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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM: 1982-1983

Establishment of a child-care centre at Headquarters

Report of the Secretary-General

I. BACKGROUND

1. The Secretary-General submitted to the General Assembly at its thirty-fifth session a report on the establishment of a child-care centre at Headquarters. The report summarized decisions and recommendations made since 1975 by various bodies in support of the introduction of child-care facilities for children of the United Nations community and contained an assessment of the need for a child-care centre in New York and a proposal for its establishment, including financial implications. 1/

2. The General Assembly decided to take note of the report and requested the Secretary-General to submit a new study on this question to the Assembly at its thirty-sixth session, taking into account the recommendations of the Advisory Committee on Administrative and Budgetary Questions and the comments and observations made by delegations in the course of the debate. 2/

3. The recommendations, comments and observations referred to above included the following: the size of the proposed centre, particularly since the permanent missions to the United Nations had not been canvassed about their child-care needs; projections about future growth to permit selection of a site of adequate size; the location of the centre; a graduated tuition scale, should all users not be able

1/ A/C.5/36/76.

2/ See A/C.5/35/L.48 (part II), pp. 21-22 and A/C.5/35/SR.61.

to meet the full cost; projections concerning revenues, and information on insurance costs.

4. A detailed questionnaire was therefore circulated in 1981 to all the permanent missions to the United Nations, as well as to all staff members at Headquarters of the United Nations, the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Fund for Population Activities (UNFPA) and the United Nations Institute for Training and Research (UNITAR).

II. ASSESSMENT OF THE SITUATION

5. A total of 213 replies were received to the questionnaire. While it was not possible to obtain a complete assessment of the quality of their present arrangements, many indicated that they would participate in a United Nations child-care centre, particularly if the costs were no higher than they were currently paying. Over 70 per cent of the replies received indicated that both parents were working, while 13 per cent came from single parents. Current child-care arrangements relied mostly on baby-sitting, either at the child's home or outside. Many parents, in supporting the establishment of the child-care centre, stressed the need to improve the quality and the reliability of the care currently received under such arrangements. To others, the main consideration was a financial one, related to the unavailability of care because of limited income or competing financial commitments either at the duty station or in their home countries due, for instance to the large size of the family they have to support.

6. A careful analysis of the replies to the questionnaire has permitted the exploration, in greater detail, of all aspects of the situation. The ensuing suggestions, regarding (a) the possible size of a projected child-care centre; (b) its location; (c) architectural plans; (d) administration; (e) its financing and, finally, (f) its financial implications for the United Nations, are submitted herewith.

(a) Size

7. In considering the optimum size of the projected centre, it should be noted that approximately 86 of the 213 responses tabulated were received from parents who do not at present have children, but who indicated that they were considering having children in 1983 and 1984. Therefore, it was calculated that the centre should accommodate 120 children and that based on the plans for family growth there would be enough children in the future to keep the centre full at that level. Of the 120 children to be accommodated at the centre, 50 would be aged from 1 to 3 years and 70 aged from 3 to 5 years. While the questionnaire also indicated that there was a demand for child-care for children between the ages of 0 to 1, as well as 5 to 6, these two age groups were excluded for the purpose of the study for the following reasons:

- (i) The requirements for the youngest age group in terms of teacher to child ratio and space would be very onerous, and the viability of the operating budget would be seriously affected if that age group were included in the plan. Some replies also indicated that many parents would hesitate in bringing small babies on public transportation to the centre;
- (ii) Given the fact that there would be some limitations on the availability of space, the numerically smallest group identified through the questionnaire, age 5 to 6, would not be included because it is easier to find care for this pre-school group, for example, in the public school system or Junior A in the United Nations International School (UNIS).

8. On the basis of the guidelines for the teacher to child ratio in different age groups of the Health Department of the City of New York, the 120 children would be divided into nine groups as follows:

		<u>Number of Children</u>
Age 1-2	two groups of 10 children each	20
Age 2-3	three groups of 10 children each	30
Age 3-4	two groups of 15 children each	30
Age 4-5	two groups of 20 children each	40
		<u>120</u>

(b) Location

9. Three points are relevant with respect to the location:

- (i) The replies confirmed the view that the site of the United Nations child-care centre should be located in or near the Headquarters building so as to make it accessible to delegation and staff members alike. They would thus have the convenience of dropping off their children just before, and picking them up immediately after, their working day. This would also permit them to collect simultaneously older children attending the after-school recreation and study programme which has been functioning in the United Nations neighbourhood for the past 10 years;
- (ii) Since the site proposed at the thirty-fifth session is no longer available, a search indicated that the only appropriate site in terms of costs and sufficient space remaining in the neighbourhood would be the second floor of the DC-2 building now under construction. Upon the

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building's completion in 1983, the rental costs would be \$10 to \$11 less per square foot than the estimate for suitable space anywhere else near the United Nations at that time;

- (iii) The space would have to be allocated now, during the initial stages of construction, to avoid exorbitant costs involved in subsequent modifications of the same space at a later date. The need for such subsequent modifications would be unavoidable, were the space to be readied for office use at first, as a child-care centre would have to comply with the health, fire and safety requirements of the City of New York for children under the age of 6 in order to be licensed for operation by the respective City authorities.

