


## Recession squeezes day care from both sides


Budgets being cut at same time laid-off parents pull children from facilities



WEEK-TV

Sister Cor Marie Cielocha says enrollment at her children's center in Creve Couer, Ill., has fallen from 33 to 20 in just three months.

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**Profile**

Lindy Franca used to have a waiting list of parents who wanted to put their children into the day care center she owns in Honolulu, Hawaii. Sometimes, she would get 10 calls in a single day from families hoping for an opening.

"Constant calls, people begging you," Franca said. "You're full. You can't take children. You're at your max."

But nowadays, "there's hardly any calls," she said. "Sometimes I'll go a whole week and I'll be lucky to get one."

These are the toughest times in Franca's 27-year career. Business at Lindy's Day Care has dropped by about half since the beginning of 2008, a casualty of the stumbling economy, which is leaving fewer families able to afford day care.

Franca has lowered her fees to \$575 a month, far lower than the average of \$900 a month that the National Association of Child Care Resource & Referral Agencies estimates many parents pay.

So Franca monitors her expenses like a hawk, barely getting by day to day.

"It's really spooky, because you don't know where your future is going to be," she said.

Across the nation, day care operators are in the same boat. The recession hits them from both sides: They are hemorrhaging income as laid-off parents pull their kids from day care, while subsidies from deficit-ridden governments are being slashed at the same time.

### **Jobs are gone, but not the bills**

In suburban Peoria, Ill., Sister Cor Marie Cielocha, a nun of the School Sisters of Notre Dame, takes her show on the road. She frequently wheedles local groups for speaking engagements, where she can ask for donations to pay for the daily operations of the nonprofit Children's Center of Tazewell County in Creve Coeur, where she has taught disadvantaged children for more than 50 years.

"I explain the program to them and then beg for donations, **financial** donations to keep these kids here," Sister Cor Marie said.

In just three months, enrollment at the Children's Center was 33, said Sister Cor Marie, the facility's principal. Today, it is 20.

"I attribute that to the stress that's going on in our regular homes," she said. "The jobs are gone, [but] the bills are still there."

Dana Carroll, director of early childhood services for the Community Partnership of the Ozarks in Springfield, Mo., said many day care centers and preschools had lost half their enrollments in the last few months — "a ripple effect of the unemployment, certainly."

"When parents are in survival mode, they're in survival mode," Carroll said.

### **'People lost lots of children'**

When those children go, they take their tuition payments with them. Historically, the shortfall is made up from **government** social services programs, but those sources are drying up, too.

In August, New York state officials state cut \$12 million from the day-care program in Monroe County. The county responded by adding fees and lowering the maximum income level at which families could be eligible. As a result, 900 children were stricken from the rolls of those eligible for service.

"People lost lots of children," said Denise McFadden, owner of Kandie Land Kids Daycare in Rochester. "It was already hard enough, and those of us that were surviving, we lost even more children."

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Across the country, laid-off parents in dire need of day care so they can look for new jobs are getting the same message: There's no room for your child, because there's no money:

- This month, more than 15,000 parents in Arizona got letters from the state saying there were no more funds for day care subsidies. The Legislature appropriated \$18.2 million in federal stimulus money to restore the subsidies, but the state had to reduce rates paid to providers by 5 percent, and a waiting list remains, said a spokeswoman for the state Department of Economic Security.
- Colorado is likewise seeking to cut the number of families to whom it provides aid, projecting a waiting list of 1,500 by June, the child care association reported.
- In North Carolina, 27,000 children are on waiting lists for government-funded day care, said Fay Lewis, manager of the state's child day care program. "Funding does not meet the current demand," she said.

- In Missouri, legislators are considering a budget that would slash \$3.4 million from child care services, potentially leaving tens of thousands of children at risk, officials said.

In such an environment, day care operators are searching for novel ways to make ends meet.

In Huntington, W.Va., River Valley Child Development Services, which depends significantly on government funding, has subsidized day care centers to the tune of \$3,500 per child per year.

#### An msnbc.com-NBC News special report

Alex Johnson is a reporter for msnbc.com. The following NBC stations contributed to this report: KOAA of Colorado Springs, Colo.; KSHB of Kansas City, Mo.; KYTV of Springfield, Mo.; WECT of Wilmington, N.C.; WEEK of Peoria, Ill.; WHEC of Rochester, N.Y.; WPTZ of Burlington, Vt.; and WSAZ of Huntington, W.Va.

When money is short, the agency traditionally borrows from other programs, but budget cuts have eliminated so much money that even those reserves are running thin, said Candice Mullins, director of Enterprise Child Development Center.

To keep the day care programs running, the agency recently established Tuition Investment Program Support, under which businesses in the community are asked to make charitable donations. The corporate platinum contribution is \$4,000.

The alternative to such adaptations is unacceptable, said Tami Cowles of the Child Care Coordinating Council of the North Country, in Plattsburgh, N.Y. Cowles refers parents to day care providers, but from February of last year to February of this year, calls for referrals fell from an average of 35 a month to only 12 or 13, she said.

"Long-term, I know some day care providers might have to close," she said.