

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 19 June 1997

TO/DEST. Coordinator
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 maintaining the rates charged to full fee payers in child care centres operated by the Region at 1996 levels as indicated below;

Infant	\$52.45;
Toddler	\$41.40;
Preschool	\$29.80;
Kindergarten	\$21.05;
School Age	\$12.50.

BACKGROUND

The Region currently operates 17 municipal child care centres that provide care on a daily basis for 732 children. In September of 1997, the Department will be opening the relocated St. Luke's Centre. This Centre will be discontinuing the infant program and changing the size of its toddler and preschool components. Therefore by the end of 1997, the number of children in the municipal centres will rise to 759. The majority of these children are from families who qualify for subsidy, however, in 1996 an average of 126 spaces (17%) 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 1996, Council approved more moderate annual increases, setting the rates at an amount equivalent to the average rates charged in centres from which the Department purchases service. These decisions have enabled the Region to maintain a mix of full fee and subsidized children in the centres and also retain a significant source of revenue projected at \$762,000 in 1997. 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, provided for in the Regional budget, is in the range of \$300,000 to \$400,000 annually depending upon the actual number of full fee payers enrolled in the centres. The estimated cost in 1997 is \$343,000.

Current rates charged to the public range from 62% to 87% of actual cost depending on the age group.

1997 MUNICIPAL CENTRE BUDGET

In 1996 the child care budget was decreased by an amount equivalent to the 2.1%, in order to contribute its share of preserving all of the Jobs Ontario child care spaces. This year, Regional Council approved a series of strategies to help maintain these spaces. Purchase of service programs applied a number of strategies, including maintaining the 2.1% reduction. In order to contribute its part to these savings, the Department indicated it would save \$180,000 from its child care administration and municipal centre budgets. In the Municipal centres, this will be accomplished by phasing out the infant program at St. Luke's for an annual saving of \$80,000 as well as through summer and holiday closures in some municipal centres for a savings of \$50,000. An additional \$50,000 will be saved through reducing various expenditures in both the administrative and centre budgets. The 1997 budget of the municipal centres decreased by .1% from 1996.

RATIONALE FOR HOLDING RATES AT 1996 LEVELS

The proposed rates are in fact the same as those approved for 1995 . The following factors have led to the Department's recommendation to hold rates at these levels:

- 1) holding rates at 1996 levels is congruent with the Corporation's 1997 budget guidelines;
- 2) changes to group sizes in some programs made over the past two years have contributed to efficiencies in a number of programs;
- 3) as a result of the strategies used to maintain savings in the purchase of service agencies, the majority of rates are still below those approved in 1995 and in many cases below those approved in 1996.

FINANCIAL IMPACT

Since the 1997 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 1996 levels.

PUBLIC CONSULTATION

No public consultation was held on this issue.

*Approved by
Dick Stewart*

GP/maw

FINANCE DEPARTMENT COMMENT

Approval of this report's recommendations means that the Region will provide 100% Regional dollars for 31% of the total cost of "full-fee payer" spaces in municipal centres.

Projected for 1997 - Assuming 126 Full Fee Spaces

	\$ 000	%
Revenues from full-fee payers	762	69
100% Regional Contribution	<u>343</u>	<u>31</u>
Total Cost	<u>1,105</u>	<u>100</u>

Funding for the Region's share of the projected 126 full fee spaces has been provided for in the 1997 adopted budget.

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