Westchester County
Child Care Status Report
2015

SUMMARY

The Child Care Council of Westchester, Inc. continued its efforts to monitor enrollment levels and the financial status of regulated Westchester child care businesses through a survey of directors and owners. All modalities of OCFS regulated child care were included - licensed child care centers, registered school-age programs, licensed group family child care providers and registered family child care providers. The survey was conducted from June to late July 2015. There was a 15% response rate from the child care community with licensed centers the largest group of respondents. In general, survey participants report serving high percentages of private pay children rather than children receiving the public child care subsidy. Although many municipalities are represented in the survey results, the highest percentage of respondents are located in Yonkers.

Major findings:

- A significant percentage of Westchester regulated child care businesses are operating well below their licensed capacity regardless of revenue streams (private pay vs. public child care subsidy).
- Programs with high levels of subsidized children are doing slightly better in enrollment than those more dependent on parent fees.
- Group family child care providers report the highest enrollment levels though still with 48% below capacity. School age programs have the lowest enrollment levels with 93% below capacity.
- Child care businesses that offer no financial assistance struggle more with enrollment than those that do.
- Parents' job loss, children aging out, family relocation and parents' difficulty paying for child care are the primary factors contributing to low enrollment. More than 50% of child care businesses report that staff hours remain the same from the prior year. Salaries are slightly higher and benefits are about the same. Programs with high subsidy revenues describe their monthly revenues as inadequate at more than twice the rate of programs with high levels of private fees (43% to 18%).

REPORT PROCESS

The goal of our survey was to obtain information from regulated child care programs and providers on their enrollment levels and financial status as of May 1, 2015. We sought representative responses from a diverse population of child care businesses serving children in care through the Westchester County Department of Social Services Child Care Subsidy Program as well as those paid by private parent fees. We distributed the survey through SurveyMonkey.com to approximately 730 regulated child care businesses. We also made phone calls to larger child care centers. Survey questions addressed overall enrollment, enrollment by age group and source of payments, comparisons with the prior year, and changes in staffing and licensed capacity, status of cash flow and projection of year-end financial status.

RESPONDENTS

Modality

More than half of the responses are from licensed centers, with group family providers about a quarter of the total. School age programs and family child care homes only account for 10% of the group respectively.

Table #1 Respondents by Regulated Modality

Modality	Number	Percentage
Child Care Center	64	58%
Group Family Child Care Provider	30	27%
School Age Program	11	10%
Family Child Care Provider	5	5%

County Region

Respondents are mostly from Southern Westchester (39%), but there is reasonable representation from all three regions.

Table #2 Respondents by County Region

Region	Number (Percentage)
Southern	43 (39%)
Northern	37 (34%)
Central	27 (25%)

*Three respondents did not provide their municipality

Respondents by Municipality (2 or more)

Many municipalities are represented in the survey, with Yonkers and New Rochelle the top locations.

Table #3 Respondents by Municipality (2 or more)

City/Town	Number of Respondents
Yonkers	17
New Rochelle	12
Mount Vernon	7
White Plains	7
Yorktown Heights	6
Chappaqua	4
Port Chester	4
Purchase	4
Harrison	3
Mamaroneck	3
Mount Kisco	3
Ossining	3
Peekskill	3
Tarrytown	3
Hastings on Hudson	3
Briarcliff Manor/	2
Cortlandt Manor	2
Dobbs Ferry	2
Pelham	2
Pleasantville	2
Rye	2
Somers	2
Valhalla	2
West Harrison	2
TOTAL	**98**

Respondents by Source of Payment

Although some respondents indicate that their children receive the public subsidy, personal scholarships, and scholarships offered by the Council, most of the payments going to child care programs come from parents.

