Penn Children’s Center Relocation and Expansion Program

Background
Currently located at 42nd and Spruce Streets (former Divinity School site), the Penn Children’s Center (PCC) has capacity for 83 children ages twelve weeks to five years. Accredited by the National Association for the Education of Young Children, Penn’s program is widely regarded as a model program based on the principles of early childhood education and developmental milestones. Penn has operated its own child care facility since the early 1970’s when it began as a program of the School of Social Work and eventually transitioned to the Division of Business Services in the late 1980s. PCC is operated as an auxiliary enterprise of the University and has a break-even budget. Penn provides the center with very low cost space and utilities in the Divinity School complex. While successfully operating at full capacity of 83 children, the center has a waiting list of over 90 children. There are 40 children on the infant waitlist alone. Approximately 73% of the enrolled families have Penn affiliations with an additional 6% from the University Health System. The remaining families are from surrounding institutions, corporations and the West Philadelphia community.

Relocation
The construction of the new, University-assisted public school on the former Divinity School site necessitates the relocation of the Penn Children’s Center in two phases. Phase One of the construction impacted the main preschool annex of the center and required an interim move of infants and toddlers to the former stone residence on the corner of 43rd and Spruce Streets. Simultaneously, the preschool children were relocated to space within the part of the old building that will not be impacted until Phase Two of the construction. These interim moves were staged beginning in late November with all moves accomplished by January 3, 2000. This first phase of the construction also eliminated the center’s playground and parking lot and reduced PCC’s operating capacity to 78 children.

Phase Two of the new school construction requires the Penn Children’s Center to vacate all spaces on the site and relocate to a new location no later than January 1, 2001. This date is critical in order to accommodate the aggressive project schedule for the new school which calls for full-scale construction beginning in February 2000 and occupancy in the fall of 2001.

A number of relocation alternatives for the Children’s Center have been explored. Very early in the process, we worked with the Newman Center at 3806 Chestnut Street to lease its first floor for the center. The University engaged an architect, developed final plans, and drafted all of the lease documents when, at the very last minute, the Archdiocese determined that they wished to retain control of the space for long-term programmatic support. Despite our best efforts to negotiate and accommodate their needs, the Archdiocese withdrew their interest in the project in an unexpected fashion.

Our analysis of other area properties did not produce any feasible locations. Because of the strict licensing and accreditation guidelines for high-quality child care, first floor and some amount of
second floor space is required. Open green space, very dense plumbing and proximity to parking are critical and locating the center closer to the core of campus is highly desirable.

Westside Commons/GE Building
The development of the former GE building by the University and Dranoff Properties offers a unique opportunity to house PCC in 10,000 square feet of 90,000 feet committed for lease by the University. This location is close to the core of campus and is accessible via Chestnut Street. The adjacent parking lot provides ample parking and drop-off/pick-up space and exterior square footage to develop a playground. The interior footprint of the space allows for an efficient layout for child care purposes and future expansion is accommodated by leaving unfinished space immediately adjacent to the PCC space.

This proposed location affords vehicular and SEPTA access from West Philadelphia and complements the proposed future redevelopment of the 3100 block of Chestnut Street. A child-care center will be a welcome amenity for residents of the luxury apartments at Westside Commons. University staff working in the spaces already leased by Penn (Facilities Management, potentially Environmental Health and Safety) will find the service very convenient. Staff from adjacent Drexel University and the UPHS will also consider it an excellent complement to the planned retail and other services.

Capacity at GE
The 10,000 square feet will accommodate approximately 106 children, a 27% increase from the original capacity of 83. The building design is still in its very early stages, but we are attempting to program two classes of 8 infants each, three classrooms of 10 toddlers each, and three classrooms of 20 preschoolers each. Using the tuition models described below and given the projected capacities, the center would look as follows:

- Regular rate 21 slots
- Penn rate (includes UPHS) 64 slots
- Subsidized rate 21 slots

Total slots 106

The option to reserve additional space for future expansion has been discussed. By reserving an additional 5,000 square feet, we could eventually expand by an additional 40-50 children depending upon the ages served. Using the same model as above, the additional capacity would increase as follows:

- Regular rate 8 additional slots
- Penn rate (includes UPHS) 24 additional slots
- Subsidized rate 8 additional slots

Total additional slots 40

Funding and Operations
PCC’s tuition rates are currently at the upper end of the market for the West Philadelphia area and the very high end of the Philadelphia and suburban markets. Business Services has modeled an aggressive tuition increase in order to minimize the University’s required subsidy for the program. The model assumes a 8% tuition increase in July 2000 and an additional 8% in January
2001. This will be a one-year increase of over 16%. We have carefully gauged the local market noting the Caring Center on Spring Garden Street has suffered a substantial loss of families able to pay its very high tuition. These new rates will take us to the edge of that tuition level and will need to be carefully monitored.

In an effort to, over time, reduce the annual subvention for PCC, Business Services is exploring new revenue opportunities and programs. Meetings with Drexel University and UPHS human resources are scheduled. Business Services is exploring the possibility of introducing earlier morning hours, second shift and weekend care as ways to leverage the infrastructure and increase earned income. Snow day care is already in place and may be supplemented with holiday care.

**Fee Reduction Program**

To help mitigate the high rate structure for Penn families who cannot afford the tuition, a sliding fee/tuition reduction program has been developed. The program introduces three tiers of tuition.

- **Regular rate** - 15% above Penn rate, maximum 20% of slots for non-Penn families
- **Penn Rate**
- **“Subsidized” rate** - 25%-40% below Penn rate, maximum 20% of slots at subsidized rate

The fee reduction program, funded through the employee benefits pool, will be available to Penn families only and recipients must meet eligibility requirements such as full or regular part-time University employment. (At this time, students, UPHS families, post-doctoral fellows and similar categories would not be eligible for the program.) Families with gross income under $40,000 would be eligible for a 40% discount. Families with income between $40,000-$60,000 would be eligible for a 25% discount.