

Large For Profit Organizations Growing and Diversifying

Twenty-Eighth Annual Trend Report on For Profit Child Care

by Roger Neugebauer and Debra Hartzell

After years of little or no growth, the large organizations in the for profit sector began to grow again in 2014 (see The *Exchange* Top 50 Chart on page 72). In addition, these organizations displayed an increasing interest in participating in public programs to serve a broader spectrum of families.

2014: Growth Re-Ignites

While the economy was slowly recovering, the major for profit players were not aggressive in their growth strategies. From 2009 through 2013, the largest for profit organizations grew on average just over 1% per year. In 2014, the top 50 in aggregate showed zero growth. However, during the year KinderCare Learning Centers sold or closed a great number of its older and poorly performing centers. When you subtract KinderCare from the equation, the balance of the largest for profits actually grew by just over 5%.

The growth mode appears likely to continue as the CEOs of the top 50 centers project an aggregate growth of 6% in 2015. Of course, whether such optimism is translated into reality remains to be seen. During the previous five years of slow growth, these same

organizations predicted growing by 4 – 7% in our annual surveys. However, with a year of actual solid growth on the books, projections for next year may be more realistic.

Increasing Public Participation

In this year's survey of the largest for profit organizations we asked: "What percentage of the children in your centers are funded by federal, state, or local subsidies?" While 20% of the centers reported that they enroll no children with public subsidies, the balance of organizations reported anywhere from 5% to 90% enrolled receiving public support. On average, the top 50 reported that just over 17% of children enrolled were publicly subsidized. (Of course, it should be noted that in the United States nearly all parents have the opportunity to take advantage of the federal child care tax credit. So, strictly speaking, nearly all children in all centers — for profit and non profit alike — have their care publicly subsidized.)

During the debate about the reauthorization of the Child Care and Development Block Grant, the Early Care and Education Consortium, which represents the major 'tax paying' and nonprofit orga-

nizations in our field, advocated actively for the improvement and reauthorizations of CCDBG. Support for this legislation is reflected in the observations of many top 50 CEOs:

"We are proud to serve thousands of children who qualify for subsidy funding. Re-authorization of the CCDBG is important to those families, and so it's important to us. Access to high-quality ECE for all children is something that we believe in with great passion."

— Tom Wyatt, *KinderCare Learning Centers*

"We expect most states to begin to re-evaluate their eligibility, attendance, and recertification processes to make them more family and provider friendly. We hope most state agencies will begin to focus on the continuity of care for the child."

— Scott Cotter, *Childcare Network*

"Children should receive 12 months of eligibility, which improves the amount of time a child is in our program that leads to better kindergarten readiness development as well as more stable enrollment."

— Mark Kehoe, *Brightside Academy*

Continuing Challenges

Every year, *Exchange* surveys leaders in the field about the major challenges facing

their centers. And this year’s responses do not vary greatly from previous years. And, as in the past, the differences to the challenges facing for profit and non profit programs are remarkably similar (see Challenges box on this page).

One challenge that has received increasing notice in recent surveys is ‘rising cost of health insurance.’ ‘Shortage of qualified teachers’ had become less of an issue when the economy was struggling, but now that the economy is rebounding and jobs are plentiful, it has become a challenge for the entire child care community.

The one consistent challenge, for both for profit and nonprofit programs over the past decade, has been ‘competition from Pre-K in the public schools.’ For profit leaders were quite vocal about this challenge:

“It seems every state that we operate in is talking about or providing Pre-K funding. . . . We believe it is in the best interest of families to give them choices of settings, as long as the setting is high-quality and using kindergarten-readiness best practices. If the state decided to no longer include the private sector as an option for families, it would have a devastating impact on our programs. Presently, our programs could not be financially viable with only infants and toddlers.”
— Chad Dunkley, *New Horizons Academy*

Top For Profit Challenges	Nonprofit Challenges
Shortage of qualified teachers	Competition from Pre-K in public schools
Rising cost of health care insurance	Shortage of qualified teachers
Competition from Pre-K in public schools	Rising cost of health care insurance
Staff turnover	Lack of subsidies for middle class families
Decreases in public subsidies	Staff turnover

