

# FORMAL REPORT

<b>To:</b>	Mayor Stratthdee and Members of Council
<b>Prepared by:</b>	Stephanie Ische, Director of Community Services
<b>Date of Meeting:</b>	25 July 2017
<b>Subject:</b>	<b>DCS 17-2017 Before and After School Rates Update</b>

## PURPOSE

This report presents information to Council regarding the current rates for the before and after school program and options for moving forward.

## RECOMMENDATION

THAT DCS 17-2017 Before and After School Rates Update report be received; and  
THAT Council maintain the “Full Time” current rates as approved by Council on May 9, 2017; and  
THAT Council approve the “Part-Time” Rate (Option 1) as presented in DCS 17-2017 effective July 25, 2017.

## BACKGROUND

With the development and implementation of Full Day Kindergarten in 2010, the Ministry of Education mandated that before and after school extended day programming be offered in all schools who offer Full Day Kindergarten in Ontario. This directive was intended to have all provincial school boards operate these programs. A two year timeline was given for school boards to develop an action plan for Extended Day Programming. School boards needed to develop an infrastructure to offer this extended day programming to families at cost recovery, as to not pass the cost on to tax payers. The *Education Act* was rewritten to ensure a constant roll out across the province for families. School boards across the province began the process of assessment of board needs, programming needs, and cost. Many school boards collaborated and approached the province in support of a different delivery model, as the undertaking of developing this new model of care for families would come at a very high financial cost, and there would be a very high minimum number of participants needed to operate, to achieve cost recovery. These school boards highlighted that most school communities have 3<sup>rd</sup> party providers who already provide this service to families. The Ministry of Education then amended the *Education Act* to allow school boards to enter into partnerships with 3<sup>rd</sup> party providers to operate before and school extended day programs for Kindergarten in 2012.

As of September 2017 it is mandated that school boards are required to offer care for children up to grade 6, in before and after school programs. The Avon Maitland District School Board has entered into that partnership with The Town of St. Marys Early Learning Services. As of December 2016 Early Learning Services and Avon Maitland District School Board have a 5 year commitment to this partnership agreement. The Before and After School program is a part of the overall Early Learning Services that are offered by the Town.

With the move of the Child Care Centre to Holy Name this year Council spoke strongly about getting the Early Learning Services in a better financial situation and wanted to close the gap of operating this service. It is because of this staff increased Child Care rates earlier this year, however the Child Care rates will need to be reviewed and increased annually so that the gap can further be closed.

On May 9, 2017 Council approved the increase fees for the before and after school program.

**Resolution 2017-05-09-09** THAT Council approve the increase in rates for the Early Learning Services Before and After School program as presented in report DCS 11-2017 with an effective date of September 1, 2017.

The original reason for this change in Before and After Care program fees was due to the following reasons:

- Stratford was unaware that the model of hourly billing was still in practice as a conversation happened 2 years ago to change to a monthly rate so that St. Marys was in line with the same practices other Child Care Centre's. Stratford Family Services requested the Town change to a monthly rate or risk losing the wage subsidy. For all licensed child care the town received \$110,000 in wage subsidy in 2016.
- To ensure we close the gap and work towards a cost recovery model for the Early Learning Services.
- An increase with this program had not taken place over a number of years.

These rate increases are a part of the overall financial strategy to ensure that the Town's Early Learning Services are in strong financial position. In addition, the rate change moved the billing from hourly to monthly. This change in billing was required to ensure that the Town would continue to receive the wage subsidy for the program. Staff waited to roll out and communicate these changes to the Before and After School Program rates until after the confirmation of the school start time by the School Board.

## REPORT

### Town's Costs to Operate the Program

To give a better demonstration of the costs to operate this program for one month an example is provided below of a sample class of 24 children. The staffing ratio is 2:24 as per ministry standard.

Tasks for Before and After School program	Before and After School program costs for one month for one class
Staffing – hours to run the program, prep and closing times, documentation as per Ministry requirements	\$4,765
Staff training as based on Ministry requirements to provide this program	\$60
Food costs including prep, serving equipment- and delivery	\$325
Consumables	\$60
Administration costs including--Supervisor time (ex: applying to hold program at school, ministry documentation and site visits, licensing, registration, hiring and managing staff, time to bill for this program etc.	\$4,632
Toy replacement- per program (annual cost \$2000)	\$200
<b>Total Monthly Cost to operate one program</b>	<b>\$10,042/month</b>

The above model does not include any unforeseen breakage of equipment throughout the year. Should a large piece of equipment need replaced that could come at an additional cost. To summarize, to offer one class of 24 children the cost to operate this program monthly is \$10,042. So the town needs to collect at least this much revenue to break even. Based on this model we need to generate at a minimum \$ 100,423 annually to break even when offering this program.

