



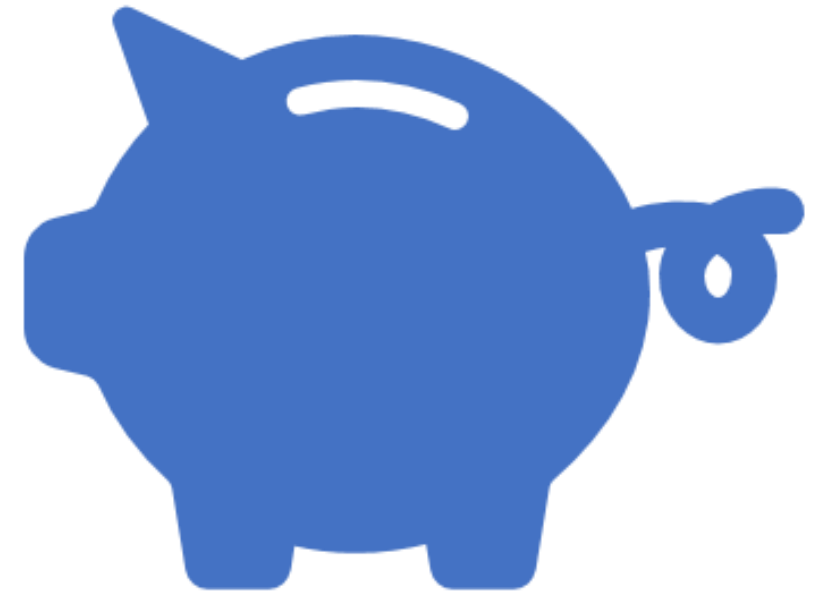
The Buck Stops (W)Here!

Gladys Haynes

Buffett Early Childhood Fund

What's Your Break Even Point?

Building a Financially Viable Program





Developing a Business Plan

- Identifying your mission
- Identifying your team
- Determining your business structure
- Conducting a community assessment
- **Determining enrollment numbers**
- **Calculating revenues**
- **Calculating expenses**
- Designing your facility
- Determining if you will renovate or build
- Selecting a site
- Financing your project

How Many Children Do You Plan to Enroll?



Numbers Matter!

- Impact Age Groups of Classrooms
 - Impact Revenue
 - Impact Expenses



Number and Age Group of Classrooms

How many children are in need of care in your community?

What are the ages of the children who need care?

- Infants
- Toddlers
- Preschoolers
- School Age Children

Identifying the Age Groups and Number of Classrooms

Maximum Group Size with 2 Staff Members

- Infants – 8 children
- Toddlers – 12 children
- 3's – 20 (16i) children
- 4's – 24 (20) children
- 5's and older – 30 (24) children

Number of Classrooms Needed - Example

Infants (18) = 2 classrooms

Toddlers (16) = 1 classroom

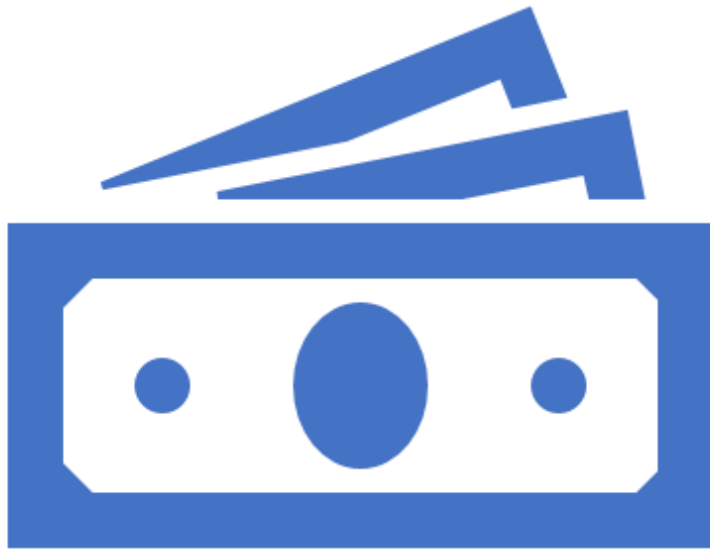
Preschool (9) = .5 class room

School Age (30) = 1 classroom

Revenue Sources

Three Primary Sources of Revenue:

- Private Parent Fees
- Child Care Subsidy Reimbursements
- Child and Adult Food Program (CACFP) Reimbursements





Private Parent Fees

Positives

- Provider can set the rate
- Can charge by the week

Challenges

- Parent fees alone will not pay costs of higher quality
- Parents may be late in paying bills
- Parents may skip out on their bills