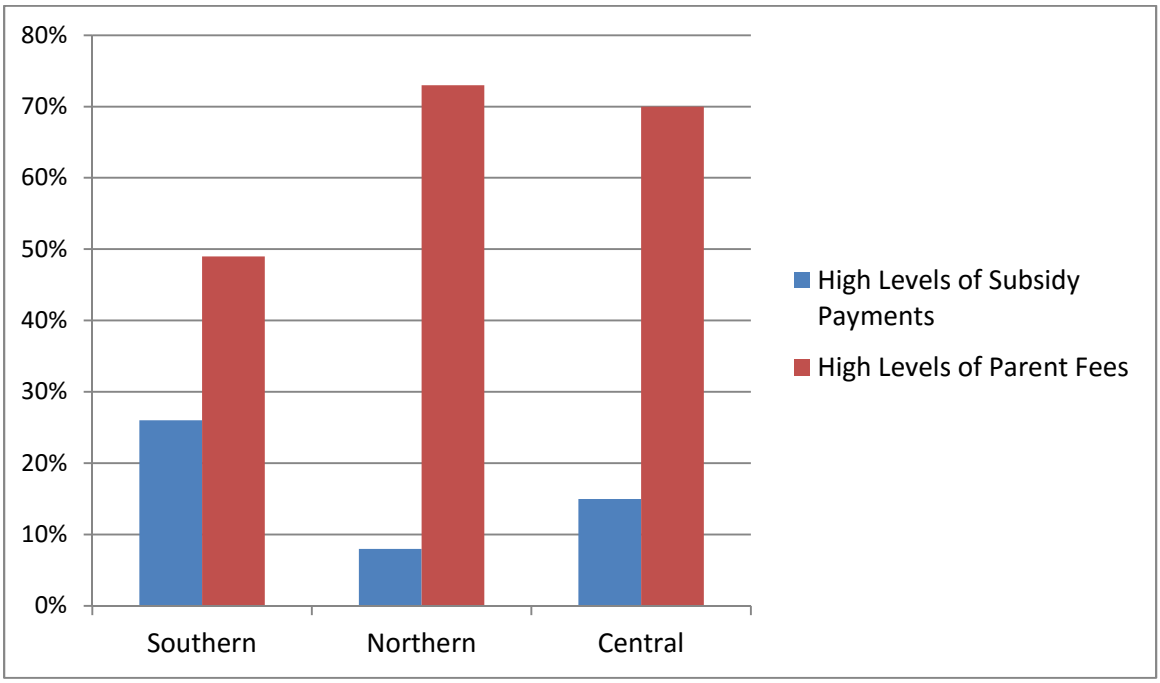
Table #4 Respondents by Highest Source of Revenue

High Levels of Parent Fees (75% or 100%)	High Levels of Subsidy Payments (75% or 100%)	High Levels of other Scholarships (75% or 100%)
69 (63%)	18 (16%)	4 (4%)

*The other 19 (17%) have a combination of revenue sources with no highly prevalent source.

Northern and Central Westchester providers receive parent fees (73% and 70%) at a much higher rate than Southern Westchester providers (49%); the latter is more reliant on subsidy revenue.

Table #5 Respondents by Level of Child Care Subsidy vs. Parent Fee by Region



Interestingly, registered family child care providers (80%) have a slightly higher percentage of private pay families than do child care centers (72%) and a much higher percentage than licensed group family providers (50%). Group family child care providers have the greatest percentage of children on the public child care subsidy.

