Child Care Council of Westchester, Inc.

Quality Early Care and Education… where our future begins

Westchester County Child Care Status Report July 2010

Introduction

In light of the on-going economic downturn and recent reductions in Westchester County child care financial assistance that took effect beginning April 2010, the Child Care Council of Westchester surveyed child care businesses on enrollment and financial status in May 2010. This survey will be repeated at regular intervals, with the next scheduled for October 2010.

Report Process and Format

The goal was to obtain representative responses from a diverse population of child care programs and providers serving children in care through the Westchester County Department of Social Services Child Care Subsidy Program and others funded via other revenue sources such as parent fees and scholarships. The survey was distributed electronically through SurveyMonkey.com to 636 child care businesses on the Council's Constant Contact email lists.

Respondents were asked to complete the survey using May 2010 as the reference point for both enrollment and financial information. Questions addressed overall enrollment level and by age groupings, comparisons with the prior year, changes in staffing and licensed capacity, cash flow and projection of year end budget status. Several survey questions utilized in the Council's earlier surveys on supply and enrollment were incorporated as well.

The survey was distributed again in June, since the initial response contained only a small percentage of child care programs and providers serving a significant percentage of subsidized children. Ultimately 121 surveys were obtained, reflecting an overall response rate of 19%. One hundred and fifteen of the responses came from regulated programs, the primary target group of the survey. Six responses however, came from non-regulated programs including 3 nursery schools or legally exempt preschool programs, 2 after school programs for middle school children and a registered family provider who was temporarily operating as a legally exempt provider at the time of the survey.

Respondents

Modality

Nearly half of the surveys came from licensed centers; school age programs represented the next largest segment. Family-based providers accounted for only a quarter of all respondents.

Respondents by Type of Child Care Modality		
Modality	***All Respondents***	
	#	%
Child Care Center	54	45%
School Age Program	29	24%
Group Family Child Care Provider	21	17%
Family Child Care Provider	11	9%
Other (non-regulated)	6	5%
Totals	**121**	***100%***

Location

The largest single block of respondents came from Southern Westchester. This group also reported serving the highest percentage of subsidized children by far. Northern and Central Westchester respondents, which totaled over half the survey group, reported very small percentages of subsidized children enrolled. In fact, 80% of the Northern Westchester respondents reported high levels of private pay children.

Respondents by County Region	
Region	***# of Respondents***
Southern Westchester	50 (41%)
Northern Westchester	44 (36%)
Central Westchester	27 (22%)

High Levels of Subsidized Enrollment by County Region		
Region	***Respondents with High Levels of Subsidized Children***	
	#	***%***
Southern Westchester	18	36%
Northern Westchester	4	9%
Central Westchester	2	7%

High Levels of Private Pay Enrollment by County Region		
Region	***Respondents with High Levels of Private Pay Children***	
	#	**%**
Southern Westchester	28	56%
Northern Westchester	35	80%
Central Westchester	18	67%

The largest number of respondents came from the city of Yonkers. Five suburban communities placed in the top nine locations.

Cities/Towns with > 3 Respondents	
City/Town	***Total # Respondents***
Yonkers	20
Yorktown Heights	9
Mount Vernon	8
New Rochelle	8
White Plains	8
Cortlandt Manor	6
Mamaroneck	4
Scarsdale	4
Sleepy Hollow	4

Revenue Sources

Most of the respondents indicated that the majority of their children were paid by private parent fees. However, many reported that around 25% of their children received at least partial financial assistance from a source such as the DSS Child Care Subsidy, the Westchester County Scholarship Program or a private scholarship funded by their own program.

High Levels of Private Pay Enrollment by Child Care Modality			
Modality	***All Respondents***	***High Levels of Private Pay Children***	
	#	#	%
Child Care Center	54	37	69%
School Age Program	29	20	70%
Group Family Child Care Provider	21	12	57%
Family Child Care Provider	11	8	73%
Other (non-regulated)	6	4	67%
Totals	**121**	***81***	***67% of all respondents***

High Levels of Subsidized Enrollment by Child Care Modality			
Modality	***All Respondents***	***High Levels of Subsidized Children***	
	#	#	%
Child Care Center	54	10	19%
School Age Program	29	2	7%
Group Family Child Care Provider	21	8	38%
Family Child Care Provider	11	3	27%
Other (non-regulated)	6	1	17%
Totals	**121**	***24***	***20% of all respondents***

Only 24 respondents, or 20% of the total, reported significant reliance on the Child Care Subsidy Program; group family providers were at the top with 38%. Of the 24 respondents, a majority indicated that 75% to 100% of their children were subsidized. This high concentration was true particularly for centers and group family providers.

