget that is normally used to subsidize the children's stay in the settings. Such assistance is being given in places that normally provide settings with a subsidy or a basic operating budget, such as **Andalusia in Spain, British Columbia in Canada** (for settings that chose to remain closed), **Australia**, and the **United Kingdom** (even for facilities that have not remained open for the children of essential workers);
  - In **Ireland, the Netherlands, and Quebec in Canada**, private early childhood settings are being provided with **financial support to cover all of their expenses (salaries and other expenses)** in order to ensure that the staff

members remain employed during the crisis, whether or not the settings remain open, and that settings are available for the children of essential workers during the crisis and for all children after the crisis. In the Netherlands, parents were directed to continue making payments to the daycare center (for which the government is expected to reimburse them); in Ireland and Quebec, the settings received assistance directly from the state.

- **Australia**, some states in **the United States (such as California, New York, Minnesota, and Massachusetts)**, and **British Columbia** in **Canada** provide **financial aid to guarantee the continued daycare operation—and, if necessary, even expanded operation during the crisis (augmenting the staff, adding a group, etc.)—of settings that provide services for the children of essential workers and children in special circumstances.** These services are sometimes provided without pay. Settings that shut down their operations are either eligible for reduced aid or are ineligible for assistance.
- **All the countries that offer dedicated aid for childcare services during the COVID-19 crisis do so to settings that are supported by the state under normal circumstances.** Apparently, in the United States, only a small number of settings are eligible for this kind of support. **At the same time, we found that some countries do not offer dedicated aid to private early childhood settings even though these settings are an integral part of the ECEC system. Those that do not offer aid include Alberta and Ontario in Canada and most of the autonomous communities in Spain.**

The table below summarizes the information collected on dedicated government assistance to private early childhood settings in the countries we reviewed, divided into the three main strategies for providing assistance mentioned above:

<b>Dedicated Assistance to Private ECEC Institutions—Summary</b>		
<b>Country</b>	<b>Regular model of funding for private ECEC institutions</b>	<b>Dedicated assistance to ECEC institutions during the COVID-19 crisis</b>
<b>Financial assistance to institutions to cover fixed expenses during the period of inactivity</b>		
<b>Australia</b>	Subsidy of 20–85% of the cost of attending ECEC institutions, based on family characteristics.	The state is continuing to cover 50% of the fixed costs of institutions that received a subsidy before the crisis and closed because of it.  Institutions that shut down due to business considerations and not because of the pandemic are not eligible to receive dedicated aid and are referred for general assistance for businesses or the self-employed.

		The country is encouraging institutions to remain open to provide services to essential workers.
<b>United Kingdom</b>	Subsidy for defined hours, based on the family's and child's characteristics, at institutions for children aged 2–5. Children up to age two—private institutions that are not subsidized by the state.	The state is continuing to fully fund the institutions as it had before the crisis; Institutions that were not fully funded by the state and that received funding from parents can have this latter portion covered by general governmental assistance for the self-employed and small businesses; there is no special support for private institutions for children under age two.
<b>Spain—Andalusia</b>	Subsidy of some costs of early childhood care, according to family characteristics.	State-funded ECEC institutions are eligible for grants on the condition that they keep their staff employed. The total sum of the grants to an institution shall not exceed the sum that is allocated as a subsidy for the cost of childcare.
<b>Canada—British Columbia</b>	Basic funding for ECEC institutions; parents receive an additional allowance to cover some of the childcare expenses according to the family's characteristics.	Institutions that shut down are eligible for a grant that is double the basic budget for fixed expenses.
<b>Canada—Quebec</b>	Direct subsidies to ECEC institutions based on the number of children in their care, or tax refunds to families for some of their childcare costs.	Non-subsidized institutions are eligible for a grant to cover fixed expenses during the crisis.