Some other things staff discovered when reviewing the fees, and the program as a whole, were that the Ministry required task hours that the staff have to complete. These hours were not being funded in the old rate structure as staff would complete the task hours after children had left for the day (non-billable hours). Also, the overall cost of consumable materials were also not being recouped in the previous fee model. The new fee model provides for both of these costs to be funded.

#### **Rate Structure as Approved by Council on May 9, 2017**

To summarize, the new monthly rates as approved by Council are calculated using the following calculation:

$$(\text{Charge per hour}) \times (\text{operating hours}) \times (\text{days per month program runs})$$

Depending on the location of the program, each of the individual variables change based on the specific situation of that school and the monthly fee is calculated. Please see below for location by location costs:

##### ***Little Falls School:***

<b>Kindergarten Program</b>	<b>Charge per hour</b>	<b>Number of hours required</b>	<b>Average Billing days per month</b>	<b>Total Monthly Fee</b>	<b>Risk to municipality</b>
Before Care	\$6.33	2.25 hours	20	\$285	full cost recovery
After Care	\$6.33	2 hours	20	\$253	full cost recovery
<b>Grade 1 and up</b>					
Before Care	\$5.04	2.25 hours	20	\$227	full cost recovery
After Care	\$5.04	2 hours	20	\$202	full cost recovery

##### ***Holy Name School:***

<b>Kindergarten Program</b>	<b>Charge per hour</b>	<b>Number of hours required</b>	<b>Average billing days per month</b>	<b>Total Monthly Fee</b>	<b>Risk to municipality</b>
Before Care	\$6.33	1.75 hours	20	\$222	full cost recovery
After Care	\$6.33	2.5 hours	20	\$316	full cost recovery
<b>Grade 1 and</b>					

up					
Before Care	\$5.04	1.75 hours	20	\$176	full cost recovery
After Care	\$5.04	2.5 hours	20	\$253	full cost recovery

### **Parent Feedback**

Parents were informed of the new rate structure on June 16 after the bell times were confirmed by both school boards. At the June 20 Special Priorities Committee meeting Council requested further information from staff on how parents were receiving the change in rates after staff had completed the on-site registration at each school. To date staff have received a number of comments and questions from parents looking for clarification on the new pricing model. There were 3 parents that are extremely displeased with the new rates and to date only one family has refused to sign up due to the increased cost. Other families have indicated that they are looking for alternative care, some families have decided to wait to register.

As part of the new rate structure the primary concern from families is that under this new model there is no hourly rate, thus they are paying for more than they are receiving. Under the former hourly billing model, to demonstrate each family was billed for all time used was extremely time consuming from a billing perspective and did not always re-coupe the cost to actually operate the program. This billing time took approximately 35 hours per month. The previous cost was \$7 per hour no matter how much time you required. The chart below demonstrates the old billing method.

Time Required/Used per day	Billing for that day	Risk to Municipality
$\frac{3}{4}$ hour	\$7.00	Tax subsidy
1 $\frac{1}{4}$ hours	\$8.75	Tax subsidy
2 hours	\$14.00	Tax subsidy

Under the old billing model, there was also a cost premium in that staff would be required to be scheduled for a full shift regardless of how long a child stayed that day. This occurs because once a family signs up for a spot, this spot is reserved for that family/child for the full time available and no other child can enter it. Under the old model of paying per hour if the child only remained in the program for one hour per day the parents only paid for that hour. The other hour was left sitting empty with no revenue coming in but was still costing the Town money for it to sit empty because staff are finishing their shift. This is due to staffing requirements and ratios that the Town is legislated to meet.

Rates should reflect the educator to child ratios, and the new rates were adjusted to reflect ratios. Keeping this in mind there was a new rate established for a dedicated Kindergarten Program as the ratios for staff are higher for this program. Kindergarten programs have a staff to child ratio of 1 staff to 13 children, grade 1 and older have a staff to child ratio of 1 staff to 15 children.