Table #6 Respondents by Dominant Revenue Type

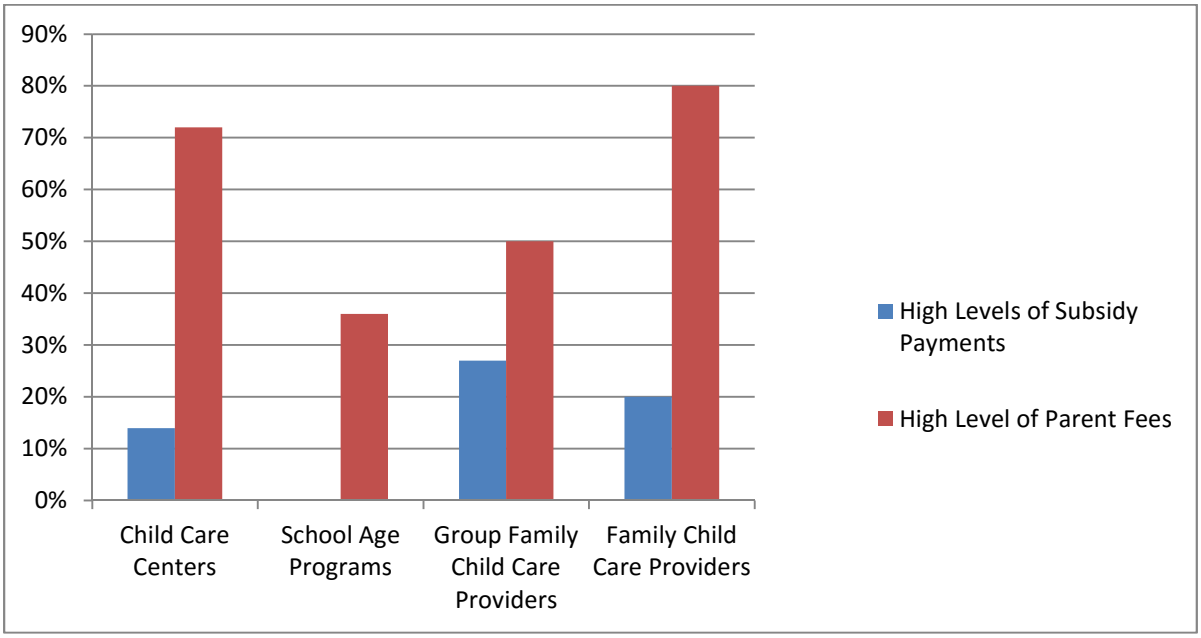
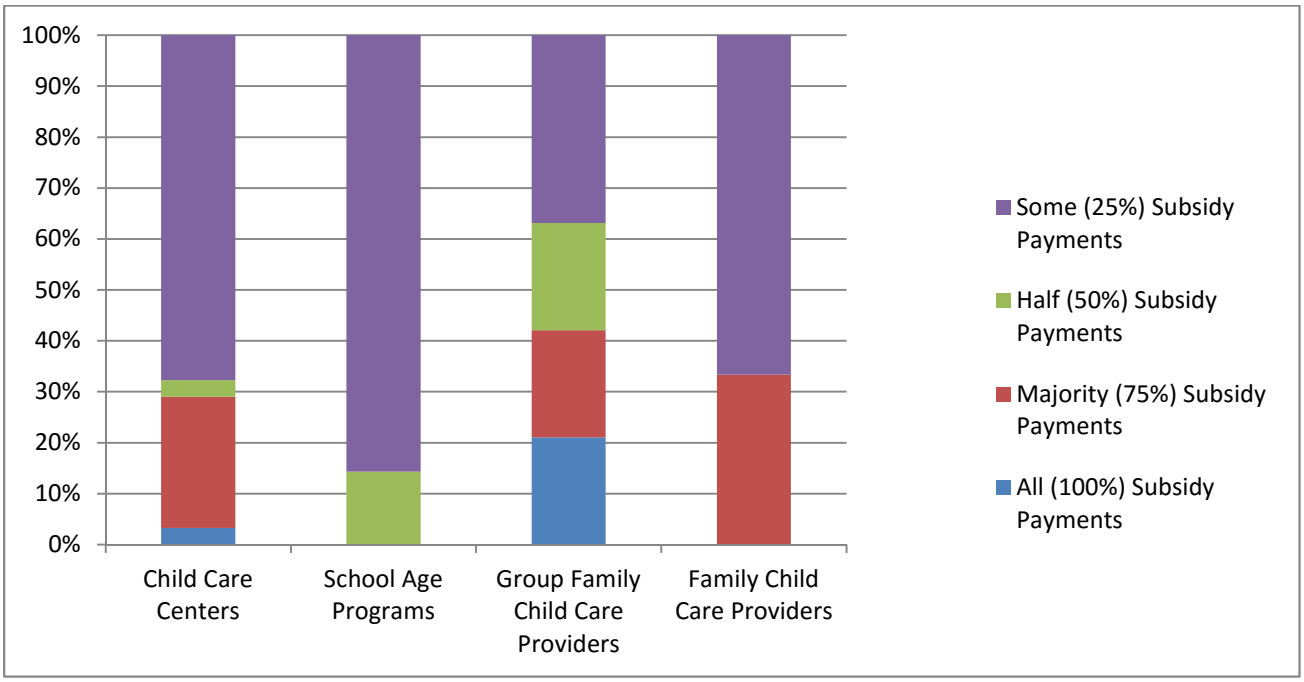


