

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
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DATE 31 May 1999

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 holding the rates charged to full fee payers in child care centres operated by the Region at 1998 levels as indicated below:

Infant	\$53.00
Toddler	\$41.80
Preschool	\$30.10
Kindergarten	\$21.25
School Age	\$12.65

BACKGROUND

The Region currently operates 17 municipal child care centres that provide care on a daily basis for 759 children. The majority of these children are from families who qualify for subsidy, however, in 1998 an average of 165 spaces (22%) 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.

These "indirect subsidies", however, were contrary to the provisions of the Canada Assistance Plan. In order to maintain federal cost sharing, the Province eliminated the indirect subsidies by amending the Day Nurseries Act and issued a directive to municipalities to increase their fees to reflect actual cost by 1 January 1987.

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 1998, 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 \$950,000 in 1999. 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 1999 is \$289,000. 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 are 70% of actual cost for infant spaces where there are no full fee payers. Actual costs in kindergarten and school age programs are 86% where almost two thirds are fee payers.

RATIONALE FOR HOLDING RATES AT 1998 LEVELS

Holding the proposed rates at 1998 levels is congruent with the Corporation's 1999 budget guidelines. In addition, the impact of the OMERS pension plan premium holiday has resulted in a decrease of approximately 1% in the budget for the municipal centres.

FINANCIAL IMPACT

Since the 1999 child care budget did not anticipate any increase in rates charged to full fee payers there will be no adverse financial impact if rates are held at 1998 levels.

PUBLIC CONSULTATION

No public consultation was held on this issue.

*Approved by
Dick Stewart*

GP/maw

FINANCE DEPARTMENT COMMENT

As indicated, holding the rates charged to full fee payers at 1998 levels is already reflected in the 1999 budget and therefore no adverse financial impact is expected.

*Approved by T. Fedec
on behalf of the Finance Commissioner*