(c) Architectural plans

10. Architectural plans were prepared by the Office of General Services to accommodate 120 children. They cover a total area of 9.918 gross square feet using the entire second floor of the DC-2 building, to which access could be gained through the lobby on 44th Street. The plans provide one classroom each for the nine groups described in paragraph 8 above, a playroom for use by various groups at different times of the day, a director's office, a teacher's room, an observation room, a storage room and child-size toilets. A full kitchen providing hot meals has been included in the plans. The children would have access to a small outdoor play space planned on the same floor. They would also be able to make use of the playground at the north end of the United Nations garden.

(d) Administration

11. The centre would be constituted as a non-profit corporation administered by a board of directors, consisting of 12 to 15 persons. As in the case of the United Nations Geneva child-care centre, the Administration of each participating organization would nominate one of the board members. Further nominations could be made by permanent missions should they so desire. In the selection of board members, it would be expected, in the best interest of the centre, that persons would be chosen who have not only shown a sustained interest in the centre, but who also possess experience in such relevant fields as early childhood education, financial management and personnel administration, law, public health, public relations and fund-raising. Parents would, of course, also be represented on the board.

12. Members of the Board carrying the responsibility for the first phase of the child-care centre, namely, its planning, organization and administration of start-up monies, would be co-opted. Members of subsequent boards, serving once the child-care centre is in operation, would be chosen according to the rules and by-laws established by the first board of directors which would be expected to incorporate the major points mentioned in this section.

13. Thus, the function of the board of directors would be to decide or advise on such matters as (a) the criteria for enrolment; (b) the fee schedule; (c) educational policies; (d) conditions of service of the staff; (e) fund-raising activities; (f) budget of the centre and (g) the efficient administration of funds.

14. The centre would serve the staff of the permanent missions and the staff of the organizations of the United Nations family represented at Headquarters, provided they meet the criteria for enrolment. Such criteria would take into account the availability of care in the home, capacity to pay, length of enrolment and other considerations within the overriding criterion of the financial stability of the centre. Thus, for example, preference would be given to the children of single parents or of couples working full-time. Reduction in fees might be necessary for users who enrol more than one child in the centre. In the interest of the financial viability of the centre, drop-in care would not be offered, and parents would have to commit themselves to use it for a minimum specified period of time so that a stable income could be derived from the fees, although account would obviously be taken of changes in assignment at short notice which are so often a feature of diplomatic or United Nations service. Enrolment of children at the centre would not be considered as a right or entitlement for eligible staff members.

(e) Operating budget

15. The operating budget for the proposed centre will include the costs of teachers' salaries, insurance, expendable equipment and supplies and housekeeping supplies. There will also be a need to make provision for eventual replacement of items of capital equipment such as toys and educational equipment. In view of the long hours that the centre would be open each day (approximately from 9 a.m. to 6.30 p.m.), staffing patterns would need to be staggered to some extent, with the optimum pattern developing in the light of experience. At present it is anticipated that the salary costs, including fringe benefits, of a director, assistant director, 9 teachers, 14 assistant teachers and aides, 1 secretary/bookkeeper and a cook and 2 helpers would amount to approximately \$389,300. The salary costs have been calculated taking into account the salaries and conditions of service of teachers in day-care centres in New York city. The staff of the United Nations centre would be employed by the centre and would not be United Nations employees. Other operational costs would amount to some \$19,000, exclusive of a lunch programme which would be funded separately.

16. Of the other costs indicated above, approximately \$2,500 would be the estimated cost of insurance for the centre. The centre as a non-profit organization could take out its own insurance in agreement with the United Nations, i.e. it could be added to the United Nations insurance plan with the cost to be charged to the centre. As at UNIS, this insurance would cover third-party liability and parents would be asked to sign a contract in which they would waive the right to claim against the school. The anticipated insurance costs would also include the cost of insuring equipment.

17. The full operating budget would, therefore, amount to approximately \$410,000 per annum excluding the reimbursement to the United Nations of approximately \$10,000 per annum for capital equipment costs. In calculating the costs of the full direct operating budget, it was assumed that the United Nations would absorb the indirect costs of space occupancy, utilities and cleaning as it would not be possible for the centre to be a viable undertaking if it were required to absorb these costs. Indications of the magnitude of these indirect costs are given in paragraph 23 below.