Table #7 Respondents by Level of Subsidy Recipients



RESULTS

Enrollment

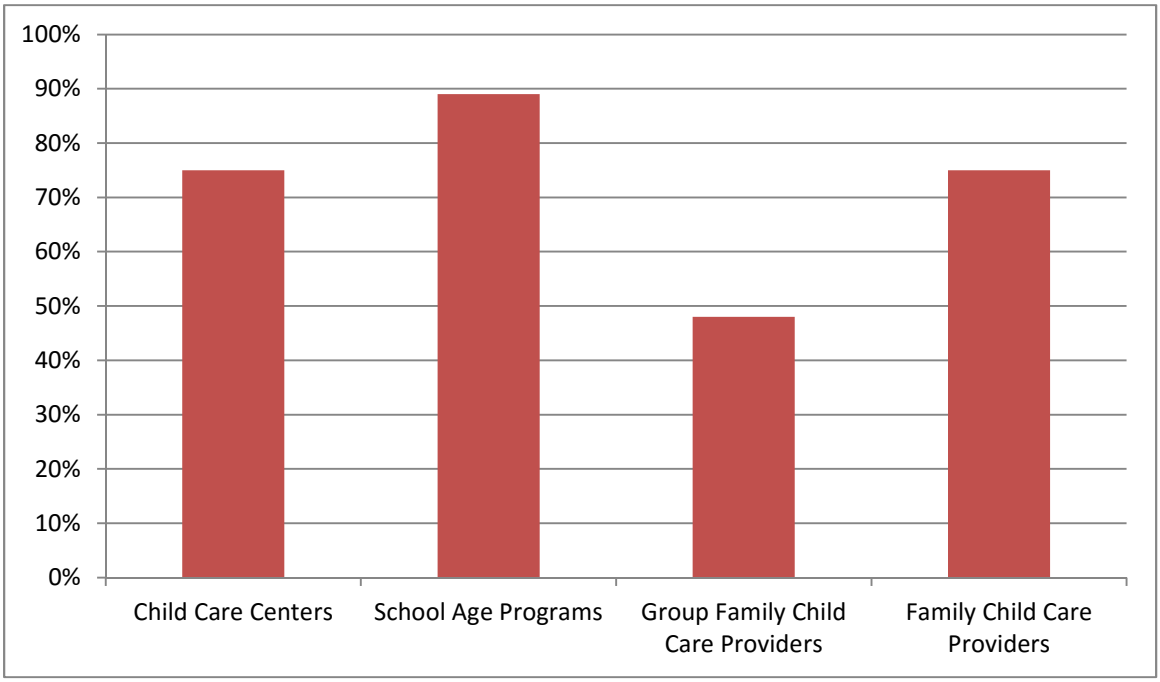
A large majority of child care centers, school age programs, and family child care providers report being below licensed capacity. Under enrollment is most pronounced for school age programs.

Table #8 Respondents by Percentage Below Licensed Capacity

Modality	May 2015
Child Care Centers	75% (39 out of 52)
School Age Programs	88% (8 out of 9)
Group Family Child Care Providers	48% (14 out of 29)
Family Child Care Providers	75% (3 out of 4)
Totals	**68% (64 of 94)**

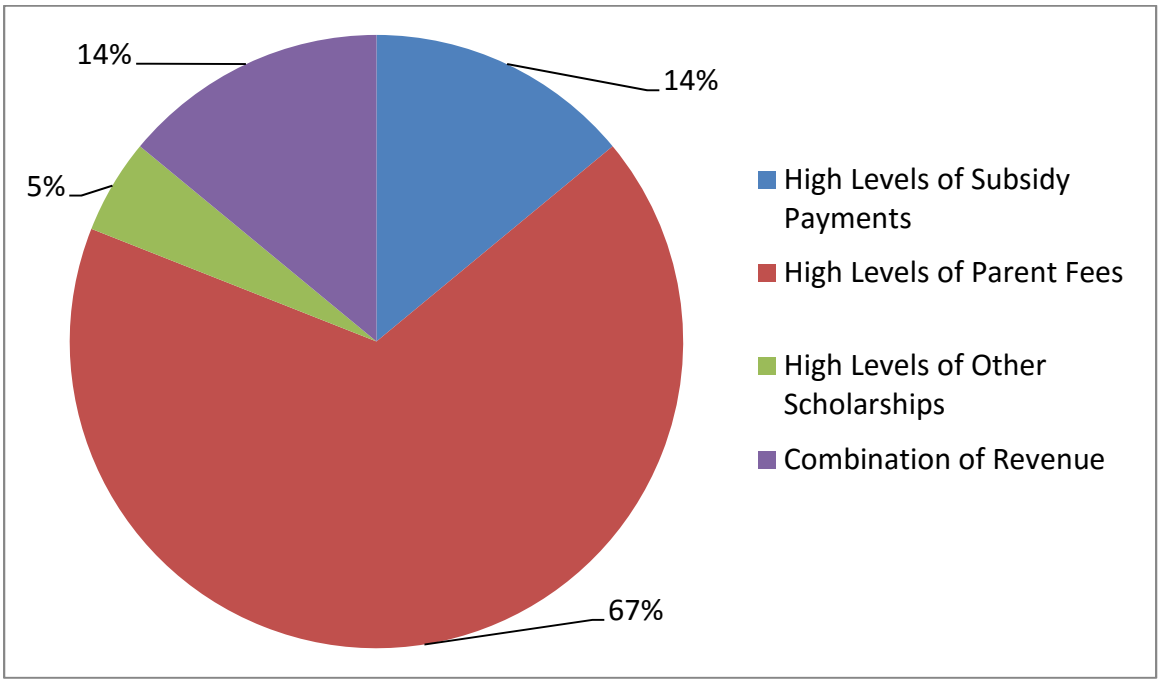
*Only 94 responses to this question

Table #9 Respondents Below Licensed Capacity by Modality



Programs with higher levels of parent fees are struggling with enrollment more than those with other revenue sources. Forty three (43) of the child care programs with high levels of parent fees indicate that they are below licensed capacity.