Range of Subsidy Enrollment in Regulated Programs with High Levels of Subsidized Children				
Modality	***All Respondents***	***All (100%)***	***Majority (75%)***	***Half (50%)***
Child Care Center	10	1	7	2
School Age Program	2	1	1	0
Group Family Child Care Provider	8	3	5	0
Family Child Care Provider	3	1	1	1

Enrollment

As of May 2010

Only 38% of the respondents reported being enrolled to licensed capacity as of May 1, 2010. The incidence of under-enrollment in 2010 (62%) was comparable to that reported in our 2007 capacity and enrollment survey (66%).

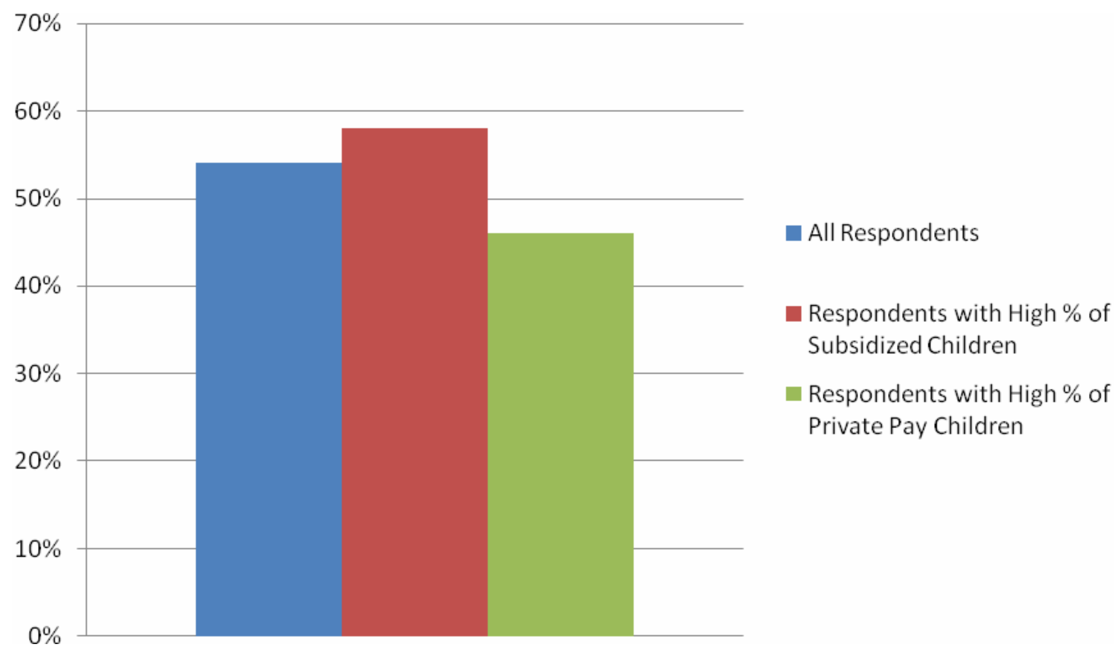
Percentage of Respondents Below Licensed Capacity on May 1, 2010 by Modality	
Modality	***Below Licensed Capacity***
Child Care Center	56% (30 out of 54)
School Age Program	64% (18 out of 28)
Group Family Child Care Provider	57% (12 out of 21)
Family Child Care Provider	82% (9 out of 11)

Every modality reported high levels of under enrollment and in particular, family providers, at over 80%. Not all modalities reported the same patterns however as licensed centers with high levels of subsidized children were in better shape than those with high levels of private pay enrollment. Group family providers and school age programs reported almost the opposite as those with high levels of private pay children fared better than those with high levels of subsidized children.

Percentage of Respondents Below Licensed Capacity on May 1, 2010 by Modality			
Modality	***Below Licensed Capacity***	***High Levels of Subsidized Children***	***High Levels of Private Pay Children***
Child Care Center	56% (30 out of 54)	40% (4 out of 10)	68% (25 out of 37)
School Age Program	64% (18 out of 28)	100% (2 out of 2)	70% (14 out of 20)
Group Family Child Care Provider	57% (12 out of 21)	75% (6 out of 8)	42% (5 out of 12)
Family Child Care Provider	82% (9 out of 11)	67% (2 out of 3)	75% (6 out of 8)

Experts suggest that child care centers require an enrollment level of 90% to be financially viable. Almost half the respondents indicated that their enrollments did not meet that target in May 2010. Surprisingly, programs with high levels of subsidized children had higher enrollment than other programs. However, they expressed more difficulties with the process of enrolling children.

