

Opening a Quality In-Home Child Care Program

A resource guide for starting a business and planning a in-home child care program.

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IS OPENING A FAMILY CHILD CARE RIGHT FOR ME?

If you are considering becoming a family child care provider then you are among a special group of individuals who have chosen to love for a living. You will have an opportunity to earn money while working from home. The idea of bringing children into your home may sound simple, yet there are many important factors to consider:

- Is a child care business right for me and my family? Are they ready to share their living room, toys and me with other people? Are there private spaces for my family members?
- Do I enjoy spending all day with children? Am I generally patient, warm and affectionate? Am I organized and able to keep records?
- Will my home meet licensing requirements? Is my home big enough? Is it in good repair? Will I need to renovate parts of it?
- Will this new venture be profitable?
- How can I reduce the risks of running a business? Is the house and yard safety-proofed? Are my pets gentle and predictable? Am I adequately trained to help a child in the event of an emergency?

There is a tremendous need in our society for quality child care as the number of working families with children under the age of 12 continues to grow. Research tells us that the positive effects of high quality child care can last well into adulthood. The need for high quality child care is emphasized in this document. Maintaining high-quality standards is essential to your success in your community and will provide the families whom you serve with assurance and confidence that they have chosen the optimum place for their children to thrive.

There are many benefits to being regulated, or licensed, such as extra tax deductions and the ability to receive subsidy payment for low-income parents. In addition, you can get access to the Food Program, local grant programs and referrals thru your local Care About Childcare Agency. <http://careaboutchildcare.utah.gov/>

IS THERE A MARKET FOR MY BUSINESS?

A market analysis is recommended to help you determine the demand for care in your area. Many child care programs lack sustainability due to the current market trend for child care, or even location and/or the size of your home can make a difference. Begin by calling your local Care About Childcare agency: <http://careaboutchildcare.utah.gov/> for information on the number of child care providers in the area, the number of calls they receive from parents, and the type of care those parents are looking for. In some areas the type of care available is predominantly center based whereas in other areas of the state, family child care is more readily available.

It is critical to do your research before taking further steps towards opening a home-based child care. Some questions relevant to the analysis might be:

- What are the benefits of your program to offer to parents?
- What is the average cost of child care in the area for each of the age groups you plan to serve? Will your rates be competitive?
- How much will the families be able to pay for child care?
- Is the market seasonal (will the enrollment be higher during certain times of the year?)
- What are the liabilities of the home? (What improvements will be needed before beginning care?)
- How will you market your program and services?

Once you have completed the market analysis and have determined that a family child care program in your residential area is a viable business endeavor, you are ready to create a business plan and set goals for opening your program.

PARTNERSHIP AGENCIES:

Child Care Licensing:

You can start by contacting Child Care Licensing in the Utah Department of Health. <http://health.utah.gov/licensing>. Here you will find the rules and regulations that establish health and safety standards for child care programs. If you plan to care for more than four children who are not related to you, for more than four hours a day, you are required to obtain a license/certificate under Utah Code 26-39.

Sign up with your local Care About Childcare Agency:

<http://careaboutchildcare.utah.gov/>

Intended to promote quality child care and to help parents locate licensed providers in their area, this agency is your important link to training and professional development opportunities, grants, lending library, resources and staff to assist you.

Join a family childcare association:

Family child care associations are groups of providers who help each other and improve the child care profession. They can offer support meetings, professional growth, public policy advocacy, and much more.

National Association for Family Child Care (NAFCC)

http://www.nafcc.org/index.php?option=com_content&view=article&id=69&Itemid=395

PARTNERSHIP AGENCIES:

The Professional Child Care Association of Utah (PFCCA)

<http://pfcca.org/>

National Association for the Education of Young Children (NAEYC)

<http://www.naeyc.org>

Utah Association for the Education of Young Children (UAEYC)

<http://uaeyc.org/>

Join the Child and Adult Care Food Program (CACFP):

<http://www.fns.usda.gov/cacfp/child-and-adult-care-food-program>

This federal program offers education on nutrition and pays providers monthly for some of the cost of the food they serve to children. All providers are eligible for this program. Depending on where you live and your household status, you receive reimbursement rates per child per meal or snack served. This is a valuable resource to put money in your pocket to afford the cost of feeding children highly nutritious meals and snacks.