Table #10 Respondents Below Licensed Capacity by Highest Revenue Source



*Reflects the 64 respondents below capacity

All modalities with high levels of parent fee revenues are having trouble with enrollment, while modalities serving more subsidized children are doing somewhat better.

Table #11 Respondents Below Licensed Capacity by Highest Revenue Source

Modality	High Levels of Subsidy Payments	High Levels of Parent Fees	High Levels of Other Scholarships
Child Care Centers	6 (9%)	28 (44%)	2 (3%)
School Age Programs	0 (0%)	4 (6%)	1 (2%)
Group Family Child Care Providers	3 (5%)	9 (14%)	0 (0%)
Family Child Care Providers	0 (0%)	2 (3%)	0 (0%)

*Reflects the 64 respondents below capacity but only 55 of them have one many revenue source. The other 9 have a combination of revenue sources but not from any high levels from one source

Enrollment Levels by Age Group

Enrollment is higher for younger age groups: 66% of toddler slots are 90% enrolled or more and 59% of preschool slots compared to only 28% of the slots for children ages 8 to 12 years.

Table #12 Respondents Enrollment by Age Groups

	Enrollment Levels by Age Group - May 2015							
Age Group	**# of Respondents Serving Age Group**	**% of Full Enrollment***						
		100%	**90%**	**At least 90%**	**75%**	**50%**	**25%**	**0%**
6 wks - 18 mos (Infant)	55	35%	16%	51%	13%	20%	13%	4%
19 mos - 3 yrs (Toddler)	83	43%	23%	66%	6%	14%	12%	1%
3 - 4 yrs (Preschool)	90	30%	29%	59%	8%	17%	16%	1%
5 yrs (Kindergarten)	56	25%	5%	30%	7%	21%	18%	23%
6 - 8 yrs (1st thru 3rd)	49	31%	8%	39%	14%	18%	18%	10%
8 - 12 yrs (4th thru 6th)	43	26%	2%	28%	7%	14%	19%	33%

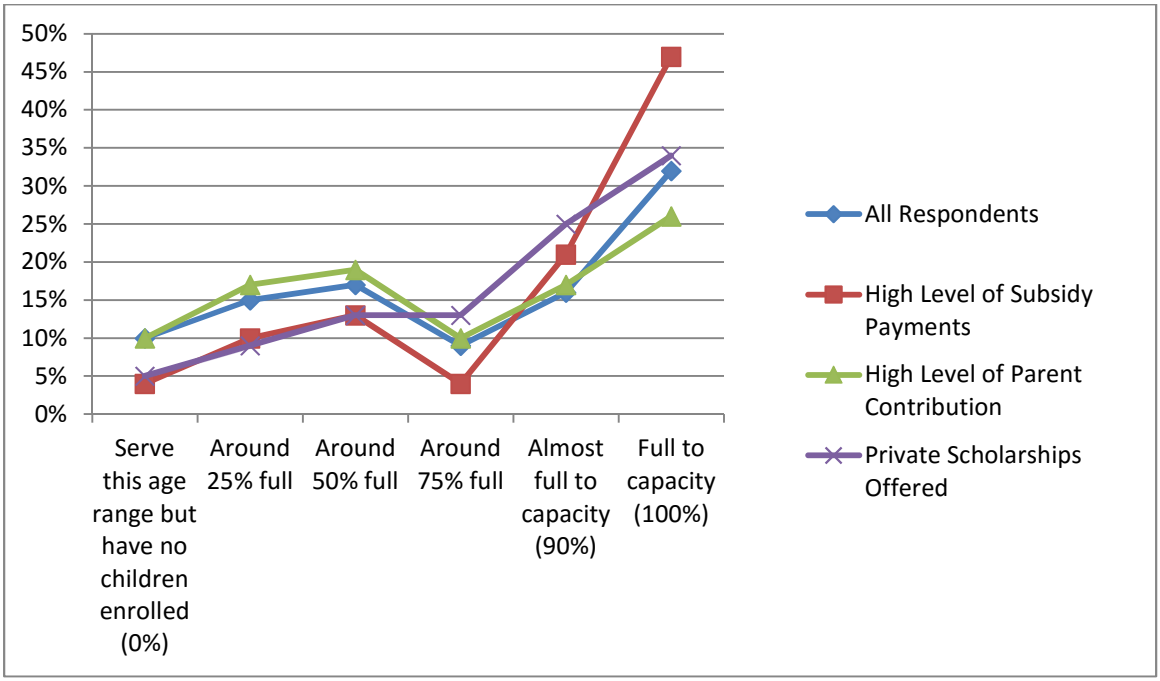
*Total percentage may not equal 100% due to rounding.