Percentage of Respondents Enrolled At or Above 90%



For the entire pool of respondents, enrollment levels were low for every age group but particularly for school age children and especially for those in 4^{th} to 6^{th} grade. Infant slots were the most fully enrolled but still showed high vacancy rates.

Enrollment Levels by Age Group – All Respondents

Age Groups	***# of Respondents Serving Age Group***	***% of Full Enrollment***					
		100%	***90%***	***75%***	***50%***	***25%***	***0%***
6 wks to 18 mos	53	42%	19%	17%	9%	4%	9%
19 mos to 3 yrs	77	38%	27%	14%	6%	8%	6%
3 to 4 yrs (Preschool)	89	36%	25%	19%	6%	9%	6%
5 yrs (Kindergarten)	56	23%	23%	9%	16%	14%	14%
6 to 8 yrs (1st thru 3^{rd})	54	28%	20%	9%	17%	15%	11%
8 to 12 yrs (4th thru 6^{th})	45	24%	18%	11%	9%	22%	16%

Looking at only the respondents with at least 50% subsidized children enrolled, vacancies were also high throughout age groups. Enrollment however, was slightly stronger in the infant, toddler and the 8 to 12 year categories compared to all survey respondents.

Enrollment Levels by Age Group – Respondents with High Levels of Subsidized Children							
Age Groups	***# of Respondents Serving Age Group***	***% of Full Enrollment***					
		100%	***90%***	***75%***	***50%***	***25%***	***0%***
6 wks to 18 mos	15	53%	13%	7%	7%	13%	7%
19 mos to 3 yrs	19	47%	26%	11%	5%	11%	0%
3 to 4 yrs (Preschool)	21	38%	24%	14%	0%	19%	5%
5 yrs (Kindergarten)	16	25%	19%	6%	13%	25%	13%
6 to 8 yrs (1st thru 3rd)	13	38%	15%	0%	15%	23%	8%
8 to 12 yrs (4th thru 6th)	13	31%	15%	0%	0%	38%	15%

Looking at only the respondents with at least 50% private pay children enrolled, vacancies were also high throughout age groups. Enrollment however, was slightly stronger in the infant, toddler and preschooler groups.

Enrollment Levels by Age Group – Respondents with High Levels of Private Pay Children							
Age Groups	***# of Respondents Serving Age Group***	***% of Full Enrollment***					
		100%	***90%***	***75%***	***50%***	***25%***	***0%***
6 wks to 18 mos	34	32%	21%	24%	9%	3%	12%
19 mos to 3 yrs	55	31%	29%	20%	4%	7%	9%
3 to 4 yrs (Preschool)	60	33%	25%	22%	7%	7%	7%
5 yrs (Kindergarten)	33	15%	24%	12%	21%	12%	15%
6 to 8 yrs (1st thru 3rd)	32	13%	22%	16%	19%	16%	16%
8 to 12 yrs (4th thru 6th)	25	12%	16%	20%	16%	16%	20%

Enrollment losses were attributed to a number of factors. Nearly half the respondents indicated that they had lost children because their parents had lost their jobs; a third reported losing enrollment due to reductions in parents' work hours. A large number of respondents also cited parents moving out of Westchester County. Thirty percent indicated that parents were unable to pay for care.

Frequency of Enrollment Loss Factors (duplicated count)

Factors	*# of Respondents*	*# of Children Impacted*
Lost their jobs	54 (44%)	110
Lost hours at work	42 (35%)	77
Could no longer afford care	36 (30%)	66
Relocated/moved out of Westchester County	35 (29%)	66
Lost DSS Child Care Subsidy	19 (16%)	16
Lost Westchester County Scholarship	16 (13%)	12
Relocated/moved within Westchester County	14 (12%)	12
Could not afford co-pay (subsidized parents only)	11 (9%)	10

Impact on Program Capacity

Despite widespread enrollment vacancies, some child care businesses expanded and others contracted. Thirteen respondents indicated that they closed a classroom in the past year. One reported the possibility of closing a room in June 2010 if enrollment remained low. The closed classrooms were typically for toddlers and preschool age children.

Fifteen respondents stated that they opened a classroom in the past year. Of this group, 5 had been operating at licensed capacity and chose to create additional options for care based on requests for specific age groups and schedules. The other 10 child care businesses were not at capacity but elected to expand even with their enrollment challenges.

