

Status Report #2 on Non Profit Child Care

by Roger Neugebauer

"This is a period of high anxiety for centers in our community. The Persian Gulf war, the recession, new federal legislation, the staffing crisis, the encroachment of the public schools — all these factors will impact us, but who knows how." — a non profit center director

This director has good reason to be anxious. Trying to predict how non profit child care centers will fare in 1991 is a tricky business. Too many major factors are impossible to call.

All we can do with certainty is to draw some comparisons between the states' non profit and for profit centers and take a look at center administrators' views of what's ahead. Here are some trends worth watching:

Non profit centers growing slower than for profit centers until 1990.

As you can see in Table A, the for profit sector grew more rapidly from the mid '70s through the mid '80s. Although we do not have any up-to-date statistics to guide us (until the results of an NAEYC/Urban Institute study are released in April), most industry watchers agree that for profit center growth has continued to outpace non profit center growth in recent years.

However, in our Child Care 1991 Survey we found that in 1990 the 50 largest non profit child care organi-

zations (see Table B) grew at a faster rate than did the 50 largest for profit organizations (see "How's Business:

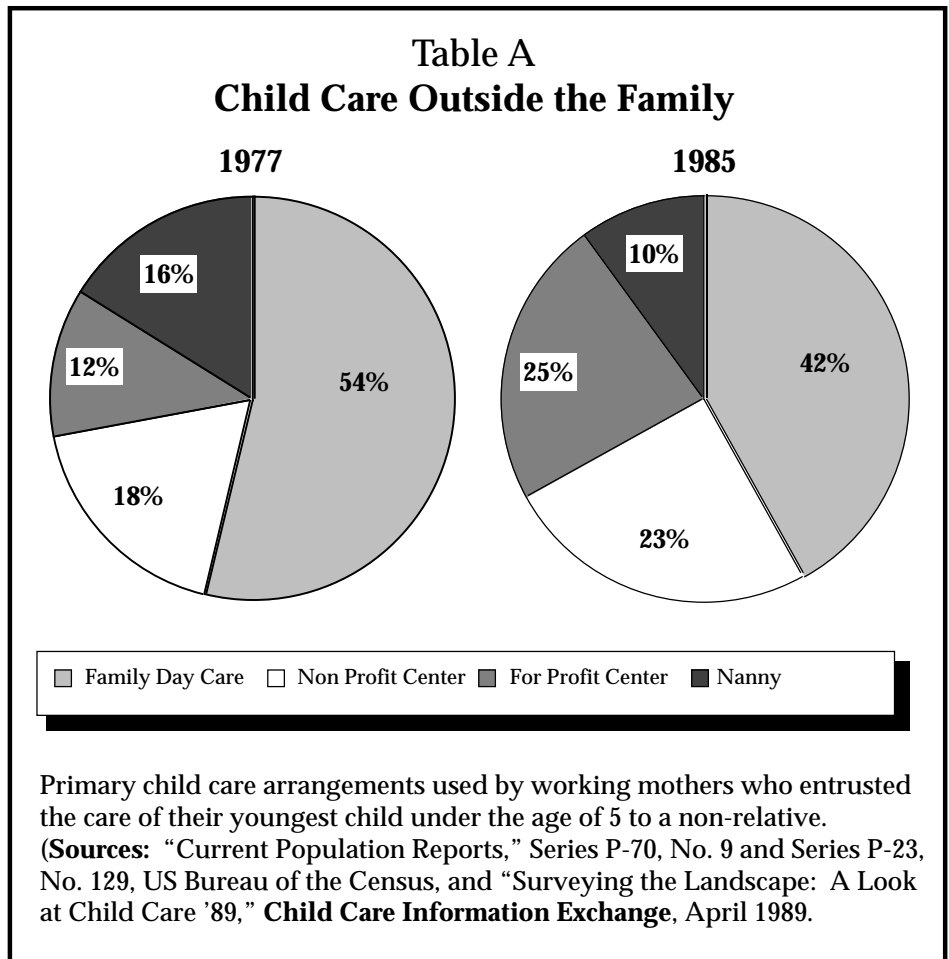


Table B
— The Exchange Top 50 —
The Nation's Largest Non Profit Child Care Organizations