Country	Regular model of funding for private ECEC institutions	Dedicated assistance to ECEC institutions during the COVID-19 crisis
<b>Financial aid to cover all expenses during the crisis</b>		
<b>Ireland</b>	Direct subsidies to institutions for some of the costs of providing childcare; these include a universal subsidy for all families and a subsidy based on a family's income level.	Subsidized institutions are eligible for full funding for salaries as well as a grant in the amount of 15% of the salaries to cover fixed expenses for 12 weeks. The aid is contingent on continued employment of the staff and on not collecting payments from parents.
<b>The Netherlands</b>	Allowance to parents to cover some of the ECEC costs.	Parents continue to pay the institutions and are eligible for a full refund of these payments.
<b>Canada—Quebec</b>	Direct subsidies to ECEC institutions based on the number of children in their care, or tax refunds to families for some of their childcare costs.	Full funding for subsidized institutions so that they can continue employing their entire staff and provide free childcare to essential workers and employees of the healthcare system.
<b>Grants to institutions that remain open to provide services for the children of essential workers, or while prioritizing these children</b>		
<b>Australia</b>	Subsidy of 20–85% of the cost of attending ECEC institutions, based on family characteristics.	The state is continuing subsidies to institutions that remain open to provide services for the children of essential workers or for children registered at the institutions before the crisis, while prioritizing the children of essential workers and children in unique circumstances; the state is funding the institutions at a rate of 50% of the pre-crisis level. Parents are exempt from pay at this point.
<b>United States—Minnesota, Massachusetts, New</b>	Mostly settings are privately funded. Some childcare costs are subsidized, but only for families from low socioeconomic background, children	Institutions are being encouraged to remain operational to provide services for the children of essential workers. Institutions that remain open are eligible for continued subsidies at the pre-crisis

<b>York, and California</b>	at risk, and children with special needs.	level, and they can obtain additional funding for additional staff, hours, hygiene products, and protective equipment. Not every expense is covered in every locality. There is no dedicated assistance for institutions that shut down and that were not subsidized before the crisis.
<b>Canada—British Columbia</b>	Basic budgeting for ECEC institutions; parents receive an allowance to cover some of the childcare expenses according to the family's characteristics.	Institutions are being encouraged to remain operational to provide services for the children of essential workers. Institutions that remain open are eligible for a grant of seven times their basic budget.

## 1. Introduction—The Place of Private Settings in the Provision of ECEC Services

In recent decades, developed countries have shown an increased awareness of the importance of early childhood education to the beneficial development of children, the promotion of equality between different populations and narrowing of social gaps, and increased maternal employment. At the same time, early childhood education is structured differently in each country. Nonetheless, generally speaking, ECEC systems around the world are organized into one of two primary types of structures: **unified systems**, in which early childhood education is administered by a single education system and is organized as a separate educational stage for all children who have not yet reached school age, and **split systems**, in which the responsibility for ECEC services is divided between several state agencies based on the children's age.<sup>1</sup>

**In most countries, the ECEC system is composed of private institutions as well as public settings, but the share of these private institutions in the ECEC system differs greatly between countries.** In countries with a unified system, the private settings may provide services for infants and very young toddlers for whom no public settings exist, or they may operate in parallel to the public settings. In countries that have a split system, education services for children in the youngest age group are often provided by the private sector, with the responsible state agency functioning as a

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<sup>1</sup> Eti Weissblei, "[Public Policy in Early Childhood Education—A Comparative Review](#)," Knesset Research and Information Center, July 9th 2015 [Hebrew].

regulator and active funder but not as an operator. In several countries, such as Bulgaria and Germany, a negligible percentage of children attend private early childhood settings. In other countries—including Belgium, the United Kingdom, Spain, and the Netherlands—a larger percentage of preschoolers are in private care. In general, private settings are more common in non-European Western countries, such as Australia, New Zealand, the United States, and Canada.<sup>2</sup>

The nature of the governmental support for private ECEC settings depends on how each country structures the education services for children of these ages and how much it invests in early childhood education. The two most accepted types of models in this context are "demand-side" models, in which assistance is given to parents in the form of vouchers or tax refunds, and "supply-side" models, in which assistance is given directly to the settings in the form of subsidies or funding for some of the operational costs. Many countries employ different models simultaneously or combine methods in order to increase the support to families and allow the maximum number of families to receive childcare assistance.<sup>3</sup>

The chart below presents data from the OECD on budgeting for early childhood education (education and care settings for children from birth up to age three), in countries with available data. The countries with the highest share of parental funding for ECEC settings are: the United Kingdom, Spain, Australia, and Israel.<sup>4</sup>