Impact on Business Decisions

A significant number of respondents indicated that they had already reduced staffing hours, salaries and benefits:

- A third (41) cut staff hours
- 20 laid off staff
- 15 reduced salaries
- 16 reduced benefits

However, another cluster of respondents reported increased staffing or compensation:

- 20 increased their staff hours
- 26 hired new positions
- 37 increased salaries
- 6 added some kind of staff benefits

Financial Stability

Meeting Operating Expenses

Only half of the respondents reported that their monthly revenue covered all their business expenses. Even programs with private pay children from more affluent families, were struggling to balance their budgets. However, cash flow was more problematic for programs and providers serving high levels of subsidized children; of that group, 40% indicated that they may have to consider closing their businesses.

Adequacy of Monthly Revenue to Expenses			
Revenue to Expense	***All Respondents N=111***	***Respondents with High Levels of Subsidized Children N= 23***	***Respondents with High Levels of Private Pay Children N= 76***
Have Enough	52% (58)	30% (7)	59% (45)
Do Not Have Enough	28% (31)	43% (10)	24% (18)
Sometimes Have Enough	20% (22)	26% (6)	17% (13)

Some respondents indicated that they are going to see what happens in the next year. If enrollment does not increase, they are considering reducing their capacity, cutting staff or closing. Several expressed their wish to remain optimistic but the challenge in doing so. Three respondents reported that they are feeling an impact due to the child care cuts.

Year End Financial Outlook

Only 32% of the respondents indicated that they anticipated breaking even by the end of their fiscal year. Even more troubling, nearly a third reported that they expected a deficit. More respondents with private pay children are anticipating a surplus, unlike the respondents with predominantly subsidized children.

Projected Financial Position			
Status at Year End	***All Respondents N=112***	***Respondents with High Levels of Subsidized Children N=23***	***Respondents with High Levels of Private Pay Children N= 76***
Breaking Even	32% (36)	22% (5)	33% (25)
Deficit	30% (33)	39% (9)	29% (22)
Surplus	25% (28)	9% (2)	32% (24)
Unsure	13% (15)	30% (7)	7% (5)

Comparisons with Prior Periods

2007 Capacity and Enrollment Report

The Council's 2007 survey was more robust as it looked not only at the relationship of enrollment to licensed capacity but actual enrollment levels by modality, municipality and age group. Sixty percent of those programs and providers sent surveys responded, nearly three times the response rate to our 2010 survey. It should also be noted that the earlier survey was conducted before many of the Westchester County initiatives to increase subsidy utilization and child care affordability were fully implemented including reductions to the co-pay, subsidy support services, the elimination of the child support cooperation requirement as a condition of child care subsidy eligibility and the Westchester County Child Care Scholarship Program, which debuted the previous summer. The incidence of operating under licensed capacity in 2007 and now in 2010 were comparable.

Comparison of % Operating Under Capacity by Modality		
Modality	***% Under Licensed Capacity 2007***	***% Under Licensed Capacity 2010***
Child Care Center	61% (65 out of 107)	56% (30 out of 54)
School Age Program	74% (45 out of 61)	64% (18 out of 28)
Group Family Child Care Provider	61% (59 out of 97)	57% (12 out of 21)
Family Child Care Provider	73% (83 out of 114)	82% (9 out of 11)
Total	**66%**	**62%**

2009

When asked to compare 2010 enrollment levels with the prior year, respondents' answers varied considerably:

- 41% replied their enrollment was the same as last year
- 38% replied their enrollment was less than last year
- 21% replied their enrollment was more than last year

The actual process of enrolling children has become more difficult. Only 11% described enrollment as easier in 2010 while 48% indicated it was more difficult. Respondents with high levels of subsidized children found the enrollment process particularly challenging this year.

Enrollment Difficulty in 2010 Compared to Prior Year			
Difficulty Level	***All Respondents***	***Respondents with High Levels of Subsidized Children***	***Respondents with High Levels of Private Pay Children***
More Difficult	48%	67%	46%
The Same	42%	29%	42%
Easier	11%	4%	13%

Major Findings

- A majority of Westchester County child care programs and providers are operating below their licensed capacity at rates similar to those described in our 2007 report. Vacancy levels are somewhat higher in some age groups for businesses that are not serving low-income children.

- Enrollment vacancies are high at every age level but especially for school age children.

- Low child care enrollment in the 2007 survey was often linked to an excess supply of child care slots and competition for those slots, as well as the cost of care and difficulty accessing the Child Care Subsidy Program.

- Parents' job loss and under-employment are the most frequent contributors to declining enrollment in child care businesses. A noticeable number of families have also left their child care programs because they have moved out of Westchester and to a lesser extent, to somewhere in the county.

- Changes in Westchester County child care financial assistance have not yet had a significant impact on the child care sector.

- Child care businesses serving high levels of subsidized children have better enrollment but express having more trouble enrolling children than those that serve more private pay children. They are also in worse shape financially.