18. A fee structure has been calculated taking into account the present fees paid by parents who responded to the question concerning the present cost of childcare. An analysis of these expenses indicated that while a small proportion of parents pay as little as \$100 and as much as \$700 per month, the majority of parents pay between \$200 and \$400 per month for childcare. The weighted average, currently paid, is \$270 per month.

19. It would be up to the Board of Directors to determine the exact fee scale and to develop and apply criteria concerning financial assistance or a graduated fee scale. By way of example, however, the following monthly fee scale, calculated at 1981 prices, is suggested:

	<u>Low</u>					<u>High</u>
US dollars	200	250	300	350	400	
Number in each fee group	30	30	30	20	10	

20. Based on the considerations in the foregoing paragraphs, it may be expected that the centre would suffer an operating deficit. The income would depend on decisions to be taken by the Board of Directors, but were the estimates of income to be developed along the lines shown in paragraphs 18 or 19 the operating budget (in 1981 dollars) would appear as follows:

<u>Expenses</u>		\$	\$
Salaries (para. 15)		389 300	389 300
Other operating costs (para. 15)		19 000	19 000
Capital equipment (para. 17)		10 000	10 000
		<u>418 300</u>	<u>418 300</u>
 <u>Income</u>			
Based on range in paragraph 19		402 000	
Based on current monthly average of \$270 paid per child (para. 18)			<u>388 800</u>
<u>Estimated deficit</u>		<u>16 300</u>	<u>29 500</u>

It is hoped that any operating deficits would be covered by fund-raising efforts.

(f) Financial implications for the United Nations

21. The costs associated with the proposed child-care centre would comprise:

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- (i) Capital construction costs;
- (ii) One-time capital equipment costs;
- (iii) Direct operating costs to be offset by income from fees and donations;
- (iv) Indirect operating costs, such as space occupancy costs, utilities and cleaning;
- (v) Provision of working capital.

As regards capital construction costs, the changes required to include the child-care centre in DC-2 would amount to \$804,300 if the General Assembly were to approve the establishment of a centre. This amount would include plans for a full-scale kitchen in which it would be possible to prepare hot meals for the children, as well as the setting up of an outside play area on the second floor. These costs may be broken down as follows:

	\$
Capital construction costs, including kitchen and outside play area	624 000
Administrative costs	104 800
Engineering fees, architectural fees, etc.	<u>75 500</u>
Total	<u><u>804 300</u></u>

22. As regards one-time capital equipment costs to start up the centre, it is anticipated that provision will be sought for these costs from the General Assembly at its thirty-seventh session. As an order of magnitude, the costs of providing furniture and equipment for the classrooms, director's office and teacher's lounge as well as kitchen equipment are estimated at \$70,000. It is however, anticipated that the centre will reimburse the United Nations for the capital equipment costs at the rate of approximately \$10,000 per annum. This reimbursement would be credited to the United Nations under income section 2 over the first seven years after establishment of the centre.

23. The considerations in paragraphs 15 through 20 concerning the financing of the direct operating budget do not apply to the indirect costs of space occupancy, utilities and cleaning. It is hoped that these costs would be absorbed by the United Nations. Costs at the rate of \$28.50 per square foot for space occupancy alone for the centre would amount to \$282,700 per annum without taking into account the estimated costs of \$50,000 per annum for electricity, cleaning, maintenance costs and the access to the medical service.

24. Staff members from UNICEF and UNDP will be utilizing the centre for their children and both these organizations have indicated their willingness to contribute towards direct and indirect costs of the child-care centre.

25. In order to provide for working capital including the start-up costs of the not-for-profit corporation, it may be expected that an advance of approximately \$100,000 would be sought from the working capital fund, to be reimbursed from the operating budget as circumstances permit.

26. In summary, should the General Assembly approve the establishment of a child-care centre, the financial implications for the regular budget would be as follows:

	\$
<u>Capital construction costs</u>	
Appropriation required under section 32 (if work approved at this session)	804 300
<u>One-time capital equipment costs</u>	
To be requested at the thirty-seventh session of the General Assembly and repaid on a yearly basis by the centre	70 000
<u>Direct operating costs</u>	
To be met through tuition and other income	-
<u>Indirect operating costs</u>	
To be absorbed in section 28 (approximate costs per year including space occupancy)	332 700
<u>Working capital</u>	
To be sought from the Working Capital Fund	100 000
Total	<u>1 307 000</u>

27. The actual appropriations required would, of course, be lower, since they would comprise neither the indirect operating costs nor the advance for the working capital (items (d) and (e) above). Furthermore, reimbursement from UNDP and UNICEF, in an as yet undetermined amount, would be sought under income section 2.