“In the short run, we believe that Pre-K initiatives will help our business as cities and states do not have facilities equipped for our youngest learners, causing them to have to partner with providers like us to offer Pre-K programs. In the long term, however, as municipalities build infrastructure to host their own Pre-K classrooms this additional competition may really challenge private providers.”
— Margaret Teller, *The Children’s Workshop, Inc.*

“There is no doubt that early education is underfunded and unavailable for too many children in our country, and we support efforts to increase funding, public and private, to extend quality early education and preschool to all children. In supporting UPK efforts, we understand that there may be fiscal

realities that factor into any plan. To that end, we support efforts that prioritize leveling the playing field by making quality early education available first to the children who are most in need. We believe any successful UPK system needs to incorporate the current system of early education and preschool programs, and require high-quality standards and teacher qualifications consistent with those set by leading ECE accreditation bodies such as NAEYC.”
— David Lissy, *Bright Horizons Family Solutions*

“BrightPath . . . has centres in the Canadian provinces of British Columbia, Alberta, and Ontario. . . . The provinces in Canada offer various forms of funding. . . . Of particular note is the province of Ontario, which recently completed the implementation of publicly-funded

Largest National Child Care Franchising Organizations

Organization	Headquarters	CEO	Centers	Capacity
Goddard Systems	King of Prussia, Pennsylvania	Joseph Schumacher	419	55,257
Primrose Schools	Acworth, Georgia	Jo Kirchner	292	53,400
Kids R Kids	Duluth, Georgia	Patrick Vinson	156	31,200
The Learning Experience	Boca Raton, Florida	Richard Weissman	150	26,250
Kiddie Academy	Abingdon, Maryland	Gregory Helwig	131	20,246
Discovery Point	Duluth, Georgia	Cliff Clark	51	11,220
Children’s Lighthouse	Fort Worth, Texas	Patrick Brown	34	8,500
Creative World School	Bonita Springs, Florida	Dr. Marianne Whitehouse	21	4,650
Lightbridge Academy	Piscataway, New Jersey	Gaetano T. Falzarano	16	2,802
KidsPark	San Jose, California	Debra Milner	14	822

Based solely on information supplied by the organizations.

