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Child Care Fee Package

The **Child Care Fee Package** includes:

- Introduction
- Guidelines for the Monthly Child Care Fee Summary Form
- Monthly Child Care Fee Summary Form
- Guidelines for the Program Fee Summary Form
- Program Fee Summary Form
- Setting Fees
- Sample Fee Collection Policies and Procedures
- Tracking Enrollment in Child Care Programs

Introduction

Fees paid by families are the primary source of income for most child care organizations. Sound financial management includes developing and implementing fee collection and processing policies and procedures. The Family Handbook, Board Manual and Staff Manual should contain consistent information with regards to fees.

A Family / Parent Agreement

An agreement with the parent/legal guardian is a contract between the organization and the family that outlines the responsibilities of both parties. A signed agreement protects the financial interests of the organization by stating the family's fee requirements and circumstances.

Child Care Operating Funding Program

One way to offset fees is to apply for child care operating funding from the Ministry of Children and Family Development. The Child Care Operating Funding Program is available to eligible organizations. For more information contact:

Child Care Helpline 1-888-338-6622 or 250-356-6501 (greater Victoria)
www.mcf.gov.bc.ca/childcare

For additional information, please refer to:

Westcoast INFORM Guide:

- Chapter 7 - Program Planning and Review
 - Chapter 9 - Financial Management
- Appendix - Budget Tool Kits
(Available from Westcoast Child Care Resource Centre)

Guidelines for the Monthly Child Care Fee Summary Form

Guidelines for the monthly child care fee summary form are detailed instructions for filling out the form with explanations for each category.

The monthly child care fee summary form provides an approach to tracking and monitoring fees within child care programs. There are categories to track both parent fees and subsidies. Space is also provided on this form to track full-time equivalents (FTE's) by program.

Column

No. Explanation

1. List the children currently enrolled in the program in alphabetical order by last name, and in groups of full-time and part-time children.
2. Indicate the full-time equivalent (FTE) for each child. Typically, a full-time child is equivalent to 1.0 FTE. A child attending the program 2 days/ week is equivalent to 0.4 FTE (2/5). Tracking enrollment is a critical step in understanding and managing program fees.
3. List the total monthly fees for the current month for each child, including any additional charges (i.e., non-instructional days, seasonal break days, etc.).
4. Opening balance means the total amount owing from the family, brought forward from column (8) of the previous monthly child care fee summary form.
5. & 6. If a family receives a subsidy/special needs supplement, include the authorized monthly maximum and the expiry date. The expiry date will help staff to remind families to reapply on time. There are two provincial subsidy programs currently available – Child Care Subsidy (5) for low income families, and Special Needs Supplement (6) for low income families with children who require extra support.
At the bottom of page 5 under subsidy/special needs supplement totals, list the invoice #, total dollars billed and the date payment is received. You may wish to attach the office copy of the claim form, and the cheque stub for payment to the monthly child care fee summary form.
7. Provide the dollar amount and details, i.e., the date payment is received, receipt #, and/or cheque # of payments made directly by families, either towards current fees or in respect to the previous month's balance.

8. The opening balance (4) plus the monthly fees (3) minus payments (7) less subsidy claims (5 & 6) equals the closing balance (8), which will be carried forward to column (4) of next month's monthly child care fee summary form. The closing balance (8) represents the total amount owing from the family at the end of the current month, or the "accounts receivable".
9. Use this space to briefly describe the follow up plan in place regarding the collection of overdue fees.

At the end of page 6, totals are shown for most of the columns. These totals could be utilized as follows:

Column

No. Explanation

2. Total FTE summarizes the program's enrollment for the month. Carry this amount forward to the program fee summary form.
3. The total monthly fees are equal to the monthly actual fee revenue, if all families pay within the month.
4. The total opening balance provides the total accounts receivable from families at the beginning of the month.
5. & 6. Total subsidy equals the total of all subsidy billings during the month. This amount should be equal to the invoice totals at the bottom of page 5.
7. Total payments are equal to cash and cheques received from families. This amount should equal child care fees deposited for the month.
8. The total closing balance equals the total accounts receivable at the end of the month. Carry this amount forward to the program fee summary form.

Guidelines for the Program Fee Summary Form

Guidelines for the program fee summary form are detailed instructions for filling out the form with explanations for each category.

The program fee summary form may be used for organizations sponsoring multiple child care programs or for organizations with one program to track quarterly totals. This form highlights key totals from the monthly child care fee summary form.