### **Rate Comparisons**

We have also learned parents are comparing our rates with other rates for other third party providers and commenting that third party providers are much less costly than the Town. It is important that the comparison is made on the daily rate of each provider and not the monthly rate. This is because many third party providers provide a monthly discount to parents if they sign up their child full time. The Town does not provide such a discount.

It's also important to note there are variables that contribute to the rate structure for each operator. Many third party operators provide different staff hourly rates and may not necessarily provide

benefits. In addition, overall total operation hours of other operators needs to be considered. It is not fair to compare rates on an apples to apples basis unless the hours of operation are considered.

Below is a comparison of the various daily rates offered by other local operators. This comparison shows the Town's daily rates as approved in May to be in line with others.

<b>Organization</b>	<b>Before and After School Kindergarten Daily Rate</b>	<b>Before and After School Grade 1 and Up Daily Rate</b>
YMCA- Stratford Perth	\$14.25 am or pm (\$28.50 for both)	\$13.00 am or pm (\$26.00 for both)
London Bridge - Exeter	\$12.00 am, \$14.10 pm (\$26.10 for both)	\$12.00 am \$14.10 pm (\$26.10 for both)
North Perth	\$9.00 am \$9.00 pm (\$18 per day for both)	\$9.00 am \$9.00 pm (\$18 per day for both)
St. Marys – Little Falls	\$14.24 am, \$12.66 pm (\$26.90 for both)	\$11.34 am, \$10.08 pm (\$21.42 for both)
St. Marys – Holy Name	\$11.08 am, \$15.83 am (\$26.91 for both)	\$8.82 am, \$12.60 pm (\$21.42 for both)

### **Other Considerations**

In speaking to other providers in Perth County staff were told that during consultation a number of years ago St. Marys was told that it needed to go to a monthly fee, however it was never implemented. Currently no other providers in Perth County offer an hourly rate.

In speaking with Janet Baird-Jackson from Avon Maitland School Board, staff were told there isn't much the School Board can do to assist us with this change and challenges we are facing. When asked if the Board had subsidy to assist with this situation staff were told no.

### **Options for Moving Forward**

On June 26, 2017 Council directed staff to review the rates again and bring back an additional report.

**Resolution 2017-06-27-25** THAT Council direct Staff to review options for part time and part use rates for the Before and After School Programs, and report back at the July 25, 2017 Council meeting.

Staff have come up with several models for billing for the before and after school care based on Council's request. It is important to keep in mind these lower rate options will could come at a cost to the tax payer and may not be a full cost recovery model.

#### **Option 1: Part Time Rate based on the Number of Days Used (no adjustment to daily rate)**

Staff have heard concerns from families looking for a part time rate. Below is a chart that demonstrates a part time model based on the total days used by a child for either the before, the after, of the before and after school services. This part time rate still reflects the full daily rate as approved by Council on May 9, 2017.

This part time model below will re-coupe the costs of operating the program as staff can sell the other days that are not used by a child if a complimenting need can be found. With this model there would be a two rate structures: the original full time structure as approved by Council in May and the part time rate structure for families needing part time care based on the days needed.

**NOTE:** In this model, the part time rate would be offered only to families who need 14 days of care or less. Any family that would require 14 days or more of care in a month would be billed the full monthly rate.

***Little Falls School:***

Kindergarten Program	Charge per hour	Number of hours required	Average Billing days per month	Total Monthly Fee
Before Care Part time 0-14 days per month	\$13.95	2.25 hours	0-14	(0-5) \$69.75 (1 day per week) (6-10) \$139.50 (2 days per week) (11-14) \$195.30 (3 days per week)
After Care Part time 0-14 days per month	\$12.50	2 hours	0-14	(0-5) \$62.50 (1 day per week) (6-10) \$120.50 (2 days per week) (11-14) \$175.00 (3 days per week)
For both morning and after care part time 0-14 days per month	\$26.45	4.25 hours	0-14	(0-5) \$132.55 (1 day per week) (6-10) \$260.45(2 days per week) (11-14) \$370.30(3 days per week)
<b>Grade 1 and up</b>				
Before Care Part time 0-14 days per month	\$13.38	2.25 hours	0-14	(0-5) \$66.90 (1 day per week) (6-10) \$133.80 (2 days per week) (11-14) \$198.32 (3 days per week)
After Care Part time 0-14 days per month	\$12.00	2 hours	0-14	(0-5) \$60.00(1 day per week) (6-10) \$120.00(2 days per week) (11-14) \$168.00(3 days per week)
For both morning and after care part time 0-14 days per month	\$25.38	4.25 hours	0-14	(0-5) \$126.90(1 day per week) (6-10) \$253.80(2 days per week) (11-14) \$355.32(3 days per week)

