

Eighth annual status report on worksite child care

Another Growth Year for Employer Child Care

by Roger Neugebauer

For the fifth consecutive year, child care companies reported a significant increase in interest and action by employers. The surging economy, as well as awakening interest in child care by a broader spectrum of America's companies, continues to spur the growth of work site child care.

Once again, growth was led by the top three players — Bright Horizons Children's Centers, Children's Discovery Centers, and CorporateFamily Solutions. These three companies increased the amount of care they provide for employers by nearly 20% in the past 12 months. Together, they now provide 50% more care for employers than do the next 12 companies combined.

As in previous years, it is not possible to declare one of these companies the "leader." With each measure used in ranking — licensed capacity of employer-related centers, number of revenues, centers under contract — a different one of these companies takes the lead.

For other companies serving the employer arena, 1997 was more of a

mixed bag. Many companies experienced significant growth in their services for employers. Children's World Learning Centers led all child care companies (including the top three) with a growth rate of 36% in care provided for employers, followed by Childtime Children's Centers which experienced a 21% growth rate. On the other hand, half of the other Top 15 employer man-

agement companies (see list below) did not add to their employer services in the past 12 months.

Current Trends

We surveyed the organizations in the Exchange Top 15 about trends in the employer arena. They identified the following:

■ **Demand for employer child care is increasing.** About two-thirds of the organizations indicated that they are experiencing an increase in serious inquiries from employers. **Elanna Yalow**, CEO of Children's Discovery Centers, attributes much of the increasing interest to the economy. "The continuing healthy growth of the economy, along with the low unemployment rate, is fueling demand for our services," she observes.

In addition, interest in child care is spurred by today's much-in-demand job candidates who have higher expectations for work/life benefits. According to **Marguerite Sallee**, president of CorporateFamily Solutions, "College recruiters report getting work/life balance questions in 50% of first round interviews, up from 20% just three years ago."

■ **Demand spreading to a broader array of companies.** In the past, most interest in child care was concentrated among the large companies — Fortune 100 companies. Today, interest is growing among smaller companies, and also among companies in the manufacturing arena. For example, **Duane Larson**, CEO of Children's World Learning Centers, reports that a major portion

of the surge in interest his company has experienced has been from “smaller companies (500–1000 employees) looking for care through consortium-type arrangements.”

Harold Lewis, CEO of Childtime Children’s Centers, also finds growing interest among companies that “find it hard to subsidize operational costs, yet are looking for below market tuitions.”

■ **Companies exploring more options.** Companies that already have established child care centers for their employees are now exploring additional employee needs. **Roger Brown**, CEO of Bright Horizons Children’s Centers, reports that “more companies are providing services at multiple locations and are considering back-up care as a component of full-service care.” Likewise, CorporateFamily Solutions is having success in offering a broader array of work/family benefits beyond child care to its current clients with centers.

Recent Developments

The big news of the year, of course, was the building momentum behind employer child care. In addition, a few specific developments are noteworthy:

■ **US Senator Herb Kohl** (D—Wisconsin) introduced the *Child Care Infrastructure Act* offering expanded tax credits that would encourage private companies to develop on-site or near-site child care centers. Employers would be eligible for a credit of 50% of \$150,000 per year for activities such as building a child care center, contracting with an existing center for spaces for employees, or contracting with a resource and referral agency to build child care supply.

Introducing the bill, Senator Kohl declared, “Child care is an investment that is good for children, good for business, and good for the nation. We need to involve every level of government — and private businesses — in building a child care infrastructure that is the best in the world.”

■ **Bright Horizons Children’s Centers** incorporated The Learning Garden, headquartered in Bellevue, Washington, into its growing national network. In addition to having her four centers become part of Bright Horizons, Learning Garden owner **Deborah Brown** will become the vice president of Pacific Northwest Development for Bright Horizons. In assessing this merger, Roger Brown (no relation) declared, “The Learning Garden is the premier child care provider in the Pacific Northwest. We are pleased with the addition of its superb centers. In addition, The Learning Garden’s expertise in high quality elementary education adds a new dimension to our capabilities.”

■ **CorporateFamily Solutions** filed a registration statement with the Securities and Exchange Commission in June for an initial public offering. On August 13th, this offering was successfully consummated with a flurry of activity. Proceeds from this offering will be used for working capital for general corporate purposes, including acquisitions, as well as for repayment of indebtedness. Marguerite Sallee announced, “Becoming public symbolizes credibility, stability, and the maturing of the niche we have created, together with other colleagues and companies. It is good news for all of us in this business.”

■ **KinderCare Learning Centers** has once again become an active player in employer child care. Two years ago, the nation’s largest early

childhood organization had decided to put employer child care initiatives on the back burner. However, the new ownership of KinderCare, the New York-based investment firm Kohlberg Kravis Roberts, has committed significant resources to repositioning KinderCare as a leader in employer child care. According to **Jay Taffet**, director of KinderCare at Work, “With the addition of new staff and resources, KinderCare at Work will be well positioned in 1997-1998 to respond to the increasing demands for this important work/life benefit.”

— The Exchange Top 15 —

United States Largest Employer Child Care Management Organizations

| Organization | Headquarters | CEO | Contracted Centers | Office Park Centers | Licensed Capacity |
|-------------------------------------|----------------------|-------------------|--------------------|---------------------|-------------------|
| Bright Horizons Children's Centers | Cambridge, MA | Roger Brown | 119 | 25 | 14,678 |
| Children's Discovery Centers | San Rafael, CA | Elanna Yalow | 66 | 60 | 13,829 |
| CorporateFamily Solutions | Nashville, TN | Marguerite Sallee | 87 | 0 | 13,122 |
| KinderCare Learning Centers | Portland, OR | David Johnson | 35 | 7 | 5,607 |
| Children's World Learning Centers | Golden, CO | Duane Larson | 28 | 23 | 5,157 |
| Childtime Children's Centers | Farmington Hills, MI | Harold Lewis | 27 | 14 | 4,523 |
| La Petite Academy | Overland Park, KS | James Kahl | 33 | 0 | 4,200 |
| Hildebrandt Learning Centers | Wilkes-Barre, PA | William Grant | 19 | 0 | 1,925 |
| Kiddie Academy International | Bel Air, MD | George Miller | 0 | 14 | 1,800 |
| Mulberry Child Care Centers | Needham, MA | Clark Adams | 7 | 8 | 1,450 |
| Rainbow Rascals Learning Center | Lathrup, MI | Pat Fenton | 7 | 10 | 1,440 |
| Little People Day School Associates | Collegeville, PA | Robert Sprague | 2 | 6 | 1,292 |
| Creative World Schools, Inc. | Raytown, OH | Duane McCabe | 4 | 4 | 1,000 |
| Children's Wonderland | Agoura, CA | Debby Bitticks | 2 | 4 | 831 |
| Sunrise Educational Services, Inc. | Scottsdale, AZ | James Evans | 2 | 2 | 690 |

NOTE: Organizations listed by total licensed capacity of all contracted and office park centers as of July 1, 1997.

The "Contracted Centers" column displays centers operated under contract to a single employer. The "Office Park Centers" column displays centers operated in office parks or other commercial settings serving more than one employer. Based solely on information provided by organizations.