Organization	Headquarters	CEO	Capacity	Sites
Redlands Christian Migrant Association	Immokalee, FL	Barbara Mainster	5500	64
Child Development Centers	Campbell, CA	Vern Plaskett	5200	72
Gulf Coast Community Services Association	Houston, TX	Ruth Marshall	3390	44
Developmental Day School Management Corporation	Liberty, UT	Craig Boswell	1288	16
Small World Schools	San Jose, CA	Robert Kreiger	1250	26
Children's Programs, Inc.	Brookfield, WI	David Linsmeier	1234	31
Summit Child Care Centers	Summit, NJ	Anne Lachs	1200	6
Berks County Community Child Care	Reading, PA	Jeff Koppel	1200	25
New York State Agricultural Child Care Program	Albany, NY	Lois Porter	1155	11
Bobbie Noonan's Child Care	Frankfort, IL	Joseph Noonan	1100	11
Federation Day Care Services	Philadelphia, PA	Norman Finkel	1086	9
Child, Inc.	Austin, TX	James Strickland	1000	12
Miami Valley Child Development Centers	Dayton, OH	Marilyn Thomas	997	33
Central Learning Center	Memphis, TN	H. William Barber	962	1
Day Care Association of Montgomery County	Ambler, PA	Fred Citron	950	12
KCAA Pre-Schools of Hawaii	Honolulu, HI	Gretchen Lawson	932	7
Children's Home Society	St. Paul, MN	Roger Toogood	874	13
Calvary Child Development Center	Charlotte, NC	Patricia Collins	870	1
Day Care Services for Children	Milwaukee, WI	Kenneth Oldham	825	9
United Day Care Services	Greensboro, NC	Carl Staley, Jr.	805	13
Episcopal Child Care and Development Centers	Jacksonville, FL	Susan Wilkinson	750	12
Sheltering Arms Day Care	Atlanta, GA	Elaine Draeger	746	9
Hawaii Child Centers	Kailua, HI	James Denzer	718	6
Child Development Center	Augusta, MI	Dr. Ronald Hutchinson	702	8
Marin Day Schools	San Rafael, CA	Melinda Kanter	672	10
Gate City Day Nursery Association	Atlanta, GA	Sammie Williams	665	9
Mile High Child Care	Denver, CO	Anna Jo Haynes	650	10
Children's Corner	Omaha, NE	Nancy Bream	620	8
Wausau Child Care	Wausau, WI	Ron Frye	600	9
Play and Learn Centers	Fort Washington, PA	Judith Cooper	600	7
Neighborhood Centers	Houston, TX	Bobbie Henderson	595	6
Day Nursery Association of Indianapolis	Indianapolis, IN	Barbara Batchelor	594	5
Green Bay Day Nursery	Green Bay, WI	Mary Van Den Heuvel	578	8
TCRC Child Care Corporation	Talledega, AL	Eleanor Brantley	566	7
Children, Inc.	Columbus, IN	Brenda Flanagan	550	14
Gray's Child Development Center	Milwaukee, WI	Bessie Gray	549	11
Parkside Children's Services	Des Plaines, IL	Josie Disterhoff	548	5
Early Learning Centers of Lubbock	Lubbock, TX	Joanne Cotter	543	5
Associated Day Care Services	Boston, MA	Douglas Baird	540	7
Dearborn Heights Montessori Center	Dearborn, MI	Kay Neff	510	3
Fielder Baptist Church Early Childhood Center	Arlington, TX	Susan Wade	500	1
St. Vincent De Paul Center	Chicago, IL	Sister Catherine Mary Norris	485	1
Yazoo Community Action	Yazoo, MS	Paul Harris	468	4
Child Development Services	Ft. Knox, KY	Helen Stine	466	2
Central Baptist Children's Home	Lake Villa, IL	Donald Mertic	460	5
PKI Corporate Child Care	Chantilly, VA	Cheri Sheridan	450	6
University Child Care Services	Irvine, CA	Karen Bocard	450	6
Early Works	Norfolk, VA	Elisabeth Burgess	445	3
Center for Human Services	Cleveland, OH	Joel Rus	435	6
South Shore Day Care Services	East Weymouth, MA	Bruce Hershfield	428	9

NOTE: We have included on this list all non profit programs we could locate whose primary mission it is to provide day care services to children under the age of six. This list does not include agencies that primarily offer part day programs, school age child care, or residential care. Inevitably, we will have inadvertently excluded programs that belong on this list. Please notify us of these omissions so that we can improve the list when we update it in 1992.

Status Report #7 on For Profit Child Care,” **Child Care Information Exchange**, January/February 1991). While the top 50 for profits expanded by less than 2% in 1990, top 50 non profits expanded by nearly 7%.

It is not possible to say if the growth trends for all centers reflects that of the top 50 for profit and non profit centers. However, it is clear that the pattern of the past decade has been interrupted. What will happen after 1991 will be interesting and important to observe.

Non profit organizations smaller than for profit organizations. The total licensed capacity of the 50 largest for profit organizations is nearly 425,000 spaces compared with less than 50,000 for the 50 largest non profit organizations.

The largest for profit organization alone, Kinder-Care Learning Centers, operates centers with a licensed capacity nearly three times greater than the top 50 non profits combined. The largest non profit organization (Redlands Christian Migrant Association) would rank ninth largest on the for profit top 50 list. (To keep this all in perspective, however, it is important to note that over 80% of all centers, for profit and non profit, are independent single center operations.)

Non profit centers smaller — and larger. In general, non profit centers tend to be smaller than for profit centers. In 1990, centers operated by the nation’s 50 largest for profit organizations had an average licensed capacity of 120 spaces, compared with an average of 80 spaces for the non profit top 50.

