



Quality ChildCare

For Registered Home-Based Providers

LEARNING TO GROW ★ WINDWARD COMMUNITY COLLEGE

Vol. V, No. 1

10 Hallmarks of Quality Child Care

- ★ Build trusting relationships
- ★ Provide consistent care
- ★ Support children's health
- ★ Provide a safe environment
- ★ Provide positive guidance
- ★ Provide a language-rich environment
- ★ Foster curiosity and development through play
- ★ Individualize care and learning activities
- ★ Partner with parents
- ★ Pursue personal and professional growth

This Month's Hallmarks of Quality Child Care

Pursue Personal and Professional Growth

Creating an FCC Business Plan

Perhaps you've been doing family child care for many years already, so why think about establishing a business plan now? Tom Copeland, the nation's leading expert on the business of Family Child Care, acknowledges that developing a business plan is not exciting, but he believes that it "may end up being the most important time you spend on your business, other than actually caring for the children."

Every successful business has a formal business plan that is reviewed and updated periodically. This plan normally includes the following:

- Legal requirements of the business
- Operational policies
- Marketing
- Risk prevention and insurance
- Budget and finances

To sustain your family child care operation for the long term and actually make a profit, it's important to treat your child care program like a business. It's never too late to work on a business plan, even after several years of doing family child care. A business plan will help you meet your income needs to support your family and reach your own short- and long-term goals.

In getting licensed, you have already started a business plan – by developing your operational policies, which should also cover your legal requirements under the Department of Human Services. Hopefully, you review and update these policies at least annually. And very shortly, all Hawai'i providers will improve their risk prevention with the addition of child care liability insurance, if they don't already have it. Other areas that need attention, but are frequently overlooked, are:

- marketing
- record-keeping
- budget, and
- financial planning.

In this newsletter, tips on these sometimes overlooked aspects of business planning will be shared from Tom Copeland's book "Family Child Care Business Planning Guide."



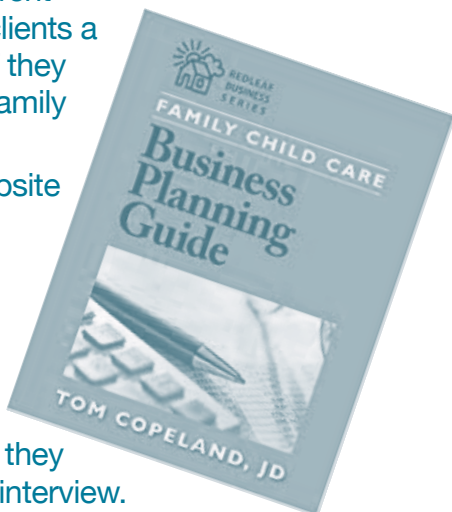
Getting Started

There is a lot to cover in a comprehensive business plan so don't try to do it all at once. Set a goal to work on your plan one step at a time. Start with a topic that you have already given much thought to. Then make steady progress until everything has been addressed. Once your plan is in place, it won't take as much time to review it annually and make updates and revisions, as needed.

Marketing

If your program is full and you have a waiting list, you don't need to worry about this aspect of a business plan. But if this is not the case, you need to find a way to clearly communicate the benefits of your program to current and prospective clients. Ask yourself why would a family want to enroll their child in your program? What does your program have to offer? Then think about how you can communicate those benefits. With the current shortage in child care spaces that we hear about constantly, no one should suffer with unfilled openings. Here are some of Tom Copeland's marketing suggestions:

- Make a business card and give it away to everyone you know, asking them to pass it along to other parents.
- Post flyers about your program on community bulletin boards, at church, and with the clubs and organizations your family belongs to.
- Pay your current and former clients a finder's fee if they refer a new family who enrolls.
- Create a Website for your program.
- Prepare a photo album to show prospective clients when they come for an interview.



- Record a business message on your voice mail.
- Buy advertising in a local parenting magazine, e.g., Hawai'i Parent's Magazine.
- Hold a business anniversary celebration and invite the families of current and previous clients. Let them know you have openings.