The Exchange Top 50 North America's Largest For Profit Child Care Organizations

Organization	Headquarters	CEO or COO	Centers	Capacity
KinderCare Learning Centers	Portland, Oregon	Tom Wyatt	1,400	250,000
Bright Horizons Family Solutions	Watertown, Massachusetts	David Lissy	885	100,500
Learning Care Group*	Novi, Michigan	Barbara Beck	944	93,504
Childcare Network	Columbus, Georgia	Scott Cotter	209	32,341
Nobel Learning Communities	West Chester, Pennsylvania	George Bernstein	185	27,000
Phoenix Children's Academy, Inc.	Scottsdale, Arizona	Douglas MacKay	132	21,800
The Sunshine House	Greenville, South Carolina	Dale Vervaet	135	19,000
Children of America*	Delray Beach, Florida	Thad Pryor	75	16,350
Minnieland Academy	Woodbridge, Virginia	Charles W. Leopold	150	17,750
Rainbow Child Care Center	Troy, Michigan	Patrick Fenton	104	15,109
New Horizon Academy	Plymouth, Minnesota	Chad Dunkley	90	13,365
CCLC	Portland, Oregon	Tom Wyatt	96	12,000
Brightside Academy	Pittsburgh, Pennsylvania	Mark Kehoe	66	9,929
Rainbow Child Care Centers*	Troy, Michigan	Patrick Fenton	74	8,465
Rainbow Station, Inc.	Glen Allen, Virginia	Gail W. Johnson	18	8,128
Crème de la Crème	Greenwood Village, Colorado	Bruce Karpas	24	7,000
Sunrise Preschools	Tempe, Arizona	Robert Orsi	25	5,488
BrightPath Early Learning Inc.	Toronto, Ontario	Mary Ann Curran	52	5,390
Hildebrandt Learning Centers, LLC	Dallas, Pennsylvania	William J. Grant	45	5,038
Action Day Nurseries	San Jose, California	Carole J. Freitas	20	4,700
Pinecrest Schools*	Sherman Oaks, California	Jerri Dye Lynch	8	4,600
Country Home Learning Center	San Antonio, Texas	Sharon K. Ford	10	4,180
Xplor Child Care	Arlington, Texas	Beverly O'Connell	16	4,016
Acelero*	New York, New York	Aaron Liberman	29	4,000
Celebree Learning Centers	Lutherville, Maryland	Richard O. Huffman III	33	3,795
Youthland Academy	Cincinnati, Ohio	Amanda Bottleson, Courtney Berling	22	3,300
The Malvern School	Glen Mills, Pennsylvania	Joseph Scandone, Kristen M. Waterfield	23	3,266
Rogy's Learning Place	Peoria, Illinois	Wendy Pettett, Dawn Meyer, Rick Rogy	20	3,075
Stepping Stone School	Austin, Texas	Rhonda Paver	18	2,815
StarChild Academy	Apopka, Florida	Peter Zimmermann	6	2,552
The Gardner School	Brentwood, Tennessee	Scott Thompson	14	2,500
Doodle Bugs! Children's Centers	Buffalo, New York	Anthony Insinna	13	2,263
Next Generation Children's Centers	Sudbury, Massachusetts	Donna Kelleher	10	2,147
The Children's Workshop, Inc	Cumberland, Rhode Island	Margaret Teller	20	2,030
Little Sprouts, LLC	Lawrence, Massachusetts	Mark Anderegg	18	1,974
Creative Kids Learning Center	Las Vegas, Nevada	Carol Levins	9	1,893
Children's Corner Learning Center	Tarrytown, New York	Anthony Ross	15	1,872
Valley Child Care Learning Centers/Cactus Preschools	Phoenix, Arizona	James Emch	9	1,865
Creative Playrooms*	Solon, Ohio	Joan Wenk	7	1,700
Kids Country*	Snohomish, Washington	Lynnda Langston	11	1,700
Southside Christian Child Care/Never Grow Up	Louisville, Kentucky	Dwight Derringer	31	3,645
Kid Kare*	Fresno, California	Jim Fisher	11	1,600
Bobbie Noonan's Child Care	Frankfort, Illinois	Judith Nevell	12	1,550
Children's Discovery Center	Maumee, Ohio	Lois Rosenberry	8	1,545
Educational Playcare	Windsor, Connecticut	Jane Porterfield	7	1,537
U-GRO Learning Centres	Harrisburg, Pennsylvania	Gregory T. Holsinger	11	1,442
EduKids, Inc.	Buffalo, New York	Nancy Ware	13	1,425
Little Tyke Learning Centers	Richland Hills, Texas	Alex Little/Keith Davis	14	1,352
The Compass Schools	Glen Allen, Virginia	Martin Brill	6	1,223
Gretchen's House Child Care Centers	Ann Arbor, Michigan	Gretchen Preston	11	1,159
K.I.D.S. Daycares	Montreal, Quebec	Evelyn Wajcer	13	1,100
Jr. Academy Children's Center	Colorado Springs, Colorado	Carol Holden	15	1,058
O2B Kids	Gainesville, Florida	Andy Sherrard	6	976
Chappell Schools	Jacksonville, Florida	Nancy Dreicer	8	876

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, 2015.

*Information from January 2014

full-day kindergarten . . . available to every child as part of the public school system. While the full-day program implemented by Ontario has many shortcomings (e.g. very large group sizes and limited space available in schools), the notion of 'free' is appealing to the vast majority. As a result, the implementation of this program has had a profound impact on private child care operators. . . . BrightPath, as a larger operator, has been able to 'weather the storm' and adapt to the new market condition; however, many smaller operators have and will continue to struggle."

— *Mary Ann Curran,*
BrightPath Early Learning Inc.

"State Pre-K initiatives could adversely affect us. If the state makes pre-Kindergarten available at no cost, it is likely that many parents will choose this option. But there appears to be a growing demand for infant, toddler, and preschool programs, which would help to offset losses due to Universal Pre-K programs."

— *Lois Rosenberry,*
Children's Discovery Center

Despite the seriousness of the challenges noted by the for profit leaders, overall they expressed a great deal of optimism about what lies ahead. Watch for our 29th Annual Trend Report next January to see this optimism at work.