Programs that offer some form of financial assistance whether public subsidies or scholarships have better enrollment. Toddlers and preschoolers seem to utilize child care that offers non-public funded scholarships.

Table #13 Respondents with High Enrollment (90% to 100%) by Highest Revenue Source

Age Group	# of Respondents Serving Age Group	High Levels of Subsidy Payments	High Levels of Parent Fees	High Levels of Other Scholarships
6 wks - 18 mos	11	82%	43%	54%
19 mos - 3 yrs	14	71%	62%	93%
3 - 4 yrs (Preschool)	14	79%	56%	81%
5 yrs (Kindergarten)	12	58%	26%	32%
6 - 8 yrs (1st thru 3rd grade)	10	60%	28%	31%
8 - 12 yrs (4th thru 6th grade)	9	56%	13%	21%

Table #14 Respondents Enrollment by Highest Revenue Source



Enrollment Loss Factors

A majority of respondents report multiple factors contributing to enrollment loss; parents leaving the county and parents losing their jobs are the most common (63% and 62%). Over half the respondents cite inability to pay for child care and nearly half report losing the child care subsidy administered by DSS.

Table #15 Reasons Respondents Lost Children in Care

Parents relocated/moved out of Westchester County	45 (63%)
Parents lost their jobs	45 (62%)
Parents could no longer afford to pay the private cost	39 (53%)
Children aged out of Program	36 (53%)
Parents lost hours of work	35 (51%)
Parents lost DSS Child Care Subsidy	32 (44%)
Parents relocated/moved within Westchester County	30 (44%)
Parents said they could not afford their co-pay/parent share fee (subsidized children only)	23 (32%)
Parents only needed care for the summer	12 (18%)

Impact on Practices and Decisions

Business Model

Despite pervasive levels of low enrollment, not only did respondents indicate that they opened more classrooms, the rate of openings exceeded the rate of closings for every age group. Preschool classrooms were the most popular addition.

Table #16 Change in Classrooms by Age Groups

Age Group	Classrooms Opened	Classrooms Closed	Net
6 wks - 18 mos (Infant)	40%	0%	+40%
19 mos - 3 yrs (Toddler)	38%	9%	+29%
3 - 4 yrs (Preschool)	42%	17%	+25%
5 yrs (Kindergarten)	22%	8%	+14%
6 - 8 yrs (1st thru 3rd)	19%	5%	+14%
8 - 12 yrs (4th thru 6th)	12%	5%	+7%

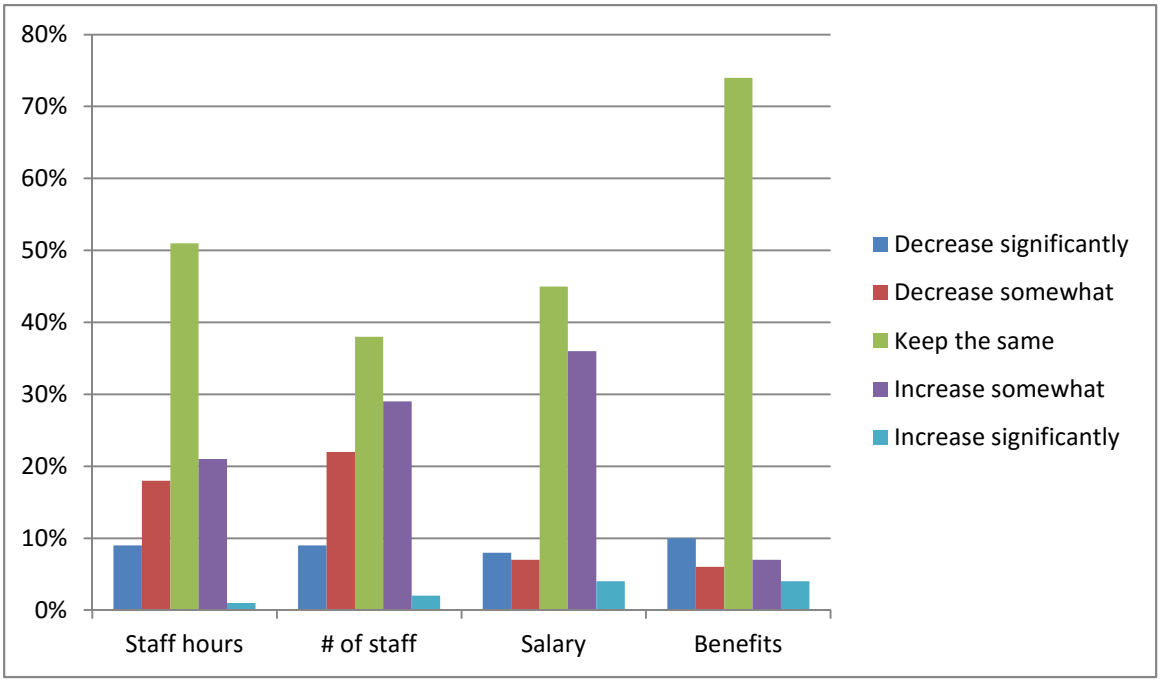
Table #17 Change in Classrooms by Child Care Centers