***Holy Name School:***

Kindergarten Program	Charge per hour	Number of hours required	Average Billing days per month	Total Monthly Fee
Before Care Part time 0-14 days per month	\$11.10	1.75 hours	0-14	(0-5) \$55.50(1 day per week) (6-10) \$111.00(2 days per week) (11-14) \$155.40(3 days per week)
After Care Part	\$15.35	2.5 hours	0-14	(0-5) \$76.75(1 day per week)

time 0-14 days per month				(6-10) \$153.50(2 days per week) (11-14) \$214.90(3 days per week)
For both morning and after care part time 0-14 days per month	\$26.45	4.25 hours	0-14	(0-5) \$132.55(1 day per week) (6-10) \$260.45(2 days per week) (11-14) \$370.30(3 days per week)
<b>Grade 1 and up</b>				
Before Care Part time 0-14 days per month	\$10.63	1.75 hours	0-14	(0-5) \$53.15(1 day per week) (6-10) \$106.30(2 days per week) (11-14) \$148.82(3 days per week)
After Care Part time 0-14 days per month	\$14.75	2.5 hours	0-14	(0-5) \$73.75(1 day per week) (6-10) \$147.50(2 days per week) (11-14) \$206.50(3 days per week)
For both morning and after care part time 0-14 days per month	\$25.38	4.25 hours	0-14	(0-5) \$126.90(1 day per week) (6-10) \$253.80(2 days per week) (11-14) \$355.32(3 days per week)

The above rates are prorated over the 10 months of the school year. Families would pay the monthly fee each month.

### **Option 2: Partial Use Rate (daily rate is adjusted to assume only half time is used)**

This model is similar to the original rates, but the number of hours used each day have been adjusted down by half. This more closely reflects the former hourly rate, but does come with risks. This rate structure may not necessarily re-coupe the costs to operate the program for a child enrolled under this rate structure. Therefore there is a risk of cost to the Town thus impacting the tax levy.

If Council were to decide to move forward and implement a part use rate an importance decision will be the hourly rate that is charged to develop the monthly fee. As discussed in staff's Child Care rate report presented earlier this spring, it is recommended that part-time rates (in this case part use rates) be charged at a premium to help offset the cost risk as described above. The hourly rate in this model needs to be higher than the full time rate per hour to help re-coupe the costs for that vacant spot because the vacancy occurs on the specific day (the vacancy is represented by unused hours either in the morning, in the afternoon, or both that have to be staffed but may not have a paying child). This is different than the vacancy described in Option 1. In Option 1 the vacancy is days of the week. Days of the week vacancies can easily be sold to families who have a complimenting need of another family. Hours of the day vacancies cannot be sold without the program being at risk of exceeding approved staff:child ratios.

As the mandate is to charge a monthly rate this proposed "partial use" rate would still be based on a monthly fee. When compared to the original full time monthly fee and Option 1 "Part Time" fee the variable that has been adjusted is staff have assumed only half the hours will be used by a child. Using the same principle as the new rates, the kindergarten program would still be based on a higher rate per hour because the staff:child ratio is higher than that of older children.

The chart below shows the relative cost of a "part-use" rate using various costs per hour. As above, if this rate model is implemented Council will need to determine which hourly rate should be applied in

the billing formula. As above, the kindergarten rate should be higher than the grade 1 and above rate so whichever rate is determined for the kindergarten rate the grade one and over would be \$1 less per hour.

**Little Falls School/Holy Name:**

Kindergarten Program	Charge per hour	Number of hours required	Average Billing days per month	Total Monthly Fee
Before Care Needing less time (hourly)	\$9.00	1 hour	20	(\$9 per hour) \$180
	\$10.00			(\$10 per hour) \$200
	\$11.00			(\$11 per hour) \$220
	\$12.00			(\$12 per hour) \$240
After Care Needing less time (hourly)	\$9.00	1 hour	20	(\$9 per hour) \$180
	\$10.00			(\$10 per hour) \$200
	\$11.00			(\$11 per hour) \$220
	\$12.00			(\$12 per hour) \$240
<b>Grade 1 and up</b>				
Before Care Needing less time (hourly)	\$9.00	1 hour	20	(\$9 per hour) \$180
	\$10.00			(\$10 per hour) \$200
	\$11.00			(\$11 per hour) \$220
	\$12.00			(\$12 per hour) \$240
After Care Needing less time (hourly)	\$9.00	1 hour	20	(\$9 per hour) \$180
	\$10.00			(\$10 per hour) \$200
	\$11.00			(\$11 per hour) \$220
	\$12.00			(\$12 per hour) \$240