DETERMINING YOUR INCOME POTENTIAL:

As you consider becoming a child care provider you are probably a nurturing person by nature. How much money you make will depend on whether you can minimize your vacancies. Some of the factors that may affect this are your location, the hours you are open for business and most of all, the quality of care that you offer. One of your first goals as a professional child care provider is to be financially secure so that you can offer a stable service to the families you serve.

Since enrollment will build slowly, base your income estimates on no more than 70% of your full capacity in the first few months. After your child care has been running for awhile, you will realize that enrollment is never consistent. Base your income projections on a maximum of 85% of your licensed capacity. See: <http://www.sba.gov/> for more information.

Regulatory Issues:

You will need to obtain a business license with your city as well as a state child care license. Find out if there are any serious barriers to meet those requirements such as:

Safety standards:

Review in advance any inspections required to determine if your home meets all requirements such as exit doors, basement usage, second story access, etc. Check outdoors for such hazards as canals, ditches, climbing structures or trampolines.

Space standards:

Do you have enough square footage in the space you will use for children to allow for adequate toy storage, room to play, eat, diapering and toilet facilities? Outdoor square footage will also need to be considered.

DETERMINING YOUR INCOME POTENTIAL:

Deed restrictions:

Some homeowner's associations or landlords may restrict usage of your home for a business, especially if there are concerns of added traffic, noise, or parking for example. Consider having a plan in place to accommodate these types of concerns or policies well in advance of beginning your business.

Financial:

In order to manage your business more effectively and determine how to estimate your first-year business income and expenses you can use the following form to help you prepare a financial overview:

http://www.redleafpress.org/Assets/ClientDocs/sample_chapters/BlankStartUpPlan.pdf

(Redleaf Press grants permission to photocopy for classroom or educational use.)

See IRS form 1040 Schedule C, Profit or Loss from Business: <http://www.irs.gov/pub/irs-pdf/f1040sc.pdf>

In addition to allowing for the cost of running your business effectively a child care provider needs to consider ways to reduce expenses, increase income and save more money for retirement. When you are self-employed these kinds of financial goals can seem hard to reach but in reality are essential in creating long-term goals for your business and financial security.

See these resources listed for additional financial information:

Useful form for planning expenses:

<http://www.tomcopelandblog.com/family-child-care-business-planning-guide.html> *(Used with permission)*

DETERMINING YOUR INCOME POTENTIAL:

The Elements of Investing: Easy Lessons for Every Investor by Burton G. Malkiel, Charles D. Ellis:

<http://www.amazon.com/The-Elements-Investing-Lessons-Investor/dp/1118484878>

Tom Copeland's FamilyChild Care Money Management & Retirement Guide:

<http://www.tomcopelandblog.com/family-child-care-money-management-retirement-guide.html>

Utah Department of Workforce Services, Office of Child Care Subsidy Rate Table:

<http://www.jobs.utah.gov/occ/occ2/forproviders/ratetable.pdf>

Marketing a Quality Program:

Parents and children often give different answers when asked what makes a quality program. Parents are first attracted to cleanliness and safety, (factors that children rarely consider). Children are more concerned that there are a lot of fun things to do and that a loving caregiver is in charge. You attract parents to sign-up with your program by its appearance and cleanliness, but you keep them (thus ensuring your financial stability), by making sure that their children are happy and safe in your care. A few of the factors that are associated with a quality program are:

- The physical environment is clean, safe and orderly.
- The group size is small enough to allow the caregiver ample interaction with all children.
- The program is based on an understanding of child growth and development.
- There is a structure and routine to the day that is predictable to children.
- The program is individualized to meet every child's needs.
- There are lots of things to do with a variety of stimulating materials.
- Adults are nurturing. They show respect for children's needs and ideas.
- Parents feel respected and are encouraged to participate.
- The provider follows sound business practices and is consistent with contracts, policies and fees.

