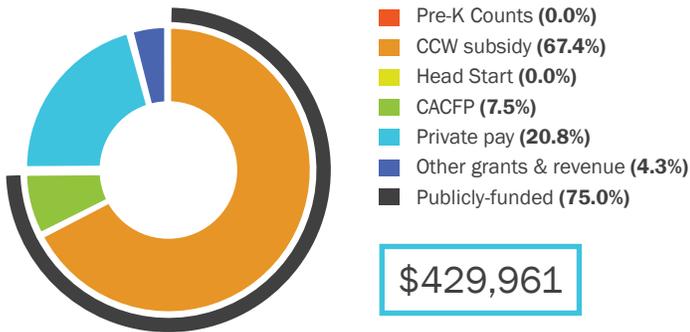


BULLFROGS & BUTTERFLIES

REVENUES



EXPENSES



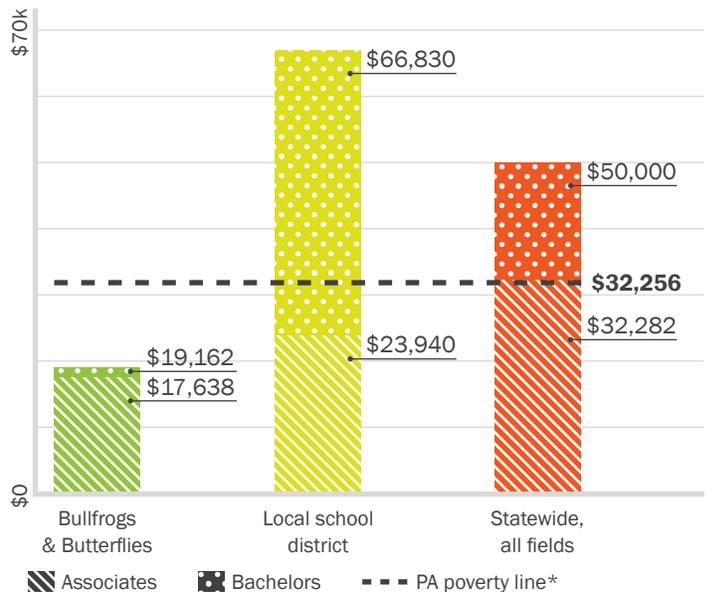
Joe Marie Henry started a family daycare in her home 28 years ago and has grown her business slowly and steadily into the STAR 3 center it is today. At present, Bullfrogs and Butterflies serves infants to school-age children in six cozy, bright classrooms in a quaint white building in New Brighton, PA.

Despite big growth, Bullfrogs and Butterflies remains a one-woman show. Henry oversees all aspects of daily operations, including budgeting, billing, program quality and compliance, the hiring and training of new staff, and coordinating staff schedules. Of course, on top of all of that, she's the instructional leader and the main contact with parents and families, helping her staff to navigate everything from children's behavior issues in class to problems at home. It's a job she loves, if only she could get more help.

"Finding good staff is extremely difficult," Henry explains. "I'm not even looking for a ton of experience, just 'teachability' and a passion for being with the children." Unfortunately, without any Human Resources