As discussed, there is a risk that the “part-use” rate could result in a program loss being suffered by the Town. In the representative example shown earlier, we know that we need at least \$10,042 monthly to cover the program costs associated with offering this service. If every family in our program we to choose a “part-use” rate and only takes one hour of the program we only begin to break even if we charge \$12.00 per hour. This reduces the risk of not generating enough revenue to offset the overall costs to run the program.

**Comparing all Options (Current Full Time Rate, Option 1 Part Time Rate, and Option 2 Part Use Rate)**

Taking all of the models into account, below is a chart that will demonstrate what families will pay based on the various models above listing a variety of family needs. Please keep in mind there is not one model that will work perfectly for every family.

Using the Little Falls Rates below is an example:

Care Required	Number of children	Rate	Monthly Rate	Risk to Municipality
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Full Time Care (Before Only)	1 child	\$14.24 per day x 20 days per month	\$285.00	None
Part time Care	1 child	\$13.95 per day x 14 days per month	\$195.30	None
Part-Use/Hourly Care	1 child	\$9 per hour at 1 hour per day X 20 days per month	\$180.00	There is risk to the Municipality as the fixed costs to operate remain the same

## SUMMARY

As directed by Council earlier in the year staff looked at all costs associated with Early Learning Services to bring these services into a better financial situation. To date the rates for the Child Care Centre have been increased, and in May Council also approved an increase to the rates for the Before and After School Program.

While all rates have been the same for a number of years staff learned that there were larger gaps in cost recovery than once anticipated. There are still further increases required at the Child Care Centre to close this gap as staff spoke to in a previous report. Going forward Child Care increases will continue each and every year so that the cost of the program does not fall so far behind the industry standard and will bring the program in a better financial situation.

While the before and after school rates were being reviewed staff were informed by Stratford Family Services that the rates needed to fall in line with others in the industry as this is a Ministry direction and the Town of St. Marys was the only organization using this hourly model. It was further learned that if we did not change our billing process the Town could jeopardize any future wage subsidy we receive.

Industry standards and practices within Perth have the monthly rate based on families having a spot for the full operation of the program and it was staff's recommendation to have the Town's operation fall in line with this practice and as such the monthly rate was proposed and approved by Council.

Moving forward it is staff's recommendation that a "Part-Time" rate (Option 1) be implemented, but not a "Part-Use" rate (Option 2) given the potential for cost risks to the Town. It is important to note that there cannot be a single model that will fit each and every situation or family need so a one size fits all approach is not possible with the costs associated to operate this program. The child to staff ratio cannot be altered as it is a Ministry of Education mandate so the staffing costs are fixed. These represent the majority of costs to operate the program.

If Council chose to implement a "Part-Use" rate to better reflect the former hourly rate there is a risk we will not necessarily be in a cost recovery position for the Before and After School Program. This would further increase the operating deficit of the Early Learning Services and mean taxes will need to cover the costs to operate this program.

A mixed model approach is possible where all three options (Full Time Rate, Part Time Rate, Part Use Rate) are implemented to further refine options for families to reflect their specific needs. This type of approach is also not recommended by staff. Implementing a mixed model or hybrid approach of a few different models will increase the administration time needed from a billing perspective as more time will be required to bill each family individually based on their specific needs.

## **FINANCIAL IMPLICATIONS**

As above, Option 1 is full cost recovery, and there is a risk that Option 2 may only be partial cost recovery.

## **OTHERS CONSULTED**

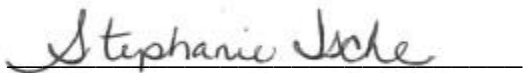
Jim Brown, Treasurer

## **ATTACHMENTS**

None

## **REVIEWED BY**

### **Recommended by the Department**



Stephanie Ische  
Director of Community Services



Stacey MacDonald  
Early Learning Services Supervisor

### **Recommended by the CAO**



Brent Kittmer  
CAO / Clerk