Organizations with more than one program may use the program fee summary form to track the monthly totals for all programs. There are three samples so three months may be tracked on one sample page. Organizations with one program may use the form to track quarterly totals in each sample and the entire year on one sample form.

Column

No.	Explanation
------------	--------------------

- | | |
|---------|---|
| 1. & 2. | List the program name (1) and licensed capacity (2). |
| 3. | Budgeted revenue (3) is the monthly revenue from the operating budget. |
| 4. | FTE (4) – full-time equivalent refers to the number of full-time spaces used for the month (taken from monthly child care fee summary form total – column 2). |
| 5. | Actual fee revenue (5) refers to the total of column (3) on the monthly child care fee summary form. |
| 6. | Accounts receivable (6) is the total monthly amount owing to the program or the total in column (8) closing balance on the monthly child care fee summary form. |

Program Fee Summary Form

SAMPLE

Month(s) _____ 20

Prepared by _____

Reviewed by _____

Program Name (1)	Licensed Capacity (2)	Budgeted Revenue (3)	FTE (4)	Actual Fee Revenue (5)	Accounts Receivable (total amount owing) (6)
Organization Totals					

Month(s) _____ 20

Prepared by _____

Reviewed by _____

Program Name (1)	Licensed Capacity (2)	Budgeted Revenue (3)	FTE (4)	Actual Fee Revenue (5)	Accounts Receivable (total amount owing) (6)
Organization Totals					

Month(s) _____ 20

Prepared by _____

Reviewed by _____

Program Name (1)	Licensed Capacity (2)	Budgeted Revenue (3)	FTE (4)	Actual Fee Revenue (5)	Accounts Receivable (total amount owing) (6)
Organization Totals					

SETTING FEES

Fees are usually based on the following considerations:

- costs necessary to run the centre
- enrollment
- fees that are charged for other similar child care programs in the community

Child Care Resource and Referral Programs in your region may have information on fees in the community. If such information is not available, a phone survey of the nearby centres may provide information on current fees.

To determine the costs of the organization and the fees necessary to cover those costs, an operating budget can be prepared as follows:

1. List all of the expenses that the centre is likely to incur during the period of one year (e.g., salaries, benefits, program expenses and facility expenses).
2. Determine the fees by considering the following points:
 - fees that are charged by the centre must cover the expenses
 - as programs rarely operate at full enrollment all year round, the income from fees must be based on less than full capacity (e.g., licensed spaces 25, budget based on 23)
 - total fees should exceed total expenses by a small amount to allow for fluctuating enrollment or unanticipated expenses.

The preparation of a yearly operating budget is necessary for assessing fees. For more detailed information on preparing an operating budget, refer to the Westcoast Child Care Resource Centre Budget Tool Kits.

Part-Time Fees

Some centres charge a higher daily or monthly rate for part-time care. Enrolling children for part-time care involves an increase in administrative costs (i.e., there are more families to collect fees from and more records to maintain) and the centre accepts the risk that there may be days when no child is registered.

The amount by which the part-time rate differs from the full-time rate can be called the differential. The differential can vary from one centre to another.

- Monthly rate calculation of fees for a child enrolled 3 full days per week of a 5-day a week program using a differential of 10%:

monthly rate	$(3 \div 5) \times \$500$	=	\$300.00
differential	$\$300 \times 10\%$	=	\$ 30.00
total monthly fee	$\$300 + \30	=	\$330.00

- Daily rate calculation of fees using an average of 20 days/month and a differential of 5%:

daily rate	$\$500 \div 20 \text{ days}$	=	\$25.00
differential	$\$25.00 \times 5\%$	=	\$ 1.25
total daily fee	$\$25.00 + \1.25	=	\$26.25

Payment of Fees

Payment Due Date

- Payment is usually required on the first day of the month. Organizations typically require a series of postdated cheques.

Payment Exceptions

- Some families may need to make payments at different times during the month (e.g., 1/2 on the first, 1/2 on the 15th of the month). Organizations need to determine whether special arrangements can be made and under what circumstances. If special arrangements are offered, who has the authority to finalize the arrangements? All special arrangements should have a written agreement, outlining terms and signed by the parent/legal guardian.

Fee Amount

- Once the child is enrolled, the full fee is due each month whether the child attends or not (e.g., vacation, illness). The space is reserved for the child and expenses for the centre remain the same.

