

THIRTY-FIFTH ANNUAL

Status Report on For-Profit Child Care

by Kathy Ligon and Tiffany Peckham

“It felt like starting the business all over again.”

This sentiment was echoed across the CEO group as they responded to the 35th edition of *Exchange* magazine’s status report on for-profit child care. Never has the industry seen as much turmoil and change while, at the same time, held so much optimism for the future. As companies were forced to reinvent themselves, re-imagine their missions, establish new protocols, support team members, care for families, advocate for their futures, and

continue to look for opportunities to serve more families, the world shifted in its recognition and respect for the industry.

“We were challenged to rethink everything! In addition to all of the safety measures put in place to keep children, families and staff safe, we also pivoted and adapted key aspects of school operations. There is not one area that hasn’t been impacted.”

—Marianne Whitehouse,
Creative World School

“The disruptions gave us an opportunity to reflect on our value proposition to families, to hone our approaches, and to strengthen our organization for the long haul.”

—Peter Cromwell, Georgetown Hill
Early Learning Schools

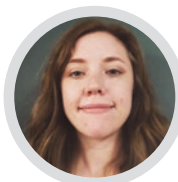
As companies were impacted by mandated shutdowns or their individual decisions to close or remain open, adhering to requirements and guidelines was a real challenge—especially because regulating entities’ requirements often overlapped or conflicted. Group size

mandates prevented enrollment at full capacity, and many companies suffered financial challenges quickly, jeopardizing their abilities to remain viable. Many families lost employment, were asked to work from home, or were fearful to send their children to child care—decreasing demand and causing a rapid decline in attendance, with reported initial occupancies between zero and 25-30 percent. Enhanced health and cleaning policies within classrooms and facilities resulted in increased costs for the new protocols and required personal protective equipment.

“Spring of 2020 brought uncertainty to our schools across the nation. Some chose to close for two weeks, some were forced to (close) due to state health regulations, and some remained open the entire time and cared for children of doctors, nurses, firefighters, essential retail employees, and more. By the summer, each of our schools had figured out how to operate in a COVID-cautious way and keep our staff and students as safe as possible. We have had positive COVID cases



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in our schools, but through contact tracing and careful risk mitigation measures, the education and development of each child were not interrupted for very long, when they occurred.”

—Vance Spilman, Leafspring Schools

“We have operated at lower capacity for significant periods during the pandemic, and with no notice, we developed a virtual curriculum and operating model to meet the needs of families without in-person access. Because we serve 100 percent of families whose care is subsidized by public funding sources, our revenue increased during the pandemic, and we have not laid off or furloughed a single employee as a result of COVID.”

—Henry Wilde, Acelero Learning

Innovative Strategies

Due to COVID-19, strategies emerged that changed the structure of the everyday environment, and revealed the ingenuity of an industry that has adapted over time to meet the changing needs of children, families, and staff. Strategies included:

- Distance learning education models for children at home and take-home learning kits
- In-center support for school-age distance learners
- Back-up care
- Modification of classroom layout and removal of some classroom materials
- Drop-off and pick-up outside of the building
- Health and temperature screening for all staff and families, including children

- New protocols for classroom and center shutdowns as COVID cases emerged
- Employee layoffs
- Touring during non-business hours or virtually via Zoom, FaceTime, etc.
- No extracurricular activities
- Individual supply boxes
- Mask mandates for children and teachers
- Increased interest in private five-year-old kindergarten and elementary grades
- Increased tuition rates to offset higher costs
- Increased use of technology to limit personal contact and improve communication
- Shortened operating hours
- Accessing grants and government funding support

“On March 14 (2020), we implemented temperature procedures and our own health and safety measures, as there wasn’t much guidance in the very beginning.”

—Kelli McCauley, Small Miracles

“With very short notice, we were able to establish full-day school-age programs in our centers. The school-age children participated in virtual learning, while spending the day in our program. It was a blend of a ‘one room schoolhouse,’ with mixed ages and individual technology schedules. We have shortened our operating hours to reduce the need for part-time staff, and have minimized the blending of groups in shared spaces, including playgrounds.”

—Heidi McFadden,
Gretchen’s House Child Care Centers

“We saw increased interest in our private school options and added additional classes to account for the demand.”

—Vance Spilman, Leafspring Schools

“Fortunately, the Paycheck Protection Program and state Cares Act grants helped us get through the tough times.”

—Martin Brill, Compass Schools

“We saw a tremendous surge in the demand for back-up child care, as much of the nation’s workforce began to work remotely, while also managing children attending school virtually and in hybrid models. This experience led us to develop additional family supports, including virtual tutoring,



summer camp solutions, and other supports to adapt to the changing needs of families and employers.”

—Stephen Kramer, Bright Horizons

“We created a webpage where we posted all of the most up-to-date information regarding the virus and the pandemic for our families. We also provided regular letters from the executive director to parents if there were any changes in protocol. By keeping our families updated, we began to see an increase in enrollment in the Fall of 2020.”