LEGAL AND INSURANCE ISSUES:

You are responsible for the supervision of the children in your care at all times and for the appropriate handling of emergencies. It is strongly urged to carry liability insurance to cover your business venture. Your homeowner's or renter's insurance will not cover your business unless you purchase additional coverage for your child care program. Insurance Plans are available specifically for family child care programs that cover a variety of items. Below are some types of insurance coverage that are available for you to purchase:

- **Automobile Insurance:** Covers children you transport.
- **General Liability Insurance:** Covers accidental injuries where the provider is found negligent. Comprehensive general liability insurance includes bodily injury, damage to property, medical emergencies and legal costs.
- **Personal Liability:** Covers issues pertaining to custody, child abuse, slander, or invasion of privacy.
- **Property Insurance:** Covers damage to your home and may offer cash value replacement.

Contact your State Insurance Commissions office at <https://insurance.utah.gov/> for additional information.

Choosing a Business Entity:

Before starting your small business, you'll need to select an ownership structure for your new venture: sole proprietorship, LLC or corporation. There are pros and cons to each and it pays to take the time to read comparisons to learn which one will provide the type of liability protection you want and the tax, financing and financial benefits that are best for the type of business you have. Typically a sole proprietorship is the appropriate start-up business identification when you become regulated or licensed.

See: www.nolo.com/legal-encyclopedia/business-structures

LEGAL AND INSURANCE ISSUES:

Contracts and Policies:

Simply stated, contracts are a legal document for your protection. Parents are responsible to pay for services rendered and a contract clearly states the obligation between each other. You will obtain more information on developing policies and procedures for your business as well as contract recommendations by attending a training class, geared for new providers: "Basics of Child Care, Sharing The Caring." This training is offered on site at your local Care About Childcare: <http://careaboutchildcare.utah.gov/> Contact your local CAC to determine dates and times. You need not be licensed to attend this training.

PROFESSIONAL DEVELOPMENT:

One of the benefits of beginning your child care business is that you can continue to increase your knowledge and expertise while in the field. Much of your success will be determined by your willingness to increase your knowledge, improve relationships with the families you serve and find ways to develop yourself professionally. To get started, we recommend taking a “Basics in Child Care Course” with your local Care About Childcare agency: <http://careaboutchildcare.utah.gov/> Here you will receive valuable start-up information and training for newly licensed or in-process family child care providers.

Additional training and professional development opportunities are available for licensed programs, see <http://www.ccpdi.usu.edu/hm/professional-development/professional-development-booklet> for more information.

SUMMARY:

More children are cared for in family child care homes than in any other form of non-relative care. Many parents prefer a home setting for their child. A family child care provider is self-employed and may expand the business to group family child care as experience and demand for care increases.

If you are a caregiver who provides a high-quality environment that meets safety standards and supports families, you will be successful and enjoy your work with children, parents, supporting agencies and the community at large.