Child Care Subsidy Reimbursements

Positives

- Guaranteed payments

Challenges

- Reimbursements limited to the child care subsidy rates in your area of the State
- Paid for actual attendance (may be able to be paid for 3-5 days of absences per month in the future)
- Billing requirements
- Collecting co-pays
- Continuity of eligibility



CACFP

Positives

- Reimbursements can pay for the food for your center

Challenges

- Extensive paperwork requirements related to the preparation and serving of the food
- Have to determine income eligibility
- Three different reimbursement rates dependent on income

Other Revenue Sources

State

- Sixpence
- Early Childhood Education Grant Program

Federal

- Early Head Start
- Early Head Start Child Care Partnership
- Head Start

Collaborating
with the
Public Schools

Title I



Early Childhood Special Education
(Part B)



Early Childhood Special Education
(Part C)

Co-Locating with Another Program

Shared Costs and Efficiencies

- Custodial and Maintenance
- Utilities
- Security
- Accounting (payroll)

Possible Co- Location Partners

- Schools
- Churches
- Hospitals
- Community Centers

Other Funding Sources

Community Grants

Private Foundations

Local Business



Expenses

Expenses fall into the following categories:

- Salary
- Benefits
- Contractual
- Supplies and Food
- Rent/Utilities
- Other




Expenses

How many classrooms will you have?

- More classrooms means more teachers
- More classrooms may mean more kitchen and/or custodial costs
- More staff means higher costs for payroll, human resource services, insurance, etc.
- More classrooms means more furniture, equipment and materials

Personnel

How many teachers will you have in each classroom?



Will you have substitute teachers?



Will your teachers have degrees?



How many hours will you be open?



Personnel

Other Staff:

Director

Assistant Director

Coach

Cook/Food Aides

Custodian

Receptionist

Benefits



FICA (Required)

**Health/Dental/Vision Insurance
(Optional)**

SUTA (Required)

Worker's Compensation (Required)

Long Term Disability (Optional)

Retirement (Optional)

Life Insurance (Optional)



Contractual

Program Consultants/Trainers

Custodian/Maintenance

Security

Evaluation

Accounting (Payroll) or HR



Supplies

Office

Classroom

Computers

Health

Kitchen – Food

Kitchen – Other

Paper Goods

Custodial Cleaning

Maintenance Tools/Equipment



Rent and Utilities

Rent

Gas

Electric

Water

Garbage

Telephone/Internet



Other

Staff Training

Insurance

Child Activities

Parent Activities

Facility Repairs

Printing/Advertising

Postage

Other

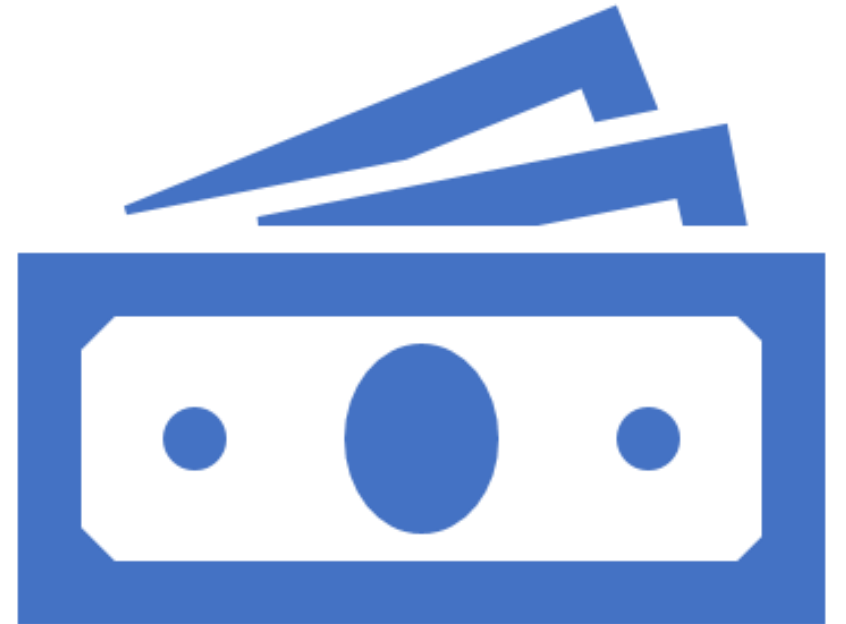


Calculating your Break Even Point

Do your revenues exceed
or equal your expenses?

If your revenues exceed
your expenses

Celebrate!





If your expenses exceed your revenues:

Back to the Drawing Board

- Reconfigure your age groups and enrollment numbers
- Reconfigure the percentage of children who will be private pay/child care subsidy
- Review staffing patterns
- Review benefits
- Seek out additional funding