—Rhonda Paver, Stepping Stone School

“We have switched to nearly paperless with parent communications and tuition payments, and have even begun working on virtual tours, where our parents can see our building at any time with the click of a button.”

—Sean Toner, Beach Babies Childcare

The Staffing Crisis

While staffing has been noted for many years as the industry’s greatest challenge—along with the threat of competition from the public schools—the escalation of not having enough team members to operate has become common and profound. Every CEO survey respondent cited staffing as the main challenge the industry is facing and will face in the future. This includes employees being reluctant to return to work, hiring challenges, and the need for strategies to support and solve the dilemma. Recruiting, onboarding, training, culture-building, and retention have become the main pillars of stability and growth.

“Our biggest problem is finding staff. If we were able to hire enough teachers, our centers would be full or nearly so.”

—Johnny Anderson,
ABC Great Beginnings

“We are seeing a return to enrollment in the schools and classrooms, where we can hire and maintain staffing. But, unfortunately, in some of our schools, staffing is so scarce that we have had to delay the opening of fully enrolled classrooms for months. While we have done considerable wage analysis to ensure that we are offering competitive pay, we continue to find that we need to adjust and increase rates to meet constantly evolving hourly pay expectations.”

—David Post, Little Sprouts

“We plan on investing in both employee recruitment and retention. It has never been as critical to develop retention systems, perks, benefits, as well as employee development and learning systems.”

—Jack Safer, Brightside Academy

“We have recently begun many employee initiatives to help decrease turnover, and plan to continue those in 2022. Examples include employee bonuses, higher raises, monthly food truck visits, additional funds for teachers to spend on their classrooms, and other employee recognition efforts.”

—Martin Brill, Compass School

“By January 2022, we will be back to 85-90 percent of pre-COVID enrollment. Demand is definitely there. However, staffing remains the major factor in preventing us from getting back to 100 percent.”

—Anthony Insinna, Doodle Bugs!
Children’s Learning Academy

“We are offering higher pay rates and incentives and signing bonuses.”

—Jeff Wahl, Big Blue Marble

The Need for Advocacy

The need for advocating for a mixed delivery system to combat the threat of unfair competition was mentioned as the second greatest threat to the early education space. As the government considers funding programs to support the financial challenges the industry faces, early education owners are also concerned with the creation of unfair competition.

“We believe we have a responsibility to help ensure every child has the opportunity to reach their full potential, which is why we are helping lead a nationwide coalition to advocate for a strong government funding model, which includes a mixed-delivery system to ensure access to a quality early education for all children. It is imperative that we continue to push for federal support and legislative collaboration at the federal and state levels.”

—Jo Kirschner, Primrose Schools

“There will be an upcoming shift from focusing on federal advocacy to local advocacy. I urge all providers to get involved at the state level and influence how some of the new funding is used. We will personally be working hard to advocate at the state level, ensuring states do not stifle the private sector with overly burdensome regulations.”

—Chad Dunkley,
New Horizons Academy

Growth in the Sector

Interest in entering and growing in the industry has never been stronger. With the 10 largest companies reporting more than 8 percent growth since 2020—and a reported intention to continue the growth into 2022—there is a strong indication that stakeholder expansion will continue. The pandemic

revealed the importance of child care in supporting our nation's economy, and made it clear to business leaders and policy makers that investment in this essential infrastructure is crucial. Families forced to work at home also came to realize how important it was to have child care, and how teaching expertise is required to provide a stimulating environment for their children.

"We will continue to acquire, with 10 new schools expected and six to eight new Greenfield schools built and opening in 2022."

—Jeff Wahl, Big Blue Marble

"We plan to continue to add schools to our network and remain optimistic about the future of our sector."

—Roberto Ortega, KLA Schools

"We've had success finding abandoned or under-performing schools in targeted areas, and have developed the infrastructure to rebrand them physically and culturally and redefine quality through innovative operational strategies. Our goal is to open an additional 40 or more schools in 2022."

—Gerry Pastor and Jane Porterfield, Nest Schools

to our system and we are excited to continue their refinement and rollout in the new year."

—Marianne Whitehouse, Creative World School

"The most significant impact has been the long-term shift in the public's understanding of the importance of early childhood education and the degree to which professionals in our field have been historically undervalued. The unprecedented public investment over the past 18 months—driven by tragic circumstances and the deleterious effect on the sector—has seemingly spurred a recognition in public elected officials that spending on early childhood education cannot be a short-term blip."

—Henry Wilde, Acelero Learning

"We focused on transforming crisis into opportunity. This has meant further strengthening our team, by supporting our teachers and staff on personal and professional levels, as well as innovating to better serve our students and communities during an unprecedented time of need."

—Kristen Waterfield, The Malvern School



Optimism for the Future

Facing the future with the challenges of securing staff and the threat of unfair competition does not dampen the optimism and excitement for the future of the industry. Along with the challenges of the COVID-19 crisis, CEOs interviewed equally celebrated recent opportunities to grow and evolve. As the industry adapts, and the world takes notice of the critical services it provides, the future looks bright.