- Nearly half of all respondents and a majority of those serving high levels of subsidized children are experiencing significant cash flow problems. Year end projections are troubling, especially for the programs serving subsidized children.

- Child care programs and providers are making decisions on increasing licensed capacity that appear unrelated to their actual enrollment levels.

Comments from the Respondents

Participants in the survey contributed a wealth of comments that paint a vivid picture of the complexity of the situation they face and their concerns about their businesses:

Respondents serving high levels of subsidized children:

- Some parents that used to pay their parent share in full are now carrying balances and in some cases, waiting for tax refunds.
- Subsidy payment delays are impacting cash flow.
- Have had to reduce expenditures for materials and supplies.

- Have deferred expansion/remodeling; in one case that has meant a playground that is no longer in compliance.
- Decided to postpone hiring an additional employee.
- After school program fees do not cover all the business expenses.
- Title XX parent fees are too high; loss of that program for new applicants is difficult.
- Expect September 2010 enrollment difficulties.

All Other Respondents:

- Aside from the nationwide economic crisis, and the recent DSS budget cuts, we actually have managed to grow steadily.
- Because I reduced hours I was able to work it out to open up another location, but it came on the heels of losing 5/6 children so I'm in a difficult situation and desperately in need of children.
- Challenge is always to balance the percentage of student-parents (priority), faculty/staff and community members
- Currently paying off debt from the last 2 years.
- Cut back on special events, activities, and field trips to save money.
- Operating expenses are always rising such as heat/phone/insurance/food/ care of large property… makes me look for areas to conserve in running both business and household expenses. My husband's Medical (Family)and Dental Insurance changed this past year as coincidentally did our Home Insurance all charging higher premiums. We did some refinancing to do some necessary home improvements, but that is an added pressure to repay each month.
- Has been difficult for some parents to pay on time. We try to work with our families to make other arrangements.
- Our rent has gone thru the sky and they (the church that houses us) promise more of the same to come. They are balancing their budget on our back. If we lose Title XX, it will hurt the center.
- Parents have not been using us for Holidays and half days.
- The amazing part is everyone, parents and staff have been so supportive and optimistic about our situation.
- The cost of our staff medical plan has gone up significantly this past year and has become a cause for great concern moving forward.
- The parents are taking the children out of GFDC and putting them into UPK by age 3. Years ago the children would stay with me until kindergarten now they don't. It's a rarity that I have a child over 3 yrs of age.
- There is an increase in the need for financial assistance for families applying.
- We have been blessed and have not been hit with this problem yet.
- We are still recovering from the major loss of the 2008-09 school year. Unfortunately we lost $42,000 last year and made the necessary staffing changes and enrollment did increase so we hope to regain financial stability soon.
- We are struggling each month to cover all of our bills and salaries. We are in a deficit and are not currently making a profit.

- Yes, I am under the budget of our community school district and I have had to cut my student supplies and materials, extra miscellaneous, games, vendors for art, literacy, math, and science.
- Yes, our program has been strongly affected by the current economic climate. It has become very difficult to meet payroll on a timely basis. Our staff is often paid late. Also, supplies for students and administrative staff are very low. The overall morale of the program has changed. It is difficult to maintain a positive and nurturing environment for children if the staff has not been paid and the supplies needed to help educate and motivate our students are not available.
- Yes, our summer program is in jeopardy of being shortened or cancelled due to slow/low enrollment and funds that have been cut. The extended day program's funding for next year has also been cut.
- We have struggled the past year having to really look at our program and make some changes.

Conclusion

Maintaining full or close to full enrollment in a child care business is critical to financial viability and challenging, even in the best of economic times. The child care industry has new competitors constantly entering the market while high fees pose a barrier to many families. The recent economic downturn has put even more pressure on the entire Westchester child care industry as parents' job losses and reductions in work hours have caused them to withdraw their children. Nearly two thirds of the respondents are operating under licensed capacity. Alarmingly, nearly half of the respondents do not meet the 90% enrollment level thought necessary for financial viability. Westchester child care businesses are experiencing financial distress and many anticipate deficits at year end; they are cutting back on materials, supplies, activities and in some cases, staff, in an effort to balance their budgets. A sense of pessimism and concern permeates the industry.

All segments of the child care industry are vulnerable as to date, and somewhat unexpectedly, businesses serving high percentages of private pay families have been more negatively impacted than those with high percentages of children on the child care subsidy. But as the cuts to Westchester County child care financial assistance roll out, child care businesses reliant on the subsidy and scholarship programs will suffer additional losses of enrollment. This contraction of child care spending will threaten the financial well-being of many child care providers and programs and probably lead to a reduction of overall supply.