

# growing and watching: for profit organizations cautious about 2009

## Twenty-second annual status report on for profit care

by Roger Neugebauer, Shasta Zenelle Weiss, and Mike Wilson

“Even though the economy was shaky in 2008, we managed to keep growing. As we look ahead to 2009, and an even shakier economy, we are holding off on any expansion until we see how deep and long-lasting this downturn will be.”

This observation, by the CEO of one of North America’s largest for profit organizations, pretty much sums up current developments in the entire for profit sector. The good news is that despite a slowing economy, many larger for profit organizations managed to expand last year. In fact, in 2008, 22 of the 25 largest organizations surveyed in our report on the Top 40 For Profit Child Care Organizations in North America (see Exchange Top 50 on page 24) increased the number of centers they operate. Most notably :

- Nobel Learning Communities added 28 centers (19% increase);
- ChildCare Network added 13 centers (9% increase);
- The Sunshine House added 10 centers (7% increase);
- Children’s Choice Learning Centers added 12 centers (57% increase);
- Children of America added 8 centers (50% increase);
- Tot-Time Child Development Centers added 6 centers (29% increase);
- Goddard Systems franchised an additional 64 centers (24% increase).

### Ownership changes

During 2008, the second and third largest for profit organizations experienced changes in ownership...

- ABC Learning, Learning Care Group’s Australian parent organization, needed to raise a significant amount of capital earlier in the year. As a result in June, Morgan Stanley Private Equity purchased a 60% stake in the Learning Care Group.
- In May of 2008, after ten years as a publicly traded company, Bright Horizons Family Solutions once again became a private venture. This was made possible through an investment by Bain Capital, which was one of the original investors in Bright Horizons as a start-up 20 years ago.

### Quality enhancement efforts and recognition

This year many of the organizations we surveyed shared with us stories of efforts they are making to enhance the quality of their programs or about awards they had received or passed out in recognition of quality initiatives. Here are just a few examples of the types of initiatives taking place . . .

- In April 2008, Creative Playrooms celebrated its 40th year in business.
- In January 2008, Bright Horizons Family Solutions launched an eCDA program through its online university and training center.
- Brightside Academy (featured on the cover of this issue) maintained its momentum in actively pursuing accreditation of its centers in Pennsylvania and Ohio.
- KLC awarded five exceptional teachers with \$10,000 for distinguished education practice in their work.
- Three of the Pinecrest Schools have now received the NCLB Blue Ribbon School of Excellence award.

### Looking ahead . . . with anxiety

We surveyed CEOs of the Top 50 organizations to determine what challenges they are currently facing (see “The Dirty Dozen” on page 23); the top three, and eight of the top 12, concerns all had economic implications.

Clearly the large for profit organizations are concerned about what lies ahead with the American economy and with our child care subsidy system (or non-system as one CEO opined). None of the organizations surveyed experienced drastic enrollment drops in 2008. However, by the end of the year, the large

national organizations started to feel the impact. Typically, declining enrollments were most noticeable in specific regional pockets where industries are being hardest hit by the current economic challenges.

No one is hitting the panic button yet, but nearly everyone has put any expansion plans temporarily on hold and is anxiously watching economic indicators. In addition, CEOs will be closely monitoring the early moves of the Obama administration for signals that federal support for early childhood services will change.

*Exchange* will closely follow economic and political developments, and child care leaders' reactions to them, over the next six months.

Watch for periodic updates in *ExchangeEveryDay*. (Note: to sign up for a free subscription to *ExchangeEveryDay*, go to [www.childcareexchange.com/eed/](http://www.childcareexchange.com/eed/).)

Note: *Exchange* wishes to thank Mike Wilson of the Wilson Marketing Group in Los Angeles, California, for his assistance in helping us track down organizations to be included on The Exchange Top 50.

### **The Dirty Dozen For Profit CEO's Rating of Most Serious Challenges Facing Their Organizations**

1. State of the economy
2. Competition from Pre-K in the public schools
3. Rising cost of health insurance
4. Shortage of qualified teachers
5. Move to require teachers to have a BA
6. Staff turnover
7. Decreases in public subsidies
8. Lack of subsidies for the middle class parents
9. Lack of work ethic of younger hires
10. Children with challenging behavior
11. Lack of affordable space
12. National unionization movement

### **Correction to Nina Chaitin quote in Status Report #6**

The article, "Trends in Religious-Affiliated Child Care," in the November/December 2008 issue of *Exchange*, contained an incorrect quote from Nina Chaitin, the Director of the Department of Early Childhood Education for the Community Foundation for Jewish Education of Metropolitan Chicago. Her correct statement reads...

"Many of the centers that are affiliated with the Community Foundation for Jewish Education of Metropolitan Chicago who were previously accredited by NAEYC have received the new NAEYC accreditation. The affiliated directors feel that the process has been worthwhile, but that some aspects of the paperwork have been overly burdensome and not the most productive use of staff time. Others of the CFJE affiliated directors are considering applying for new NAEYC accreditation, but are still in the process of evaluating their capacity to deal with the paperwork."

