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Press Release

Recession Forces Mothers Back To Work, Fueling Demand and Higher Fees. Minding The Kids Costs \$58 Billion.

Tampa FL, May 26, 2010: Marketdata Enterprises, Inc., a leading independent market research publisher of “off-the-shelf” studies about service industries since 1979, has released a 250-page report entitled: U.S. Child Day Care Services: An Industry Analysis. This is a **7th edition** update of an in-depth market study examining the non-profit and for-profit providers of day care services—whether they be group day care chains, church or employer-based facilities, family day care homes, or care by nannies or foreign Au Pairs. The study examines national receipts from 1986-2013 Forecast, operating expenses, factors affecting demand, emerging trends, and more.

“There is probably no consumer service that’s more emotionally charged than day care. Fully 65% of mothers with children under age 6 are now in the labor force. Marketdata believes that many of the women that re-entered the workforce during this recession (to make up income lost by male wage earners) will choose to *stay* employed, as a new frugality takes hold. When the recession ends and live births top 4 million/year again, demand for child care should remain high, according to Research Director, John LaRosa

Major Findings:

- Marketdata estimates that America spent \$58.6 billion on child care in 2009—a combination of federal funding from Head Start, Block Grants and other programs, and household expenditures. Receipts are forecast to grow by 5.4% yearly, to \$71 billion by 2013. Receipts have not declined in 22 years, even during recessions.
- In the United States, there are an estimated 819,000 day care facilities or sites in operation. Family day care is the most popular form of care, with 325,000 homes. For-profit group centers by large chains number 110,000, and various other facilities are run by: churches, colleges, employers, hospitals, the government, etc. They all compete for the same day care dollar.

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- **No company dominates** this fragmented field. Competition is keen. Franchising has been limited. The top 6 chains operate just under 4,000 group day care centers and this group generated \$2.86 billion in 2009 sales. This is a small share of the total \$58 billion market. Knowledge Learning Corp. is the largest day care provider, with 2,000+ sites and \$1.33 billion in sales. Learning Care Group is second with \$595 million. Both have been very active with acquisitions in recent years.
- Many think that things will get worse for child care before they get better, since state funding, temporarily boosted by the stimulus, will fall even more in the near future. Federal funding for Social Service Block Grants has been flat for the past five years.
- **Fees...** In 2008, the average cost of full-time care for infants in a center was as high as \$15,895 per year, 4 – year olds paid up to \$11,680, and parents of school-age kids paid up to \$10,720. Fees are rising much faster than the overall inflation rate (up to 3-4 percentage points more).
- As of 2009, the “average” day care services establishment had estimated annual revenues of \$660,000—with for-profit facilities generating \$708,000. The 2007 Census found that for-profit establishments had annual receipts of \$554,000. Industry pre-tax profit margins fell to 4.9% of net sales in 2009.
- The Labor Dept. estimates that 1.3 million people were employed by the day care sector in 2008 (429,00 self-employed). In addition, there are 1.2 million **Nannies** working in the U.S. today, earning \$350-1,000/week, plus room and board. The recession did affect nanny jobs, as parents cut back their hours or dropped them. Foreign **Au Pairs** now number about 15-17,000 and cost parents \$13-14,000 per year.

Editor's Note: U.S. Child Day Care Services: An Industry Analysis, published in May 2010, is an independently researched “off-the-shelf” study. The study is 250 pages in length, via 10 chapters and 100 detailed tables/charts. It costs \$1,995 and is also sold by individual chapters at lower cost. A free table of contents is available by mail or fax. Contact: Marketdata Enterprises, Inc., 8903 Regents Park Drive, Suite 120, Tampa, FL 33647. Marketdata studies are also available online via the **MarkIntel**, **Mindbranch**, **Profound**, and **Marketresearch.com** commercial databases.

A 38 pp. Executive Overview is available to the general public for \$79.

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