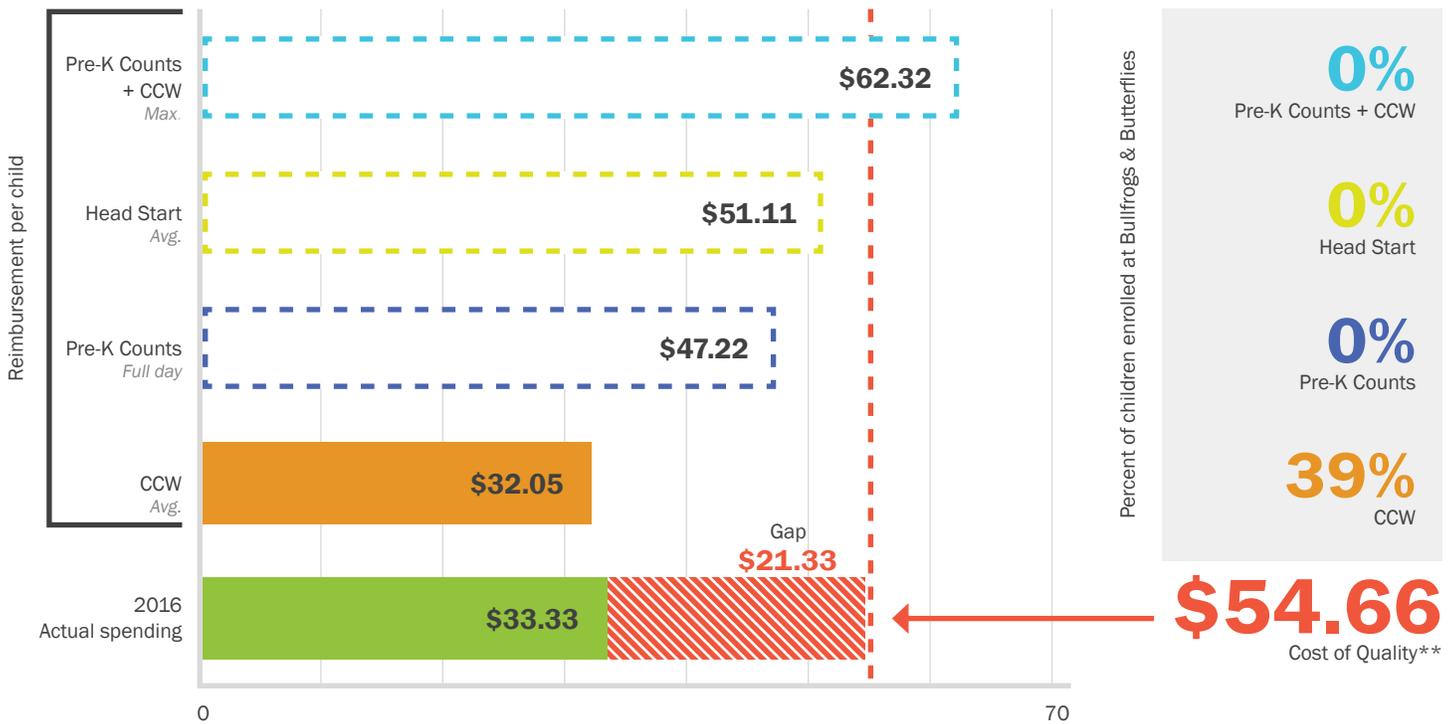
SALARY COMPARISONS



support, interviewing and following up with applicants takes up a significant chunk of Henry's time, and it can take a financial toll as well. As she explains, "the time I spend with them, the time they're having to shadow another staff person, I'm paying for two people in the classroom." When she is able to hire strong new staff, too many already have one foot out the door. "The truth is, if they're getting their bachelor's degree, chances are, they're moving on to something else eventually. We don't pay enough for them to stay here."

Despite being STAR 3, the current education level of Henry's staff makes her ineligible for Head Start or Pre-K Counts. Instead, she relies entirely on CCW reimbursement and what parents can pay in private tuition. Yet costs keep rising. "Everything has gone up—everything! My electric bill, my gas bill, my food bill... Meanwhile, they haven't increased the subsidy base rate for over ten years." In the past, CCW also reimbursed providers like Bullfrogs and Butterflies, who offer extended or "non-traditional" hours, an extra \$7 a day per child. That supplemental funding was eliminated in 2011.

DAILY REIMBURSEMENT RATES VS. COST OF QUALITY



*Represents SNAP eligibility for family of three in PA

**Estimate includes cost of wages increases competitive to local school districts and achieving NAEYC-recommended ratios

A psychology major with a motherly demeanor, Henry is a natural at nurturing staff, resolving conflicts, and working with children with challenging behaviors. What she never expected was how demanding the other part of being a director would be: running a business. “After all these years I still didn’t have that business sense. Finally, a few years ago, I took a business acumen class and it was an eye-opener for me. That’s the first time that I realized that, if I’m staying open longer hours than another place down the street, my \$35 a day from CCW has to stretch for 14 hours of staff coverage while theirs is paying for eight or nine hours... I had no idea how much of a difference that made. I was like, ‘No wonder I don’t seem to be getting ahead.’”

Even now that Henry has learned how to better weigh the financial impact of her policies and hours, she finds it difficult to make changes that would benefit her bottom line. Over the last five years she has kept private pay rates

relatively steady, has rejected the idea of charging private pay families an additional fee for snacks and meals, and is sometimes lenient with tuition collection when she knows a family is struggling. “As a businessperson, I could think one way. But as a real person that has feelings and a heart who looks at the kids and this family that’s trying

to make it? I mean I have a lot of accounts payable debt we’ve written off that people could not pay us. It’s just what you do.”

“It’s like I never can get ahead enough to do the big stuff. It’s frustrating.”

Henry pays herself out of the business’ profits at the end of the year, but often finds other demands on that money as well. “If I need to repair the roof, there’s no easy way to pay. In a good year I have a gross profit of \$40,000. I get taxed on that \$40,000 and, now, I only have \$20,000. It’s like I never can get ahead enough to do the big stuff. It’s frustrating. It’s very hard.”