Financing in ECCE in Korea: Strategies and Lessons

REPUBLIC OF KOREA
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Current Status of ECCE in Korea

Number of Children and Participation rates in ECCE (2019)

<table>
<thead>
<tr>
<th>Age</th>
<th>Population (A)</th>
<th>No. of children in Childcare (B)</th>
<th>No. of children in Kindergarten (C)</th>
<th>Total (B+C)</th>
<th>Percentage B/A</th>
<th>Percentage C/A</th>
<th>Percentage (B+C)/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 yr</td>
<td>626,102</td>
<td>126,216</td>
<td></td>
<td>126,216</td>
<td>20.2</td>
<td>20.2</td>
<td></td>
</tr>
<tr>
<td>1 yr</td>
<td>362,900</td>
<td>294,242</td>
<td></td>
<td>294,242</td>
<td>81.1</td>
<td>81.1</td>
<td></td>
</tr>
<tr>
<td>2 yr</td>
<td>412,018</td>
<td>376,041</td>
<td></td>
<td>376,041</td>
<td>91.3</td>
<td>91.3</td>
<td></td>
</tr>
</tbody>
</table>

0~2 Sub Total | 1,401,020 | 796,499 | 56.9 | 56.9 |

| 3 yr | 444,102 | 240,429 | 159,232 | 399,661 | 54.1 | 35.9 | 90.0 |
| 4 yr | 440,483 | 173,715 | 224,750 | 398,465 | 39.4 | 51.0 | 90.4 |
| 5 yr | 441,362 | 148,832 | 249,538 | 398,370 | 33.7 | 56.5 | 90.2 |

3~5 Sub Total | 1,325,947 | 562,976 | 633,520 | 1,196,496 | 42.5 | 47.8 | 90.2 |

Total | 2,726,967 | 1,359,475 | 633,520 | 1,992,995 | 49.9 | 23.2 | 73.1 |

- Source: KICCE (2020). 2019 Key statistics on ECCE

Participation rates by types of ECCE institutions (2019)

- Source: KICCE (2020). 2019 Key statistics on ECCE
Participation rates in ECCE (2012-2018)

Ratio of students to teachers in kindergartens/schools by year (2000-2020)

Source: https://kess.kedi.re.kr/index
## ECCE System in Korea

### Early Childhood Education
- **Age of children served**: 3 to 5
- **Institution**: Kindergartens
- **Administrative Auspice**: Ministry of Education
- **Legal Basis**: Early Childhood Education Act (Jan. 2004)
- **Curriculum**: Nuri Curriculum (since 2012)
- **Teacher Training**: 4 yr-, 3yr-, & 2yr-College
- **Quality Monitoring**: Consolidated Evaluation Indicators (2017)

### Child Care
- **Age of children served**: 0 to 5
- **Institution**: Childcare facilities
- **Administrative Auspice**: Ministry of Health and Welfare
- **Legal Basis**: Childcare Act (1991)
- **Curriculum**: Nuri Curriculum for 3 to 5 & Standard childcare curriculum for 0 to 2 (since 2007)
- **Teacher Training**: 4 yr-, 2yr-College & 1 yr-training post high school
- **Quality Monitoring**: Consolidated Evaluation Indicators (2017)
"Every child is everyone’s child."

National Agenda on ECCE in Korea (July 7, 2017)

1. Strengthening **governmental accountability in securing the Nuri subsidies**
2. Increasing participation rates in **public kindergartens /childcare centers up to 40 %**
3. Ensuring giving priorities to **disadvantaged children in using ECEC services**
4. Customized educational support for disadvantage children (Increasing the number of facilities for children with special needs; developing multicultural programs focusing on language learning, etc.)
5. Enhancing satisfaction through **closing the gaps in quality between kindergartens and childcare centers** (teacher salaries, qualifications, etc.)
6. Child-centered implementation of Curriculum by legislating optimal hours of learning
7. Prohibiting excessive private academy education for young children
8. Safe environment which parental can trust
9. Reducing quality gaps between public vs. private kindergartens
10. Improving learning environment for the future
11. Strengthening autonomy and implementation power of Local Offices of Edu.
12. Child Allowances of USD 100 per month per child aged 0 to 5 (since Sept. 2018)
ECCE plans and policies every 5 years by laws


**Vision**

**Goals**

- Strengthening national accountability of early childhood education & Innovating culture of education
  - Ensuring quality EC education and equal educational opportunities
  - Support for children’s development through educational communities of kindergartens, teachers, parents
  - Ensuring the publicness of EC through building networks with kindergartens

**Tasks**

- Recovering the Hope Ladder
  - Realizing Hope Ladder by ensuring equal educational opportunities
  - Expanding public kindergartens
  - Strengthening the public nature of services through transparent operation of private KGs