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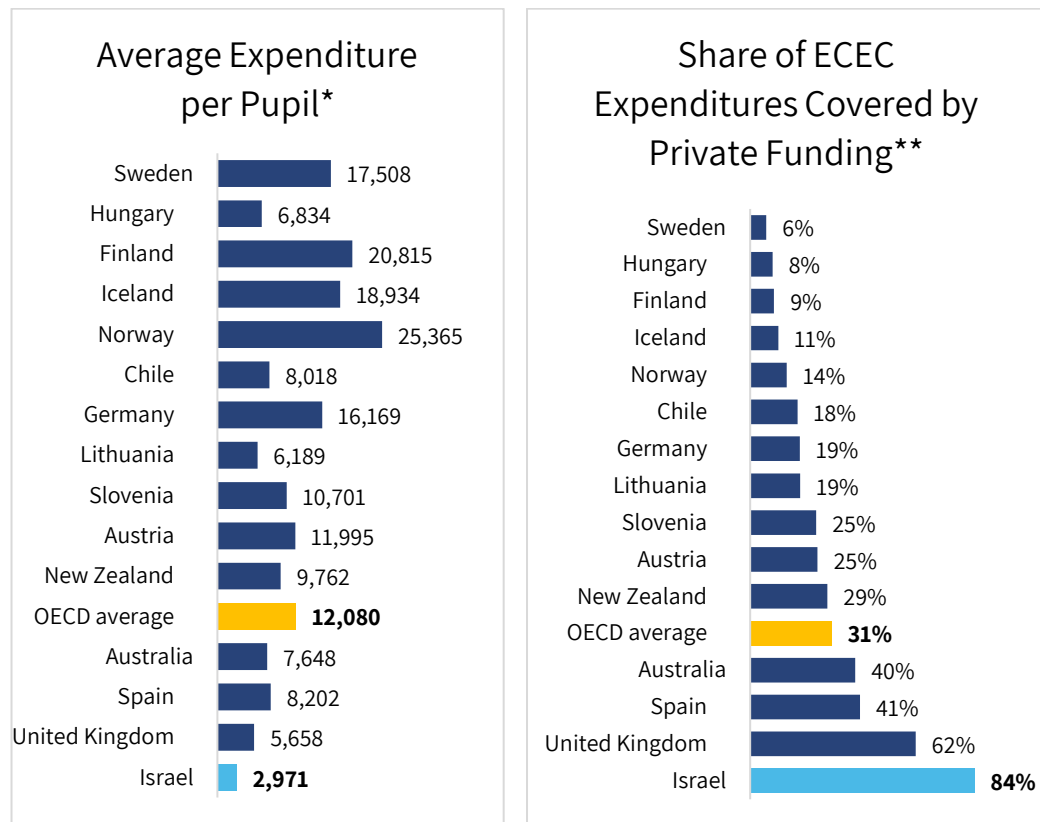
<sup>2</sup> European Commission, [Key Data on Early Childhood Education and Care in Europe—2019 Edition](#), Eurydice Report, Luxembourg, July 4th 2019.

<sup>3</sup> Eti Weissblei, [Public Policy in Early Childhood Education—A Comparative Review](#), Knesset Research and Information Center, July 9th 2015 [Hebrew].

<sup>4</sup> OECD, *Education at a Glance 2019: OECD Indicators*, Paris, 2019, p. 178: Table B2.4. Financing of early childhood education and care (ISCED 0) and change in expenditure as a percentage of GDP (2012 and 2016).



### **Funding for Early Childhood Education (Birth to Age 3) in Selected Countries** **(2016)**



\*USD in terms of PPP (Purchasing Power Parity index)

\*\*After deducting public transfers

## 2. Private ECEC Institutions in Israel

### Background

In 2018, there were 1.079 million children under age six in Israel, of whom 548,500 were infants and toddlers under age three.<sup>5</sup>

Children from three years of age up to elementary school age (which children usually enter at the age of six) are educated in public preschools operated by the Ministry of Education. However, most of the daycare centers for children under age three are private settings. Approximately 125,000 infants and toddlers under three are cared for in 2,200 daycare centers and 3,800 family daycare services which are certified by the

<sup>5</sup> Central Bureau of Statistics, Statistical Abstract of Israel 2019, [Table 2.3: Population by population group, religion, sex, and age.](#)

Daycare Centers Department in the Ministry of Labor, Social Affairs, and Social Services (hereinafter: certified daycares). These frameworks operate in accordance with criteria set by the Daycare Centers Department, which subsidizes tuition for some of the children.<sup>6</sup> The rest of the infants and toddlers under age three in Israel are cared for in private daycare centers and nurseries that are not subsidized, or they stay home with relatives or a private caregiver. The funding for these services comes entirely from private sources.