Refundable Deposit

- A deposit is usually paid when a child is enrolled. The deposit is required to ensure that notice of withdrawal is given according to centre policies. If proper notice of withdrawal is given and there are no fees owing at the time of withdrawal, the deposit is usually returned without interest. It should be stated in the parent contract/agreement that the deposit will be returned without interest.

Non-Refundable Deposit

- A non-refundable deposit is sometimes required to hold a child care space upon enrollment and/or to cover the administrative costs of a new enrollment.

Method of Payment

- Postdated cheques or direct deposit are sometimes required to facilitate easier collection, to reduce processing time, and for internal control purposes.
- Cash payments are not recommended as cash is vulnerable to loss or theft. If a cash payment is made, a receipt should always be given at the time of payment to ensure there is a record, for both the family and the organization.

Making Payments

- Cheques should be delivered to a designated person.
- Direct deposit may be an option for some organizations. For more information contact your financial institution.
- To facilitate easier processing, information should be written on each cheque (e.g., what the payment is for; the name of the child/children; and if there is more than one program, the name of the program).

Other Fees/Dues/Credits

Society Membership Dues

- Individual society bylaws may stipulate whether or not there is a membership fee and when it is due (usually at the time of enrollment).

Family Contribution Fees

- Some organizations may require that each family contribute a certain number of hours each year towards the operation and/or maintenance of the centre. Where a family is not able to fulfill such an obligation, some organizations choose to charge an additional fee.

Tax Credit

- For families wishing to claim the “Child Care Expenses Deduction” on their taxes, they will need an official tax receipt. A tax receipt is typically given once a year (usually January or February) for the previous year. For more information about the Child Care Expenses Deduction, Form T778, visit Canada Customs and Revenue Agency at:

<http://www.cra-arc.gc.ca/E/pbg/tf/t778/README.html>

Extra Charges

Returned Cheques (e.g., NSF)

- Most organizations charge a fee to cover bank charges and administrative costs for processing a returned cheque. If a family has more than one returned cheque, the board of directors will need to consider at what point nonpayment will result in the removal of the child.

Late Payment

- When fees are not paid by a certain date (e.g., the 5th of the month) an organization usually takes action by writing a letter to the enrolling parent/ guardian indicating that there is a late payment charge.
- The late charge may be a flat fee (e.g., \$20) or a daily fee (e.g., \$1/day).
- When a family is behind on their payments and/or has had temporary financial difficulties, some organizations may agree to a special payment schedule.
- The board of directors will need to decide:
 - under what circumstances a special payment schedule may be authorized
 - who has the authority to make this decision
 - when nonpayment will result in cancellation of service
- Some organizations use a collection agency for owed fees.

Late Pick-Up

- Some organizations charge for late pick-up, either:
 - an amount per minute (e.g., \$1)
 - an amount for a specific time (e.g., \$10 for every 5 minutes)
 - a flat rate (e.g., \$20)
- When determining whether or not to charge a late pick-up fee, the organization may consider the administrative and staff costs resulting from late pick-up.
- If there is a charge, a letter or invoice explaining the late pick-up fee should be given to the family.

Sample Fee Collection Policies and Procedures

Policy

The organization relies on prompt collection of fees to meet its financial obligations to staff and program. Therefore, fees are due and payable as follows:

- *for regular full-time and part-time child care, on the first day of each month.*
- *for drop-in child care, which must be pre-approved by the program's senior staff person, in advance of utilizing the service.*

Rates for each type of care will be posted in a visible location in each child care facility and in the family handbook for each program.

Payment of fees by cheque or direct deposit is required. A series of postdated cheques are welcome. All bank charges assessed for returned cheques (e.g., NSF) will be the responsibility of the enrolling parent/guardian.

The amount of a current, valid subsidy authorization will be considered as payment toward fees. Families are responsible for ensuring that their subsidy authorizations are kept up-to-date. Fees are considered owing from the family until an 'Authorization for Day Care Services' has been received by the child care program. The parent/guardian portion of child care fees is due on the first of each month.

Termination of services may be required if fees for services are not paid and suitable arrangements cannot be agreed upon as per the following procedures.

Procedures

A. Regular Full-time and Part-time Child Care

1. *A list of all children enrolled in each program will be maintained by the senior program staff.*
2. *Cheques and cash payments should be submitted to the senior program staff person on or before the first day of each month. A receipt will be issued for cash payments at time of payment.*
3. *Receipts will be issued to families once a year for tax purposes – in January/February.*
4. *Senior program staff will submit the fees and the completed 'Day Care Subsidy Claim Form' to the accounting office on the next working day.*
5. *If families are unable to pay fees by the first day of the month, they should contact the Administrator/Treasurer to make alternative arrangements.*
6. *If fees are not paid in full by the 5th day of the month and alternative arrangements have not been made, the Administrator/Treasurer will issue a 'late payment' letter.*

This letter outlines that the family has until the 15th of the month to pay the outstanding fees or make alternative arrangements with the Administrator/Treasurer.

