

Day cares take hit in recession

Laid-off and cash-strapped parents find other options.

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Loree Phelps thought she had the recession beat.

The accredited Richmond Heights child care center she runs catered largely to professionals, and she had an eight-month waiting list for the infant room.

But then came the furloughs. Wages dropped. Layoffs hit. Phelps' waiting list dwindled, and parents cut back their children's days.

"Last year there was talk about the recession, but things were fine," said Phelps, executive director of Together We Can. "Then last spring it was like, OK, now it has hit this demographic."

Phelps is now coping with a 40 percent dip in infant enrollment. Some of her parents are working from home and caring for their babies at the same time. Others have cut back to a few days a week, relying on relatives to fill in the gaps. Some new moms are waiting out the recession and delaying going back to work.

This will haunt the center for several years because Phelps said she no longer has a full room of babies who will later move into her older classrooms.

Both locally and nationally, operators of licensed and accredited day cares — centers that typically cost more because of their recognized quality standards — are taking hits as financially strapped parents find other options, usually with parents or friends or in smaller, often unlicensed arrangements.

In many places — including traditionally stable suburbs — this means more day care closures and a reduction in quality slots that adhere to regulatory standards and quality curricula.

In April, the National Association of Child Care Resource & Referral Agencies released a survey of its affiliates around the country. About a third reported significant closures of child care centers in their communities between late 2007 and the end of 2008, with the brunt of those closures occurring later in 2008. Regions, on average, lost about six centers apiece, or about 327 spaces between June and December of 2008.

That pattern is apparent across Missouri and in Southern Illinois.

In southeast Missouri, for example, the region saw 10 percent of its licensed child care centers close this past year, much of it due to layoffs and a closure at one of the region's larger factories, said Karen McDougall of Southeast Child Care Resource and Referral in Cape Girardeau.

In Springfield, Mo., child care center owner Gina Wolf is coping with enrollment declines, and she's fielding calls from other owners hoping to sell.

In Illinois, centers are also losing clients, said Kim Hunt, director of child care services with Children's Home & Aid, a child care resource center for parents and providers.

Hunt said Illinois just increased its grace period for laid-off parents receiving child care subsidies so they can find a new job. Many were forced to pull their kids from child care because the state took away their subsidy within a month of losing their jobs. Now, child care subsidies will continue for 90 days.

In St. Louis, several higher-profile centers have been or are slated to close because of financial reasons, including the Annie Malone Child Care Center in north St. Louis and two of St. Louis Community College's campus child care centers. But, by far, the most vulnerable centers are independently owned and have gone the extra mile to gain costly accreditation standards.

At the nonprofit Cornerstone Center for Early Learning, Executive Director Kathryn Zellich said about 18 percent of her center's revenue used to come from corporate grants. That has nearly dried up, she said. Along with it, she has had to lay off two teachers and combine a classroom.

This year Erin McMahon, an operator of two accredited centers in St. Louis, closed a third called Uncle Sam's Kids in north



St. Louis. The center withstood a decline in military families at the Army and Army Reserve complex on Goodfellow Avenue by replacing them with civilian families. But when the recession hit, many went to cheaper places or to relatives.

“We lost probably five or six families that were not military families, and that was the final nail in that particular center,” he said.

Linda Smith, executive director of the National Association of Child Care Re-



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Support teacher Kathy Downs pats Adam McMurray, 1, while he finishes his morning snack Monday at the Together We Can child care center in Richmond Heights.

source & Referral Agencies, said that scenario is typical. Despite declining enrollment, centers must keep staffing mostly the same to meet proper ratios in their classes.

“These child care programs operate on a shoestring altogether,” Smith said. “Two or three families pull out at once, that can be a make or break.”

Those in early childhood education say it may take years to re-establish licensed child care slots lost in the current economic turmoil.

More troubling may be the impact on children in stressed households who lose quality child care, said Carol Scott, executive director of the Missouri Child Care Resource and Referral Network.

Scott called the loss of stable child care a double burden because some kids lose a safety net.

“When the children are stressed, they can’t learn,” she said. “They can’t form relationships. All of the social-emotional development, and all of the intellectual development they do in those early years that prepares them for success in school is impaired.”

Smith said the long-term effects are obvious.

“The research is crystal clear on the fact the quality of child care matters, and it matters most for the child of low-income or struggling families,” she said. “Let’s fast-forward five years, and those children arrive at kindergarten unprepared, and we wonder why we have problems.”

At Cornerstone, Zellich said the center erased past debts and dug deeper into its scholarship fund to help some of its families.

That enabled Teresa Prince to keep her son in the center until kindergarten. Prince, a child care worker at another center, had her full-time wages reduced by half this year.

“I really didn’t want to take him out,” she said. “He’s very advanced for his age and he’s doing excellent there and he loves going to school there. I didn’t want to pull him out.”

At Together We Can, Phelps has also adapted. She’s waiving an upcoming 3 percent tuition increase for parents who regularly volunteer or contribute to maintenance projects.

“That’s why I gave the center the name I did: Together we can,” she said.



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Support teacher Kathy Downs plays with Yul Choi, 1, and Claudia Richie, 1, Monday at the Together We Can child care center in Richmond Heights. Infant enrollment at the center has dropped 40 percent.