- Creating the culture of child-centered education through classroom innovation
  - Shifting the current paradigm to child-centered
  - Lessening the excessive private education of Haloknoms

- Support for healthy development of children with educational communities
  - Creating a learning environment which gives trust to parents
  - Strengthening parental participation to support children’s healthy development
  - Strengthening Teacher-Child interaction

- Building administration systems for innovation of EC
  - Revising evaluation systems accommodating diversity of EC centers (Localizing monitoring)
  - Improving support system for private KGs

**Implementation system**

- Building Comprehensive & Systemic Support Systems among Ministry of Education and other relevant ministries, Local Offices of Education and kindergartens, teachers, and parents


**Vision**

**Society working Together toward Happy Growth of Children**

**Goals & Strategies**

**Vision**

**Society working Together toward Happy Growth of Children**

**Strngthening publicness of childcare**

1. Increasing participation rates in public CC up to 40%
2. Strengthening publicness of operation of public CC
3. Expanding childcare at workplaces
4. Improving transparency of childcare centers

**Restructuring childcare systems**

1. Improving support systems of childcare centers
2. Setting the unit cost of childcare fees and providing proper level of subsidies
3. Revising the Standard Childcare Curriculum

**Enhancing quality of services**

1. Promoting professionalism of CC teachers
2. Ensuring remuneration of CC teachers
3. Improving childcare environments
4. Monitoring quality on a regular basis

**Fortifying parental child-rearing**

1. Support for parents' child-rearing
2. Expanding part-time childcare services
3. Improving childcare support for disadvantaged children

**Implementation**

- Restructuring functions of support systems
- Increasing collaboration of Government and NGO
- Reorganizing the e-system

(time/ GMT+7)
# A Brief History of Governmental Subsidies on ECCE in Korea

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 1999</td>
<td>Free ECCE for 5 yr. olds of low-income families in rural areas</td>
</tr>
<tr>
<td>Feb. 2000</td>
<td>Expended to 5 yr. olds of low-income families nation-wide</td>
</tr>
<tr>
<td>2004</td>
<td><strong>Subsidies for 3 &amp; 4 yr. olds on sliding scales</strong></td>
</tr>
<tr>
<td>2005</td>
<td>Subsidies for families with more than two children</td>
</tr>
<tr>
<td>Mar. 2007</td>
<td>Expending to children of families with average urban income</td>
</tr>
<tr>
<td>2007/8</td>
<td><strong>Basic subsidies for children 0 to 2</strong></td>
</tr>
<tr>
<td>Mar. 2009</td>
<td><strong>Full-day program subsidies</strong> for children from low-income families</td>
</tr>
<tr>
<td>2010</td>
<td>Child-rearing allowances</td>
</tr>
<tr>
<td>Mar. 2012</td>
<td>Free ECCE for all 5 yr. olds &amp; free childcare for all children 0 to 2</td>
</tr>
<tr>
<td>Mar. 2013</td>
<td>Free ECCE extended to all 3 &amp; 4 yr olds.</td>
</tr>
</tbody>
</table>
Increases in Government Investment in ECCE in Korea

Note: ECE stands for Early Childhood Education and CC for Child Care; Childcare budget does not include local government budget.; Spending of the Nuri curriculum both for KG and CC was added to the early childhood education budget as of 2014

ECCE Financing System in Korea

**Early Childhood Education Finance**

- Local Education Finance
  - Financial Grants for Local Education
    - Internal Tax Grant
    - Education Tax Grant
  - Metropolitan city / provincial tax Contributions
  - General Contributions from Local Gov.
    - Local Edu. Tax Grant
    - Tobacco Consumption Tax Grant

**Childcare Finance**

- Central gov. National Subsidies
- General Account from Local Gov.
  - General Account of Metropolitan city / province
  - General Account of City/County/District

12-13 July 2021 at 1:30 pm – 3:30 pm (Bangkok time/ GMT+7)
## K-SDG 4.2 Indicators

<table>
<thead>
<tr>
<th>Global Indicators</th>
<th>K-SDG 4.2</th>
<th>Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL INDICATOR 4.2.1</strong></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>– Proportion of children under 5 years of age who are developmentally on track in health, learning and psychosocial well-being (by sex)</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>GLOBAL INDICATOR 4.2.2</strong></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>– Participation rate in organized learning (one year before the official primary entry age), by sex</td>
<td></td>
<td>O</td>
</tr>
<tr>
<td><strong>THEMATIC INDICATOR 4.2.3</strong></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>– Percentage of children under 5 years of age experiencing positive and stimulating home learning environments</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>NATIONAL INDICATOR</strong></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>– Increase of participation rates in public EC services</td>
<td>24% to 40% by 2022</td>
<td>O</td>
</tr>
</tbody>
</table>
## Number of Children and Participation rates in public ECCE services (2020)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
<th>Public</th>
<th>Non-Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>612,253</td>
<td>178,758</td>
<td>433,495</td>
<td>1,239,338</td>
<td>252,212</td>
<td>987,126</td>
</tr>
<tr>
<td>2019</td>
<td>633,520</td>
<td>177,140</td>
<td>456,380</td>
<td>1,359,475</td>
<td>230,900</td>
<td>1,128,575</td>
</tr>
<tr>
<td>2018</td>
<td>675,559</td>
<td>172,125</td>
<td>503,434</td>
<td>1,409,680</td>
<td>199,335</td>
<td>1,210,345</td>
</tr>
<tr>
<td>2017</td>
<td>693,830</td>
<td>172,099</td>
<td>521,731</td>
<td>1,443,535</td>
<td>185,413</td>
<td>1,258,122</td>
</tr>
</tbody>
</table>