- 7. If fees are not paid in full by the 15th day of the month and alternative arrangements have not been made, the Administrator/Treasurer will issue a 'termination of services' letter.*

B. Drop-in Child Care

- 1. Cheques and cash payments should be submitted to the senior program staff person in advance of utilizing the child care program.*
- 2. Receipts will be issued to the families at the time of payment by senior program staff.*
- 3. Senior program staff will submit the fees and a copy of the drop-in registration form to the accounting office on a weekly basis.*

Tracking Enrollment in Child Care Programs

It is important for child care organizations to have an accurate picture of the number of children enrolled in a program each month in order to facilitate current and future financial planning. The primary source of income for child care programs is typically parent fees and government funding (Child Care Operating Funding Program); both which are based on monthly enrollment. Financial stability depends on maintaining enrollment at or near the licensed capacity or reducing expenses when there are vacancies.

To understand an organization's complete financial picture, it is necessary to track enrollment on a monthly and yearly basis for all programs. Yearly enrollment fluctuations are indicated in the following school age program example:

In a group daycare for school age children (6 - 12 year olds), there may be vacancies in September at the start of the school year. By the end of October the program may be full. Enrollment may drop again in the spring when days get longer and older children in the program enroll in outdoor recreation programs. As summer holidays start, enrollment may change again.

Monthly enrollment record keeping will help board and staff with financial planning. The annual budget should specify enrollment assumptions for the year. Consideration should be given to the program's historical enrollment patterns when preparing the budget. It is reasonable to budget for an average enrollment below the maximum licensed capacity. For example, if the program's licensed capacity is 25, it is wise to budget based on a yearly average enrollment of 23.

The monthly staff report to the Board should include information about the current month's enrollment and projections for the next month's enrollment (sample on page three). This information may be helpful for adjusting the current budget, establishing annual budgets and staffing levels, designing programs, as well as developing marketing strategies.

Full-time equivalents

To accurately track and compare the number of children enrolled in the program on a monthly basis, it is important to think in terms of full-time equivalents (FTE's). This is a count of the number of children enrolled, with consideration for their hours or days of attendance. Part-time hours/days are added together for an equivalent total of a full-time space.

For example, in a group day care program licensed for 25 three to five year-olds there may be:

20	children who attend 5 days/week	
5	children who attend 3 days/week	(Mon., Tues. and Wed.)
3	children who attend 2 days/week	(Thurs. and Fri.)
4	children who attend 1 day/week	(2 on Thurs. and 2 on Fri.)
Total: 32	children	

This enrollment reflects 25 full-time equivalents (FTE's), with the maximum number of children in the program per day, calculated as follows:

	<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>
20 full-time	20	20	20	20	20
5 (3 days)	5	5	5		
3 (2 days)				3	3
4 (1 day)				2	2
FTE Total	25	25	25	25	25

In this example, families whose children attend part-time make a commitment to specific days of the week. Part-time needs are matched in order to reach full-time equivalent enrollment (licensed capacity).

Sample Monthly Staff Enrollment Report

For fiscal year starting April 1, 2003 and ending March 31, 2004

Month: September 2003

The 2003/2004 budgeted enrollment approved by the Board is 28.

This example is for a school age child care program licensed for 30 children. All figures are shown in FTE's (full-time equivalents).

<u>Month</u>	<u>Year</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Projected</u>	<u>Details</u>
April	2003	28	30		
May	2003	28	29		
June	2003	28	27		
July	2003	28	30		
August	2003	28		30	
September	2003	28		26	
October	2003	28		28	
November	2003	28		29	
December	2003	28		29	
January	2004	28		29	
February	2004	28		28	
March	2004	28		29	
Year to date average			29	28.5	

Monthly Staff Enrollment Report to Board

Fiscal Year 20____/20____ Budgeted enrollment approved by the Board is _____ .

Program	Month	Year	Enrollment			Details
			Budgeted	Actual	Next Month's Projected	
Year to Date Average:						

This information is presented as a resource for licensed non-profit child care facilities. Westcoast Child Care Resource Centre does not assume responsibility for actions taken based on information provided.