### **The State of Private Institutions due to the COVID-19 Crisis<sup>7</sup>**

The Public Health Ordinance (Novel Coronavirus) (Restriction of Operation of Education Institutions), which was issued on March 15th 2020, mandated that no activities whatsoever be held in any educational institution, including preschools where children are educated on a regular basis and any location that functions or that is meant to function as a day center where toddlers are provided with care and education.<sup>8</sup> In the wake of the closure, Ministry of Labor and Social Affairs asked the directors of **certified daycares** to reimburse parents for the days in March on which the centers were closed and to fully cease collecting tuition for April and until further notice.<sup>9</sup> At the same time, the Ministry halted the transfer to the institutions of the tuition subsidies for eligible children.

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<sup>6</sup> The tuition level for supervised daycare centers and family day care services is set by the Price Committee, a joint committee of the Ministry of Labor, Social Affairs and Social Services and the Ministry of Finance that operates pursuant to the [Goods and Services Price Control Law, 5756-1996](#) [Hebrew]. See: Ministry of Labor, Social Affairs and Social Services, "[Daycare Centers and Family Day Care Services](#)," accessed May 2019 [Hebrew]. For further information regarding the authorization and oversight of early childhood daycare centers (up to the age of three), see: Rabinovitz, Weissblei, and Monnickendam-Givon, [Early Childhood Education and Care \(ECEC\) Services](#), Abstract, Knesset Research and Information Center, July 14th 2019

<sup>7</sup> Further information about the settings' situation during the COVID-19 crisis can be found in other documents by the Knesset's Research and Information Center, for example: Maria Rabinovitz, [Issues in the operation of early childhood services in the shadow of COVID-19](#), Knesset Research and Information Center, April 6th 2020 [Hebrew]; idem, [The state of directors of authorized daycares in the shadow of the COVID-19 crisis](#), Knesset Research and Information Center, April 23rd 2020 [Hebrew].

<sup>8</sup> Public Health Ordinance (Novel Coronavirus) (Restrictions of Activities at Educational Institutions) (Temporary Order), 2020 [Hebrew].

<sup>9</sup> Ministry of Labor, Social Affairs, and Social Services, the Daycare Centers and Family Daycare Services Department, The operation of certified daycare centers and family daycare services in the shadow of the coronavirus, March 22nd 2020 [Hebrew].

The State did not issue directives to fully private (i.e., non-certified) ECEC settings regarding reimbursements or the cessation of tuition collection. However, according to the Israel Consumer Council, service providers cannot require consumers to pay during the closure, because the new and unforeseen circumstances do not allow for the fulfillment of the terms of the contracts that the parents and settings had signed before the children enrolled.<sup>10</sup>

According to information provided by the association of private ECEC settings, as soon as the crisis started, the owners of institutions began reporting on the current or foreseeable financial difficulties that would result from the disruption in tuition payments—the institutions' sole source of income. These difficulties include the inability to pay rent, property taxes and other taxes, staff salaries, and other recurring expenses to which they had already committed. According to the owners, this situation could lead to the permanent closure of some institutions.

**At present, the primary form of assistance that the directors of private institutions may request is a support grant for the self-employed whose businesses suffered due to the COVID-19 outbreak, which the Israel Tax Authority is now disbursing.<sup>11</sup> According to information received from the associations of private ECEC settings, many employees reported that their grant requests have been rejected, for various reasons related to their income level (which was either lower or higher than required) or to the institutions' past difficulties with the tax authorities. They further reported that the grants that have been approved were for low amounts.<sup>12</sup>**

According to the associations, ECEC settings are not a typical independent business and are different in nature from other businesses harmed by the COVID-19 crisis. They noted that the failure and closure of ECEC settings have a direct impact not only on the owners and teachers, but—if the crisis is prolonged—on the families, who would have nowhere else to which to send their children after the crisis, and the children themselves, who would need to enroll in new settings or return to a different staff.

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<sup>10</sup> Israel Consumer Council, [Guidance to consumers on reimbursement for classes, gyms, and daycares due to the coronavirus crisis](#), accessed: April 2nd 2020 [Hebrew].

<sup>11</sup> Israel Tax Authority, [Grant for the self-employed for the COVID-19 period](#), accessed: April 5th 2020 [Hebrew].

<sup>12</sup> Adv. Keren Ohana Evis, Chair of HIBA—the National Organization of Private Preschools; Dr. Shulamit Bismanovsky, chair of the Organization of Private Preschools; Yaniv Bar Or, director of the Private Daycare Centers Association, phone conversations, April 2nd–6th 2020 [Hebrew].