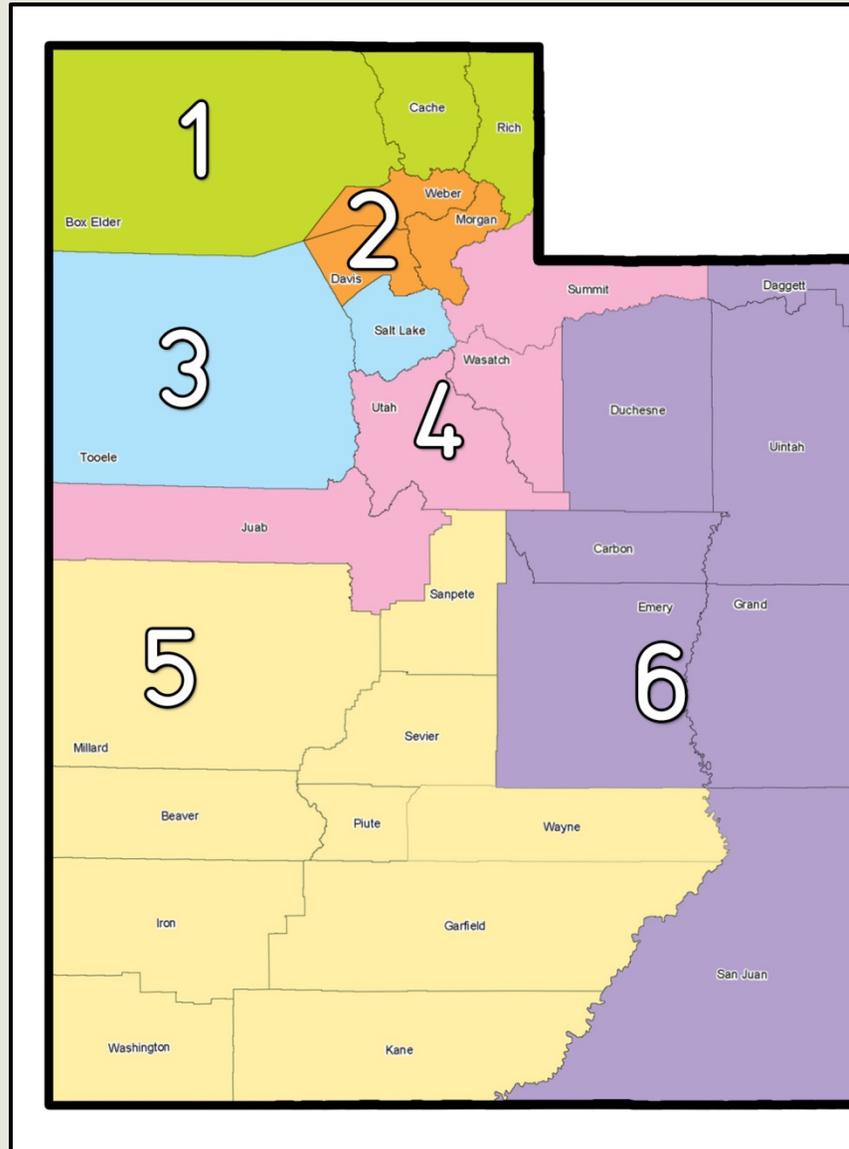
A professional seeks to keep updated with information, trends, and issues that may impact her work. Many highly experienced and knowledgeable people in early childhood find themselves continually seeking ways to improve, advance their education, and share their knowledge and expertise with others.

Children in high-quality child care demonstrate greater mathematical ability, greater thinking and attention skills, and display fewer behavioral problems than children in lower-quality care.

If you are excited to join with others in the child care industry and make a difference in the lives of children, we invite you to consider opening your own child care program.

CARE ABOUT CHILDCARE AGENCIES:

Care About Childcare agencies are here to support child care programs and to provide free resources to parents looking for quality child care.



1 - CARE ABOUT CHILDCARE @ UTAH STATE UNIVERSITY
Phone: 435-797-1552 / 1-800-670-1552
Email: childcare.help@usu.edu
www.usuchild.usu.edu

2 - CARE ABOUT CHILDCARE @ WEBER STATE UNIVERSITY
Phone: 801-626-7837 / 1-888-970-0101
Email: bmontgomery@weber.edu
www.weber.edu/ccrr

3 - CARE ABOUT CHILDCARE @ CHILDREN'S SERVICE SOCIETY
Phone: 801-355-4847 / 1-866-438-4847
Email: sarah@cssutah.org
www.cssutah.org

4 - CARE ABOUT CHILDCARE @ UTAH VALLEY UNIVERSITY
Phone: 801-863-8589 / 1-800-952-8220
Email: childcare@uvu.edu
www.uvu.edu/cac

5 - CARE ABOUT CHILDCARE @ FIVE COUNTY ASSOCIATION OF GOVERNMENTS
Phone: 1-800-543-7527
Email: webmaster@childcarehelp.org
www.childcarehelp.org

6 - CARE ABOUT CHILDCARE @ USU Eastern
Phone: 435-613-5619 / 1-888-637-4786
Email: cac.eastern@usu.edu
www.eastern.usu.edu/childcare