

Our File/N/Réf.

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DATE 30 May, 2000

TO/DEST. Co-ordinator
Community Services Committee

FROM/EXP. Social Services Commissioner

SUBJECT/OBJET **FULL FEE RATES IN MUNICIPAL CENTRES**

DEPARTMENTAL RECOMMENDATION

That the Community Services Committee recommend Council approve a 3.7% increase in the rates charged to full fee payers in child care centres operated by the Region as indicated below effective September 1, 2000:

PROGRAM	Current Daily Rate	Daily Rate as of September 2000	Increase over Current Rate
Infant	\$53.00	\$55.00	3.7%
Toddler	\$41.80	\$43.35	3.7%
Preschool	\$30.10	\$31.20	3.7%
Kindergarten	\$21.25	\$22.05	3.7%
School Age	\$12.65	\$13.10	3.7%

BACKGROUND

The Region currently operates 17 child care centres that provide care on a daily basis for 819 children. The majority of these children come from families who qualify for subsidy, however in 1999 an average of 210 (26%) spaces were occupied by full fee payers.

RATE SETTING POLICIES

The Day Nurseries Act of Ontario was amended on 1 January 1984 to ensure that municipal centres charge full fee paying parents sufficient fees to cover their portion of all actual operating costs.

Prior to January 1984, the Province had cost shared net expenditures in the centres regardless of fees charged to the public. This allowed municipalities to set fees at rates lower than actual costs and made spaces affordable for middle income families. At the same time, the lower rates ensured full utilization of the spaces and also generated significant revenue.

In accordance with the Provincial directive, fees in the Region's centres were increased an average of 37% between September 1983 and September 1986. From 1986 to 1999, Council approved more moderate annual increases, setting the rates at an amount equivalent to the average rates charged in centres from which Social Services purchases service. These decisions have enabled the Region to maintain a mix of full fee and subsidized spaces in the centres and also retain a significant source of revenue, projected at \$1,500,000 in 2000. At the same time municipal centres do not have an unfair advantage over private centres in attracting full fee payers. However, because fees are not at actual cost, an expenditure of 100% Regional dollars is required to make up the difference between the actual cost of care and the revenue from fees.

This expenditure, which is provided for in the Regional budget, varies annually depending upon the actual number of full fee payers enrolled in the centres. Estimated cost in 2000 is \$293,000. It should also be noted that this expenditure of 100% Regional dollars is comparable to the amount of funding non-profit centres receive under the Provincial Wage Enhancement and Pay Equity Grant programs for which the Region is not eligible.

Current rates charged to the public range from 69% of actual costs for infant spaces where there are no full fee payers to 88% of actual costs for the kindergarten program where 20% of the full fee payers are.

2000 BUDGET FOR MUNICIPAL CHILD CARE CENTRES

The approved 2000 Regional budget for the 17 directly operated child care centres is \$7,430,229 an increase of 6% over 1999. However, this budget includes funds for Projet d'harmonisation at Centre parascolaire quatre saisons in Vanier. This joint project with the Conseil des écoles catholiques de langue française du centre-est has provided full day service for 60 four-year old children. Removing the costs associated with Projet d'harmonisation leaves a 3.7% increase over 1999. This increase is primarily a result of the salary increase granted to Regional staff through the collective bargaining process.

OPTIONS FOR RATE INCREASES IN 2000

The Department considered four options for setting full fee rates in 2000:

- 1) increasing fees to actual costs
- 2) increasing fees by 3.7% across the board to offset the increase in costs
- 3) no increase in fees
- 4) setting fees equal to the average rate paid for purchased services.

Increasing fees to actual cost would probably result in the loss of many of our current fee payers as well as the \$1,500,000 in revenue generated from this source. Since no new Provincial dollars are available to convert the empty spaces to subsidized spaces it would also be necessary to decrease capacity and possibly close some programs in order to live within the existing budget. This would result in a net loss in the number of licensed spaces available in the community as well as staff redundancies. One time severance costs for redundant staff would also be significant.

An across the board increase of 3.7% will probably result in the loss of some fee payers, however it is expected that the increased revenue will more than offset the impact of this loss. The resulting rates would be as follows:

PROGRAM	Daily Rate	Monthly Rate Fee	# of Spaces	# of Fee Payers
Infant	\$55.00	\$1,192	10	0
Toddler	\$43.35	\$ 939	60	5
Preschool	\$31.20	\$ 676	446	64
Kindergarten	\$22.05	\$ 478	138	41
School Age	\$13.10	\$ 284	165	100
			819	210

No increase in fees would mean that rates charged would remain at 1998 levels since there was no increase in 1999. It would also mean the loss of potential revenue. Setting rates at the average rate paid for purchased services would mean more moderate increases in all but the infant rate and a corresponding decrease in potential revenue.

Given the above, the Department recommends that fees be increased across the board by 3.7%

FINANCIAL IMPACT

The year 2000 budget anticipated an increase in revenue associated with a higher number of fee payers than 1999. Current projections indicate that revenue will exceed the amounts included in the 2000 budget. The increase in rates should not alter that situation.

PUBLIC CONSULTATION

No public consultation was held on this issue.

Dick Stewart
Commissioner

GP/fp

FINANCE DEPARTMENT COMMENTS

An across the board 3.7% increase in the rates charged to full fee payers for clients receiving services from child care centres operated by the Region will result in additional revenues totalling approximately \$34,000. This assumes that the number of full fee clients does not change.

*Approved by T. Fedec
On behalf of the*