- **Kindergarten (3 to 5)**
- **Childcare Centers (0 to 5)**
- **Total**
- **Public**
- **Private**
- **Total**
- **Public**
- **Non-Public**

## ECCE Fee Subsidy by Age (2021)

**All Income levels**

- **Age 0~2**
  - Age 0: ₩484,000
  - Age 1: ₩426,000
  - Age 2: ₩358,000

- **Age 3~5**
  - Age 3-5: ₩260,000

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- **Source:** Ministry of Education & KEDI (2017-2020). Annual Statistics on Education

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- **Approx. 4.0 Trillion KRW on ECCE**
- **71.2 Trillion KRW on Education** (annual increase of 6%)
- **Total national budget 558 Trillion KRW (2021)**
Challenges in Financing ECCE in Korea

- Split financing and governance structure
- High proportions of profit-making private providers & lack of public transparency
  - Initiation of private kindergarten audit system “K-Edufine” (March, 2020)
- Absence of a legal base of the Nuri subsidy
  - Temporal special account of the Nuri subsidy (2017-2019 & extended to 2022)
- Need to evaluate effectiveness and efficiency of voucher system
  - Improvement of quality of services
  - Low level of parental satisfaction on the Nuri subsidy
Issues in Financing ECCE

- Balance between parental leave benefits and ECEC services
- Balance between cash benefits, tax credits, vouchers \((demand-side)\) and direct ECEC services \((supply-side)\)
- Balance between universal measures and targeted measures
  - If universal (e.g. making ECEC free or part of compulsory) for how many hours of provision?
  - If targeted, how to define targeting criteria (e.g. family income, residential/poverty areas, child’s outcomes/needs, etc.)?
- Balance between direct investment in expanding access (e.g. infrastructure, workforce supply, etc.) and direct investment in quality initiatives (e.g. curriculum development, upskilling workforce, quality assurance/rating systems, etc.)
Impact of the COVID-19 on Financing ECCE

Jan 20, 2020. ~ Feb 18, 2020

- First break out (Jan 20)
- Superspreader in Daegu area (Feb 18)

Feb 19, 2020 ~ April 18, 2020

- Support for safe care at EC services (Feb 18) (Disinfection of facilities, providing preventive materials, such as surgical masks)
- Operating ‘Hospitals for citizens’ relief’ (Feb 22)
- Providing subsidies for emergency family care (Feb 28)
- Providing emergency childcare at EC services during the school closures (March 2)
- Postponing the opening of EC services (Feb 23) & without a time limit (March 31)

April 19 ~ May 5, 2020

- Providing childcare coupons (about USD 400) for 2 million households with children at age of 0-7 (March 31)
- Subsidies for emergency aids at local level (April 6)
- Opening schools online by phases (April 9)

May 6 ~ May 26, 2020

- Universal subsidies for emergency aids nationwide (May 11)
- Opening EC services from 27 May, 2020
Impact of the COVID-19 on Financing ECCE

• Governmental subsidies for childcare centers and kindergartens until opening of services in order to compensate tuition fees caused by temporal closing of services (to secure salaries of teachers at private EC services)

• Provision of emergency childcare services (ECS) at childcare centers and kindergartens for working parents - about 40% using ECS in kindergartens during the first school closure

• Support for learning and care at home
  - Educational Broadcasting System (EBS) prepares TV programs with a special trust fund.

• Teacher training and development of digital contents for ECCE

• Undertaking research projects on distance learning for young children

Key takeaways for other countries

- Political will matters.
  - Placing a higher priority on ECCE than high school education in Korea
- Free ECCE for children 0 to 2 reflecting societal needs to promote birthrates
- Mandating allocation of budgets to pre-primary to secondary education in order to secure durable funding
  - 20.79% of the total domestic tax is allocated as educational budgets
- Utilizing private funding sources from service providers
- Having a special account for ECCE for more stable financing
- Integrated and coordinated financing system
- Data-based & research-based budgetary planning