Age Group	Opened	Closed	Net
6 wks - 18 mos (Infant)	28%	0%	+28%
19 mos - 3 yrs (Toddler)	30%	13%	+17%
3 - 4 yrs (Preschool)	40%	25%	+15%
5 yrs (Kindergarten)	0%	0%	0
6 - 8 yrs (1st thru 3rd)	0%	8%	-8%
8 - 12 yrs (4th thru 6th)	0%	4%	-4%

Staffing and Staff Compensation/Benefits

Providers generally maintained benefits (74%) and staff hours (51%). Staff numbers and salaries, though, are more apt to have been altered. Forty percent (40%) of respondents report increases in their salaries and 31% report increases in their number of staff.

Table #18 Changes in Staffing and Staff Compensation

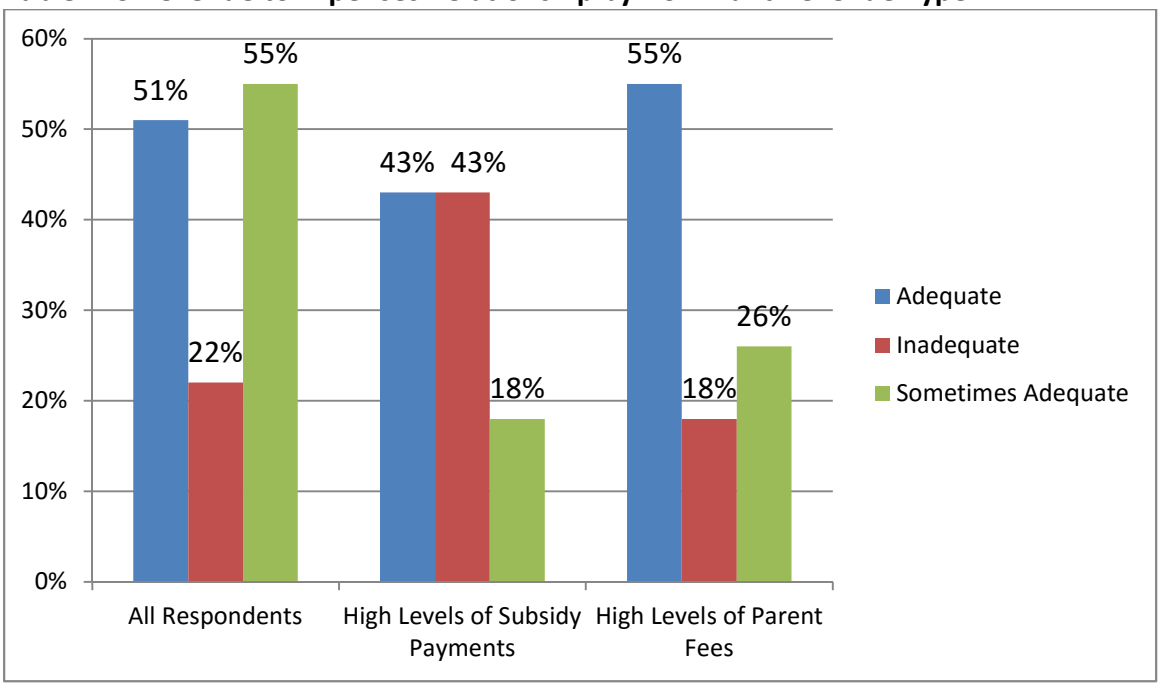


Financial Status

Adequacy of Monthly Revenues to Expenses

Highly subsidized programs are more likely to report their monthly revenues as inadequate (43%) than programs with high levels of parent fees (18%). Although enrollment for highly subsidized programs was higher than that of high-parent fee programs, the providers with high levels of parent fees are more apt to report adequate monthly revenues (55% vs. 43%). It is important to note that both groups are coping with inadequate revenues.