We note that in early April, representatives of the Federation of Local Authorities in Israel announced that private preschools would be exempt from paying property taxes for three months.<sup>13</sup>

The difficult situation in which private daycare centers for children under age three find themselves was discussed this past month (April 2020) in the Special Committee on the Preparations of the Education System and Special Education, including for the Upcoming School Year, chaired by MK Nitzan Horowitz<sup>14</sup> and in the Special Committee on Welfare and Labor Affairs chaired by MK Aida Touma-Sliman.<sup>15</sup>

In a discussion held in the Special Committee on Welfare and Labor Affairs on April 22nd, the Deputy Director of Budgets, Asaf Wassercug, said that private preschools, **like all other businesses, will be eligible for a very high grant for March and April—up to 30% of their monthly turnover—as part of the support grant. He stated that he could not guarantee that parents will not need to pay any additional fees to the preschool (after the crisis), but that more aid will be considered, if necessary.**<sup>16</sup>

According to recent reports in the media, some directors of private institutions have threatened that without dedicated assistance, they will not reopen at this stage.

We note that the supervised and subsidized early childhood frameworks (i.e., certified daycares) are also facing difficulties due to the closure of the institutions and the halt in subsidies and parent payments. The organizations that operate daycare centers (WIZO, NAAMAT, and IMA) report that the centers are struggling financially, and they are requesting assistance with meeting the requirements that will be in place when the centers open in the future, such as splitting into groups, protective gear for the staff,

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<sup>13</sup> 23rd Knesset, Special Committee on the Preparations of the Education System and Special Education, including for the Upcoming School Year, [Committee spokesperson's announcement following a discussion on "The activity of preschools in the shadow of the COVID-19 pandemic,"](#) April 7th 2020 [Hebrew].

<sup>14</sup> Idem, [The activity of preschools in the shadow of the COVID-19 pandemic,](#) April 7th 2020 [Hebrew].

<sup>15</sup> 23rd Knesset, Special Committee on Welfare and Labor Affairs, minutes of discussion on "[Situation of daycare centers for toddlers,](#)" April 16th 2020 [Hebrew]; idem, minutes of discussion on "[Assistance to directors of family daycares certified by the Ministry of Labor, Social Affairs, and Social Services in the wake of the COVID-19 crisis,](#)" April 23rd 2020 [Hebrew].

<sup>16</sup> 23rd Knesset, Special Committee on Welfare and Labor Affairs, minutes, [Replies by the Ministry of Finance on welfare and labor issues discussed in the Committee,](#) April 22nd 2020 [Hebrew]; idem, [Committee spokesperson's announcement](#) [Hebrew].

and so on. In addition, the directors of family daycare services—who are not eligible for unemployment benefits from the National Insurance Institute due to their unique employment conditions, unlike the staff of certified daycare centers—report myriad difficulties in obtaining small-business grants from the Tax Authority and caution that the grant amounts are insufficient.<sup>17</sup>

In a discussion held by the Special Committee on Welfare and Labor Affairs on April 23rd 2020, representatives from the Ministry of Finance and the Daycare Centers and Family Daycare Services Department in the Ministry of Labor and Social Affairs mentioned that a model is currently being developed to provide special assistance to certified daycare centers and family daycare services in preparation for their reopening as part of the expected end of the lockdown.<sup>18</sup>

Along with the closure of the educational settings for all Israeli children, the authorities approved the gradual reopening of certain institutions under specific conditions, to allow the parents of toddlers who were identified as essential employees to return to work on a regular schedule. Since the end of March, private settings for children under three—as well as certified daycare centers—have been allowed to provide services for children of these essential workers.<sup>19</sup> **At this time, the State is not specifically covering the tuition in private settings, and the parents must pay for the childcare. Essential workers whose children receive care in a certified daycare center during this time can examine their eligibility for a tuition subsidy.**

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<sup>17</sup> 23rd Knesset, Special Committee on Welfare and Labor Affairs, minutes of discussion on "[Situation of daycare centers for toddlers](#)," April 16th 2020 [Hebrew]; idem, minutes of discussion on "[Assistance to directors of family daycares certified by the Ministry of Labor, Social Affairs, and Social Services in the wake of the COVID-19 crisis](#)," April 23rd 2020 [Hebrew].

<sup>18</sup> Idem, minutes of discussion on "[Assistance to directors of family daycares certified by the Ministry of Labor, Social Affairs, and Social Services in the wake of the COVID-19 crisis](#)," April 23rd 2020 [Hebrew].

<sup>19</sup> [Public Health Ordinance \(Novel Coronavirus\) \(Restrictions of Activities at Educational Institutions\) \(Temporary Order\), 2020](#), March 29th 2020 [Hebrew].