"We are excited and optimistic. We anticipate growth in all schools and are completing expansion plans in several new markets. This last year brought several new digital platforms

North America's Largest For-Profit Child Care Organizations

ORGANIZATION	HEADQUARTERS	CEO/EXECUTIVE DIRECTOR	CENTERS	CAPACITY
KinderCare Learning Centers	Portland, Oregon	Tom Wyatt	1,480	194,000
Learning Care Group	Novi, Michigan	Mark Bierley	1,004	150,000
Bright Horizons	Watertown, Massachusetts	Stephen Kramer	1,011	114,000
Primrose School Franchising Co.	Atlanta, Georgia	Mary Jo Kirchner	465	86,767
Goddard Systems, Inc.*	King of Prussia, Pennsylvania	Dennis Maple	523	82,190
Kiddie Academy	Abingdon, Maryland	Michael Miller	289	47,218
Childcare Network	Austin, Texas	David Evans	266	45,000
Cadence Education	Scottsdale, Arizona	Dave Goldberg	254	43,586
Spring Education Group	Campbell, California	Michael Collins	182	39,488
Kids 'R' Kids Learning Academies*	Duluth, Georgia	David Vinson	174	39,375
The Learning Experience*	Deerfield Beach, Florida	Richard Weissman	220	39,038
Crème de la Crème	Greenwood Village, Colorado	Bruce Karpas	47	18,300
Busy Bees North America	Toronto, Ontario	Mary Ann Curran	133	17,700
The Sunshine House	Greenville, South Carolina	Wes Wooten	128	17,000
Endeavor Schools	Miami, Florida	Ricardo E. Campo	73	15,000
New Horizon Academy	Plymouth, Minnesota	Chad Dunkley	91	13,425
Children of America	Delray Beach, Florida	Ted Hockenberry	61	11,285
Children's Lighthouse*	Fort Worth, Texas	Patrick Brown	52	11,000
Discovery Point Franchising Inc.*	Duluth, Georgia	Cliff Clark	46	10,810
Early Learning Academies	McLean, Virginia	Ron Packard	61	10,500
Lightbridge Academy	Iselin, New Jersey	Gigi Schweikert	60	10,141
Kids and Company, Ltd.	Richmond Hill, Ontario	Victoria Sopik	100	10,000
Ile Educational Group	Woodbridge, Virginia	Charles Leopold	54	9,976
Big Blue Marble Academy	Auburn, Alabama	Jeff Wahl	48	8,351
Creative World School	Bonita Springs, Florida	Marianne Whitehouse	30	7,750
Brightside Academy	Pittsburgh, Pennsylvania	Jack Safer	33	6,157
The Nest Schools	Boca Raton, Florida	Jane Porterfield	36	6,100
02B Kids	Gainesville, Florida	Andy Sherrard	24	5,669
Acelero Learning	New York, New York	Henry Wilde	52	5,634
The Gardner School	Franklin, Tennessee	Scott Thompson	26	4,980
KLA Schools	Miami, Florida	Roberto Ortega	25	4,627
Stepping Stone School	Austin, Texas	Rhonda Paver	19	4,292
Learning Jungle	Toronto, Ontario	Nesmith Chingcuanco	45	4,260
Apple Tree & Gilden Woods Early Care	Grand Rapids, Michigan	Bridgett Tubbs-Carlon	28	4,200
Never Grow Up, Inc.*	Franklin, Tennessee	Dwight Derringer	33	4,200
Little Sprouts LLC	Lawrence, Massachusetts	David Post	39	4,188
Country Home Learning Center	San Antonio, Texas	Sharon K. Ford	10	4,180
The Malvern School	Glen Mills, Pennsylvania	Kristen Waterfield	27	3,940
Little Sunshine's Playhouse	Springfield, Missouri	Brett Roubal	29	3,815
Youthland Academy*	Cincinnati, Ohio	Amanda Bottleson	18	3,600
LeafSpring Schools	Glenn Allen, Virginia	Vance Spilman	12	3,365
Doodle Bugs! Children's Learning Academy	Buffalo, New York	Anthony Insinna	17	3,120
ABC Child Development Centers	Greeley, Colorado	Scott Bright	23	2,301
Small Miracles	Oro Valley, Arizona	Kelli McCalley	20	2,252
Valley Child Care & Learning Centers	Phoenix, Arizona	James Emch	10	2,224
ABC Great Beginnings	Taylorsville, Utah	Johnny Anderson	12	2,100
Apple Montessori Schools	Fairfield, New Jersey	Teri Karole	15	1,930
Brightside Academy	Cleveland, Ohio	Monty Stefansky	14	1,739
Tree House	Burleson, Texas	Monica Medford	9	1,496
The Compass School	Richmond, Virginia	Martin Brill	7	1,390

Based on data supplied by the organizations. Data on capacity is total licensed capacity as of January 1, 2022.

* Data from January 2020 report.