## The Exchange Top 50

### North America's Largest For Profit Child Care Organizations

Organization	Headquarters	CEO	Centers	Capacity
Knowledge Learning Corporation	Portland, OR	Felicia Thornton	1,746	231,673
Learning Care Group, Inc.	Novi, MI	William Davis	1,105	162,940
Bright Horizons Family Solutions	Watertown, MA	David Lissy	675	73,000
Nobel Learning Communities, Inc.	West Chester, PA	George Bernstein	178	28,000
Childcare Network	Columbus, GA	J. Scott Cotter	163	23,312
The Sunshine House	Greenwood, SC	Nan Rikard	157	20,867
Mini-Skool Early Learning Centers, Inc.	Scottsdale, AZ	Douglas MacKay	111	19,600
New Horizon Academy	Plymouth, MN	Susan Dunkley	86	13,009
CCLC Inc.	Sunnyvale, CA	Ty Durekas	104	12,427
Minnieland Private Day School, Inc.	Woodbridge, VA	Jackie Leopold	101	12,025
Brightside Academy, Inc.	Pittsburgh, PA	Harold Lewis	49	7,840
Crème de la Crème	Greenwood Village, CO	Bruce Karpas, Pete Lungo	20	6,000
Sunrise Preschools	Tempe, AZ	Robert Orsi	29	5,811
Children's Choice Learning Centers, Inc.	Richardson, TX	Nate McClintock	33	5,769
Children's Friend, Inc.	Warner Robins, GA	F. Dewayne Foskey	39	5,642
Children of America	Delray Beach, FL	Thad Prior	24	4,320
Action Day Nurseries/Primary Plus, Inc.	San Jose, CA	Carole J. Freitas	20	4,250
Country Home Learning Center	San Antonio, TX	Sharon K. Ford	10	4,180
Hildebrandt Learning Centers, LLC	Dallas, PA	William J. Grant	38	4,170
Creative World Schools	Fort Myers, FL	Billie McCabe	20	3,300
Stepping Stone School	Austin, TX	Rhonda Paver	18	3,199
Rainbow Station, Inc.	Glen Allen, VA	Gail W. Johnson	9	3,131
Pinecrest Schools	Sherman Oaks, CA	Jeri Dye	11	3,000
Ascendere, Inc.	Lawrenceville, NJ	Harsh Chadha	21	2,976
Tot-Time Child Development Centers, Inc.	Plymouth Meeting, PA	Donna M. Fluehr	27	2,672
The Malvern School	Glen Mills, PA	Joseph Scandone, Kristen Scandone	17	2,311
Rogy's Learning Place	East Peoria, IL	Wendy Pettett, Dawn Meyer, Rick Rogy	19	2,241
Next Generation Children's Centers	Sudbury, MA	Donna Kelleher	9	2,182
Creative Playrooms, Inc.	Solon, OH	Joan P. Wenk	7	2,031
The Children's Workshop	Cumberland, RI	Kevin Fusco	18	1,924
Junior Academy Children's Centers	Colorado Springs, CO	Terri Carroll	30	1,872
Valley Child Care and Learning Centers/Cactus Preschools	Phoenix, AZ	James Emch, Mike Emch	10	1,839
Bobbie Noonan's Child Care	Frankfort, IL	Judith Nevell	13	1,700
Kids Kare Schools	Fresno, CA	James L. Fisher, Jr.	11	1,640
The Kinderville Group	Candiac, Quebec, Canada	Manishi Sagar	18	1,524
Kid's Country	Snohomish, WA	Lynnda Langston	11	1,523
Southside Christian Child Care	Louisville, KY	Dwight Derringer	15	1,470
Children's Discovery Center, Inc.	Maumee, Ohio	Lois Mitten Rosenberry	8	1,448
Creative Child Care, Inc. d/b/a Little Tyke	Bedford, TX	Alex Little, Keith Davis	12	1,367
EduKids Early Childhood Centers	Buffalo, NY	Nancy Wutz Ware	11	1,147
U-Gro Learning Centers	Harrisburg, PA	Gregory Holsinger	10	1,140
Rainbow River Child Development Centers	Hermosa Beach, CA	Suzanne and Rick Porter	12	1,044
Gretchen's House, Inc.	Ann Arbor, MI	Gretchen Preston	9	976
The Gardner Schools	Brentwood, TN	Scott Thompson	5	970
Planet Kids	Lake Worth, FL	Manuel Sarria	6	955
K.I.D.S. Day Care	Westmount, Quebec, Canada	Evelyn Wajcer	11	942
The Kids' Place	Wilbraham, MA	Scott L. Petersen	8	872
New Horizons CDC	Edmond, OK	Mike North	11	727
Woodcrest Preschool	Tarzana, CA	Andrea Miller	5	660
Clockwork Learning Centers	Stamford, CT	David H. Lyme	6	558

Based solely on information supplied by the organizations. Data on capacity in chart above is the total licensed capacity for all centers as of January 1, 2009.

### National Child Care Franchising Organizations

Organization	Headquarters	CEO	Centers	Capacity
Goddard Systems, Inc. (The Goddard School)	King of Prussia, PA	Philip A. Schumacher	336	40,000
Kids R Kids International	Duluth, GA	Patrick D. Vinson	155	38,500
Primrose Schools Franchising Company	Acworth, GA	Jo Kirchner	200	35,066
Kiddie Academy	Abingdon, MD	Michael J. Miller	99	14,376
Discovery Point Franchising, Inc.	Duluth, GA	Clifford Clark	55	12,100
The Learning Experience	Parsippany, NJ	Michael Weissman	57	9,322
Children's Lighthouse Franchise Company	Fort Worth, TX	George Michael Brown	24	5,914
Legacy Academy for Children, Inc.	Sugar Hill, GA	Melissa and Frank Turner	23	5,000
Youthland Academy	Cincinnati, OH	Mary Janace Schmitt	18	3,780

Data on capacity in chart above is the total licensed capacity for all centers as of January 1, 2009.

Data for 'Franchising Organizations' include both franchised and company-owned centers. Based solely on information supplied by organizations listed.

## Early Childhood Education Trend Report

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