Record-Keeping

Child care providers are notoriously giving in nature and many will insist that they are not doing it for the money but rather as an act of love. But if you are doing child care to provide for your own family, you need to be making a profit. "Good records will tell you how well you're doing and whether you are making progress toward your financial goals." Without good records, it's hard to develop a budget or make wise financial decisions. To help with your record-keeping:

- Establish a separate checking account for business income and expenses.
- Deposit all the parents' payments in this account.
- Use this account for purchases which are 100% child care related, including child care training costs, and
- Pay yourself an income from this account.

Budget and Financial Planning

Without a financial plan, you can't make good decisions about what your rates should be or how much you can afford to spend on improvements and materials for your child care program. It may take some time to work out the details but a good starting place is tracking all income and expenses by category for at least two months and using that to create a budget. The goal is that your budget doesn't allow you to spend more than you earn. To help in creating a budget, document the following items:

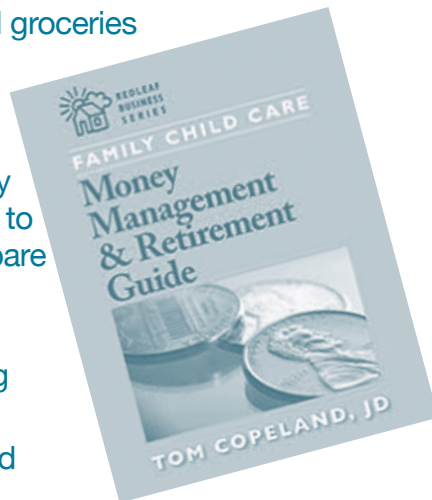
- Children's attendance sign-in and -out times
- All the meals and snacks you serve (not just the ones reimbursed by USDA).
- Receipts for all groceries
- The number of hours you work in your home each day (including time to clean and prepare activities).
- Promotional and advertising expenses
- Art material and activity costs
- Professional training costs
- Insurance costs
- Cleaning products and paper supplies
- Office supplies
- Yard service
- CPA or tax preparation expenses

Estimate upcoming repair and replacement costs of the following:

- household furniture, appliances, water heaters, walls, floors, fences, computer, air conditioners, child-sized furniture, beds, booster seats, and equipment, etc.

Save copies of:

- Federal and state income tax returns
- GET tax return



- Monthly bank statements
- Rent or Mortgage and Property tax payments

Once you have a good accounting of regular and projected expenses, you should be able to create a budget showing monthly and periodic expenses. You can then:

- Know the true cost of doing business and you can calculate what your break-even amount of annual income should be.
- Add 20% to your break-even amount to cover your 15% Federal self-employed social security tax and your almost 5% GET tax for Hawaii.
- Write your expenses in a single column on a budget sheet and write your income in a separate column. Your income should be more than your expenses. If it looks like you will be spending much more than you are earning in child care tuition fees, you have a choice: either you need to slash the budget in some areas, i.e. find a way to save money on groceries, put off repairs, spend less on children's books, toys, and art materials, etc.; or, increase your fees to cover these true costs and provide a little cushion for yourself to meet your personal goals like paying for a vacation, saving for your children's college costs or for your own retirement.

For more detailed help in business planning, contracts, and taxes, purchase one of Tom Copeland's many books which address the business of family child care available at www.redleafpress.org.



Citations:

Copeland, T. (2009). Family child care business planning guide. Redleaf Press, St. Paul, MN

Copeland, T. (2009) Family child care money management & retirement guide. Redleaf Press, St. Paul, MN. <http://tomcopelandblog.com/>

Reflection Sheet, Award Book, and Training Certificates

- Providers who fill out the caregiver's reflection sheet and return it by the posted deadline to the Learning to Grow Program are *guaranteed* a children's book in return. A postage-paid envelop is provided.
- Providers who thoughtfully complete the reflection sheet **question #5** can be awarded a certificate indicating one hour of training completed. Training hours will align with the topic areas required to meet DHS requirements.
- Reflection sheets do not need to be returned by the due date in order to earn the certificate. However, the supply of award books is limited and after the due date, award books will be sent only as available.
- Indicate on Question #8 if you would like to receive free technical assistance or support related to a child care issue.



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