

The following is an example of a **sample tiered fee payment structure**. Fees quoted are for demonstration purposes.

- Full commercial rate €110 per week (full day care)
- The reduced rates are based on a 20% reduction = €88 per week
- Reduced rate for low income families in receipt of Family Income Supplement (FIS)
- Parents in receipt of Lone Parent Benefit who are participating in Community Employment Schemes or Accredited Training.
- Reduced rates may apply for other social welfare payments also.

All parents should be able to avail of a 20% reduction for each sibling.

The above sample could be applied when devising a tiered fee structure for any or all childcare services i.e. Preschool, School Age Childcare Service or Creche.

**After completing the above exercise you may discover your service can only provide reduced rates for 30%, 50% or 70% etc of the places available.*

Good Practice Guidelines

- Complete business planning exercise as outlined above.
- Each committee should review their own finances to ensure sustainability is still maintained through using the tiered system.
- Each committee should review their own parent profile.
- The service should display a sign stating that a tiered fee structure is in operation and application forms should be on display.
- Application forms for reduced fees should be completed by parents wishing to avail of reduced rates. These forms should be date stamped on receipt.
- The tiered fee payment system details should be added to your admissions policy and parent booklet.
- Each committee should offer the service but parents must be responsible for proving entitlement to reductions by way of documentation.

- It is important that parents are aware that any information they give will be treated as confidential, decisions to be made by designated Management Committee members only to maintain confidentiality.
- It is advisable that parents sign a written contract which is reviewed annually.
- Ideally a tiered fee payment system should be applied to all types of services offered, for example: full day care, school age childcare services, pre-school etc.

For further information



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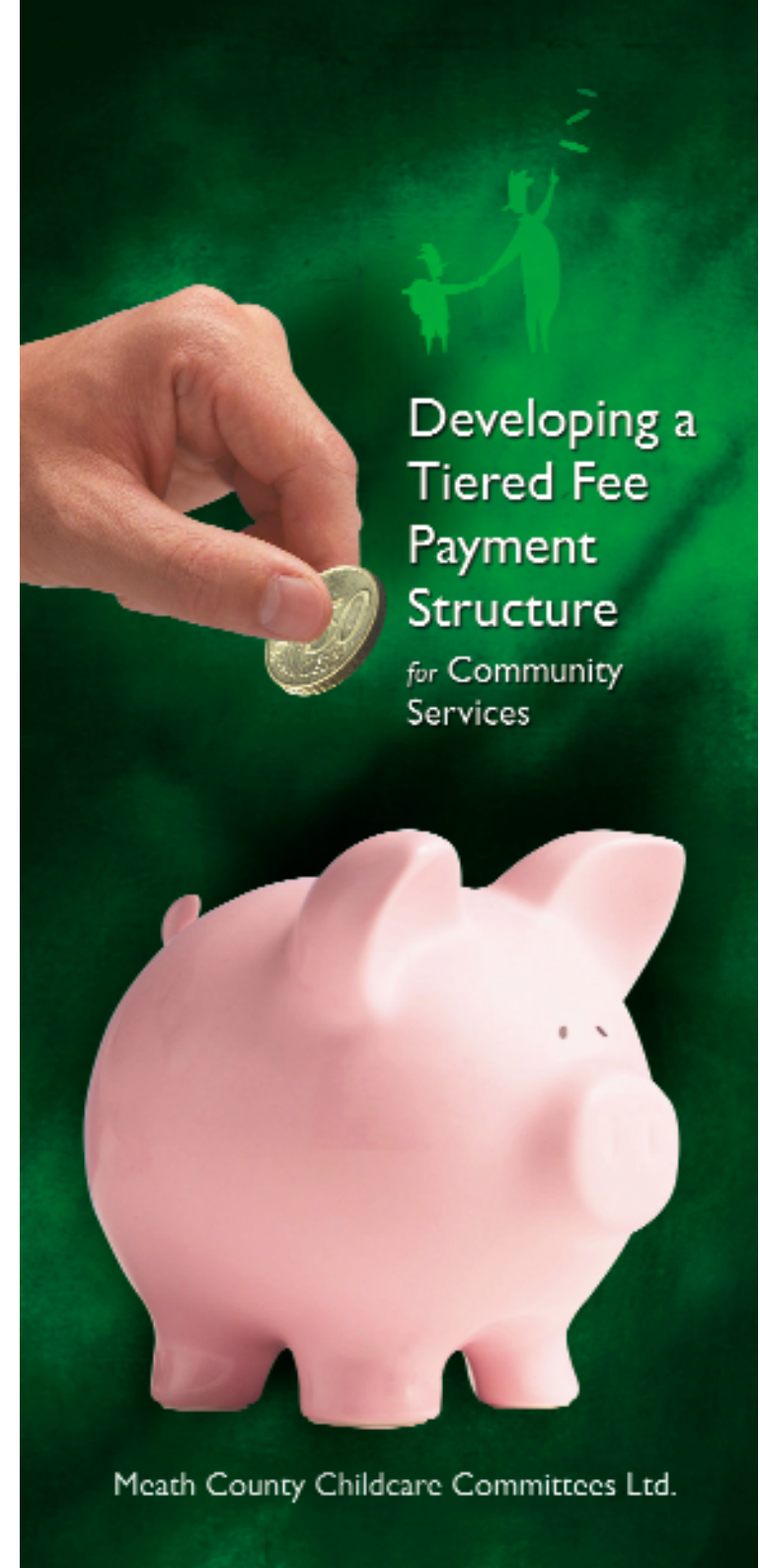
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Developing a
Tiered Fee
Payment
Structure
for Community
Services