On the other hand, many of the nation’s largest single centers are operated by non profit organizations. In 1990, eight of the nation’s

ten largest single centers (all with a licensed capacity over 400) were operated on a non profit basis. (Note: A list of the nation’s 50 largest single centers will appear in the July/August 1991 issue of **Exchange**.)

Whereas the vast majority of for profit organizations have found it financially viable to operate centers with from 100 to 140 spaces, non profit centers tend to be all over the map. A large share of non profit centers are operated with licensed capacities below 50 spaces and a large share with over 200 spaces.

Non profit centers more diverse organizationally. From a structural perspective, for profit child care organizations vary primarily in terms of size. There are large national chains with over 400 centers, mid-size regional chains with between 40 and 120 centers, small chains operating from 3 to 39 centers, and independent single centers.

Non profit centers, on the other hand, exhibit a wide diversity — not only in terms of size, but also in terms of organizational forms. You still have a large number of garden variety non profits — single centers governed by voluntary boards of directors. In addition, you have increasing numbers of non profit centers operated by churches, hospitals, YMCAs, colleges, public schools, community service organizations, government agencies, and military bases.

Non profit and for profit leaders express common concerns. In our Child Care 1991 Survey, we polled for profit and non profit leaders on the major threats and opportunities impacting their organizations. Their views were strikingly similar.

The prime concern of both for profit and non profit leaders was with the

impact of early childhood programs operated by the public schools. Administrators shared concerns that high salaries offered by public school programs will make it harder for private centers to keep good teachers. In addition, they fear that if public schools start offering services for children at age four, private centers will be left to care for infants and toddlers — not an economically attractive possibility.

Both for profit and non profit leaders view teacher recruitment and retention as well as liability insurance as minor threats. For profit leaders are more concerned about the impact of the recession, and non profit leaders tend to be less optimistic about the opportunities presented by employer interest in child care.

Non profits more excited about new federal legislation. Most of the directors of the top 50 non profit centers were optimistic about the potential benefits of recent federal initiatives. This optimism was dampened somewhat by the recognition that new money appropriated is not enough to make a dramatic difference, and by concerns that bureaucratic finagling could dilute and delay the impact of the new money.

These concerns may be well grounded. Early this year, George Bush designated the Family Support Administration as the lead agency at the federal level to administer the new Child Care and Development Block Grant. Mark Reagan was named to head the Child Care and Development Block Grant Task Force charged with producing an implementation plan by April 1, 1991. Child care advocates are concerned that FSA, primary welfare agency that administers the AFDC program, may not place sufficient emphasis on the developmental importance of child care. In addi-

tion, they are concerned with whether there is enough time to get all federal and state policies and procedures in place by the end of the current fiscal year. Finally, some advocates have raised the possibility that the administration may delay the release of money appropriated for this fiscal year and scheduled to flow to the states by September 7 until the next fiscal year (beginning October 1, 1991) and deducting it from new monies due to be appropriated for next year.

Non profits stand to gain more from these new monies since they tend to serve lower income populations and are more dependent upon public subsidies. The top 50 non profit organizations on average generated only 55% of their income from parent fees, compared to 96% by the top 50 for profit organizations.

In the coming months, non profit centers will be struggling to maintain the status quo while they await answers to many questions impacting their future: When will new federal funds become available, and how much? How long and deep will the recession run? Will state funding and charitable giving decline dramatically? What will be the long term impact of the war? Are there any solutions in sight for the staffing crisis? Will our agency survive 1991?

Table C Non Profit Directors Look Ahead

In conducting research for this article, **Child Care Information Exchange** asked directors of the nation's 50 largest non profit child care organizations to evaluate the trends impacting their organizations. Here are the threats and opportunities they identified and some of their comments:

Major Threats

Funding of early childhood programs by public school systems.

"If public schools take the three and four year olds, centers will be left to serve infants and toddlers, which is too expensive by itself."

"The Michigan Superintendent of Public Instruction stated that he wanted to see all children into public schools by age four. This type of initiative seriously threatens all private programs, half day and full day, for profit and non profit."

Minor Threats

State of the economy in the community(s) you serve.

"In addition to parents hurting economically, we're a United Way agency and the economy is affecting charitable giving."

Your ability to recruit and retain qualified teachers.

"Very grim picture because I can't raise tuition much more."

"The salaries we can offer can't compete with public school salaries, limiting our ability to attract degreed staff."

The availability and cost of center liability insurance.

"A big insurance scam — the state of liability insurance is out of control."

"Problems with the availability and cost of insurance have more to do with the fact that center insurance is not as profitable as the insurers would like."

Minor Opportunity

Interest by employers in helping their employees with child care.

"This is overblown — most employers don't care."

"We have seen interest, but with recent economic conditions, no action."

Federal initiatives in the child care arena.

"It all helps, but for the most part it is a drop in the bucket . . . no help for the middle class worker who wants to be productive but cannot afford the high cost of quality care."