The Buck Stops (W)Here!

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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
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