Table #19 Revenue to Expenses Relationship by Dominant Revenue Type



Projected Financial Position at Year End

Although the responses on projected financial position are more evenly distributed, only 19% of highly subsidized programs indicate a projected surplus compared to 32% of high parent fee programs. Even more troubling, more than a quarter of all the respondents anticipate a deficit. Programs dependent on child care subsidies experience great uncertainty as to their financial status.

Table #20 Projected Financial Position by Dominant Revenue Source

Financial Position	All Respondents	High Levels of Subsidy Payments	High Levels of Parent Fees
Surplus	27% (27)	19% (3)	32% (21)
Break Even	28% (28)	25% (4)	30% (20)
Deficit	28% (28)	25% (4)	26% (17)
Unsure	18% (18)	31% (5)	12% (8)

Comparison with Prior Survey Results

The Council's Westchester County Child Care Capacity and Enrollment Report 2007, Westchester County Child Care Status Report 2010, Westchester County Child Care Status Report 2011 and Westchester County Child Care Council Status Report 2012, and licensed capacity information obtained from the Council's referral database were used in the comparison with 2015 results.

Enrollment

Low enrollment has persisted in Westchester's regulated child care market with May 2015 enrollment at 68% of capacity - the same percentage as in 2012. There continues to be some improvement from 2010, when the Westchester region, like the rest of the U.S. was coping with a recession.

May 2007	May 2010	May 2011	May 2012	May 2015
66%	62%	65%	68%	68%

Several factors should be considered when trying to understand the chronic low-enrollment in Westchester's regulated early care and education sector including unemployment levels, child care affordability, the size of the industry and the expansion of Universal pre-K slots that are free for parents.

Unemployment

According to the New York State Department of Labor unemployment rates in Westchester County have significantly decreased over the past three years with unemployment levels almost back to the lower levels of 2008. However, enrollment in regulated child care has not increased. So the question is, if more people are working, where are their children? Is unemployment higher among parents?

Westchester County Unemployment Rate May 2007 to May 2015

May 2007	May 2008	May 2009	May 2010	May 2011	May 2012	May 2013	May 2014	May 2015
3.40%	4.50%	7.10%	7.00%	6.50	7.10%	6.40%	5.10%	4.60%

Child Care Affordability

The cost of child care in New York is second in the nation, behind only Massachusetts. Westchester County's cost of child care is always at or near the top of New York State, with a year of licensed care for a preschooler averaging over $13,000. Costs have continued to inch up each year, and child care remains the second highest bill for most families after rent or mortgage.

Over the past decade, Westchester County has consistently increased the family share fee parents receiving child care subsidy must pay. In 2008 the family share fee was 10%. Increases followed to 15% and then 20%. In 2012 the family share was increased to 27% where it has remained. Equally problematic was the change in child care subsidy availability for families over 200% of the Federal Poverty Level; in March 2010, the Title XX Subsidy Program was closed to new families and remained closed until spring 2015. The Westchester Child Care Scholarship Program, funded by the County Board of Legislators in 2006, also ended in spring 2010. The Westchester Child Care Council Scholarship Program was reopened under private funding sources in 2013. This program, administered by the Council, awards annual scholarships averaging $3,600 to approximately 20 low-wage earning

families annually. In 2015 Westchester County also funded a child care subsidy position at the Council, a position which had been eliminated in 2012. The child care subsidy position provides subsidy support services to parents and child care programs.

Growth of Regulated Child Care

In a seven-year span, from 2005 to 2012, there was a 7% increase in the total number of regulated child care programs. The total number of slots available rose by 28%. This growth occurred at a time when existing child care businesses were struggling to enroll children and the Council was advising prospective child care businesses of the competitive nature of the industry and the financial realities.

New Emphasis on Quality

In 2015, the Council observed increased interest on the part of many child care business leaders to improve program quality as preparation for QUALITYstarsNY (QSNY), our state's quality rating improvement system, which is being slowly implemented. Competition in the child care industry will become more, not less intense and we expect that parents' expectations will increase as well, as they become more knowledgeable about quality standards.

CONCLUSION

The survey results illustrate the challenges of operating in Westchester's regulated child care industry, a situation which remains difficult. Despite growing scientific evidence that quality early learning could make the difference not only in the lives of individual children and families, but also in our regional economies and national competitiveness, adequate resources have yet to be invested at any level of government. The Council has offered business training and technical assistance in the past, with only a lukewarm response by participants. Perhaps with more emphatic communication to the industry about the persistent enrollment difficulties and the accompanying financial challenges, we might enlist more business leaders in this activity. Finally, the need for more financial assistance to reduce the child care affordability barrier is clear. The Council will continue to work to reduce the family share fee percentage and increase funding for low income families to gain more resources for families.