Meath County Childcare Committees Ltd.

Developing a Tiered-Fee Payment Structure

The purpose of having a tiered payment structure is to ensure that all families can avail of childcare regardless of financial and personal circumstances.

Tiered payment structures will vary from childcare service to childcare service. The Tiered payment structure is unique to each childcare centre and is influenced by location, size of service, management committee and the capacity of the families who are availing of the childcare.

Firstly each service should consider the following.

- Fees collected and any other sources of income such as grants available from working with local and national agencies that can be used to reduce fees.
- You may need to make a decision that you can afford to offer X amount of places at a reduced rate and X amount at a full commercial rate in order to sustain your service.
- Take into account what the families who use the service can afford to pay such as those in receipt of social welfare, low income families and how many siblings are attending the service?
- Try to calculate the true cost of running the service include insurance, repairs, heating, lighting, supplies, food, staffing etc. Find out what is the cost of each childcare place you provide. This will give you an indication as to how much your service needs to bring in so that your service can be sustainable.

The purpose of a tiered payment system is to make childcare more accessible

Who is responsible for developing the tiered fee payment structure?

It is the responsibility of the management committee to implement a fee payment structure that is suitable and applicable to the service provided. No one structure will suit all services however we have included a sample that might act as guide for implementing your own structure. We would recommend an application form for reduced fees be completed by the parents/guardians and a copy of the relevant supporting documents attached. On receipt of this application it should be stamped to ensure all applicants are treated fairly. The applications will be forwarded to the management committee. A clear and transparent confidentiality procedure should be in place throughout this process.

How are families informed of the tiered fee structure offered in the service?

There are a number of ways families can be informed. The following are examples:

- Open night
- Include in your admissions policy
- Include details in your payments policy
- Include in your registration documents
- Inform public health nurse, schools and local agencies.
- Have details in the contract that you form with your parents/guardians.
- Service advertisements, flyers, leaflets, and libraries.

How does your service determine who is eligible for reduced rates?

Any of the following documents can be requested to prove entitlements to reduced rates?

- Low income families in receipt of Family Income Supplement (must produce FIS documentation)
- Lone parent allowance - and who may be participating in community employment schemes or accredited training.

- Unemployment Assistance - a letter may be obtained from the Social Welfare Office.
- Disability Allowance - long term sickness benefit- a letter may be obtained from the Social Welfare office.
- Some Back to Work/Education schemes may be eligible.
- Families who are experiencing financial difficulties or that might not fulfil that above criteria can arrange for an appointment with the service to discuss the possibility of reduced fees.

A copy of the above supporting documentation should be requested to be included and kept in a confidential file.

All fees will be reviewed on an annual basis.

the opportunity for parents to participate in work/education or training

The Business Planning Exercise

This business planning exercise may help you to see how many places your service requires to make your service sustainable and to enable disadvantaged families to avail of childcare

- Total fee income required = €20,000
- Total number of weeks open per year = 45
- Total number of children attending = 30
- Average fee required to achieve break even = €15

Number of children at this fee	Fee charged per week €	Total fee income generated
2	5.00	450.00
3	7.50	1,013.00
5	10.00	2,250.00
8	15.00	5,400.00
12	20.00	10,800.00
30		19,913.00

Fees quoted here should not be considered, average, typical or recommended and are used for demonstration purposes only.