

1

Making Decisions about Your Business

As a family child care provider, you must make important decisions about your business. First consider whether family child care is the right career choice for you. Ask yourself the following questions to help guide your decision:

- Do I have a passion or desire to work with young children?
- How well do I plan and organize my time?
- Do I get along well with other personalities?
- Can I communicate effectively with adults and children?
- Am I a self-starter?
- Can I physically and mentally handle the daily operations of family child care?
- Can I successfully run the business from my home?

Once you have decided to open a family child care business, there are many details you must consider that will affect the success of your endeavor, including setting your hours of operation, determining the number and ages of children you will care for, planning a curriculum, establishing tuition rates and payment plans, and hiring assistants. Here's a more detailed overview of these considerations.

Set Your Hours of Operation

When setting your hours of operation, consider your family commitments. Determine the hours you can be open for business that won't put unnecessary strain on your family. For example, if most of the activities in your home take place after 6:00 PM, then this would be the ideal time to close each day. Or you may decide that operating your child care business in the evening or during early morning hours works best with your family schedule.

Before setting your hours of operation, you'll also want to consider your prospective families' needs. Speak to families in the area about their schedules, then you can set convenient hours based on their needs. For example, if you live near an assembly plant, there might be requests for child care during the afternoon shift that runs from 3:00 PM to 11:00 PM. Could you accommodate those families? You may live near a bakery whose employees' children need child care from 5:00 AM to 1:00 PM. Would this schedule work for you? In the end you may decide to set your schedule and accept children into your child care within the time frame you create based on your needs. Remember, your hours need not be set in stone. Determine your hours and adjust your schedule to accommodate the families in your program.

Determine the Number of Children You Will Care For

When planning your child care business, you must decide how many children you can accept into your program. Your state child care licensing department has a set capacity for the number of children each child care provider can accommodate. I recommend you start with your state's Department of Human Services Web site, and look under "child care licensing" to get the most accurate information, or you can refer to the appropriate section of your child care licensing manual. In addition, there are two national Web sites that list information:

- The National Child Care Information and Technical Assistance Center Web site (<http://nccic.org>) has a link for the definition of family child care under "Licensing Regulations."
- The Child Care Aware Web site (www.childcareaware.org) has a listing of each state's licensing department. Look under "Parent Information" then "Licensing" to reach your state's profile.

As a family child care provider, you want to strive to offer quality care for every child. Quality care involves allowing enough space for children to move about freely and participate in a variety of activities throughout the day. It is difficult to offer quality care when you have too many children in your home. No matter what your state's limits are, consider your child care space when deciding how many children you will allow into your program.

Determine the Ages of Children You Will Care For

What ages of children are you going to accept into your program? Infants? Toddlers? Preschoolers? School age? Mixed ages? When making this decision, consider the amount of child care space you have and your comfort level. Understanding the developmental ages and stages of children may also help you decide which age groups will be the best fit in your child care. Many providers take care of their own children as well. If you will be caring for your own children during business hours, ask yourself if your children would feel comfortable in a setting with younger or older children.

Space is another consideration when determining the ages of children you will care for. If you plan to care for infants only, ask yourself how many you can reasonably accommodate. Will you have enough space for cribs or portable bedding as well as a separate safe space for play? Do you want to care for school-age children? If so, is your child care space large enough to support their activities?

Your own feelings are perhaps the most important consideration in deciding which ages of children to care for. There are providers who prefer to limit their care to infants and toddlers because they have a passion for caring for very young children. Do you share that passion, or are you most comfortable caring for preschool or school-age children? Do you feel comfortable caring for all age groups? For some providers, a mixed age group is great, but for others it can be a nightmare. Working with children of mixed ages involves a great deal of multitasking to meet the needs of all the children in the group. Be honest with yourself when making decisions about what ages of children you will care for. If you're not sure, I recommend temporarily working or volunteering with young children at a local family services agency, family child care, or child care center prior to opening your own child care program.

Plan a Curriculum

Deciding what the children will do throughout the day can be a daunting task. As you develop your mission and philosophy statements (see chapter 3), look to them to help guide your curriculum planning. A curriculum is a combination of all of the things we do in a day (see chapter 13). It is a blueprint or instructional path to guide our teaching practices and children's learning. There are many curricula on the market today, and many of them use the same early childhood theories to guide their instruction. Some of the more common curriculum approaches are Reggio Emilia, High/Scope, Big as Life, the Creative Curriculum, Montessori, emergent curriculum, and whole child. You want to choose a curriculum that is appropriate for the ages of children in your care. Some curricula focus on teaching a multicultural and antibias curriculum, while others focus on a play-based approach. Many

curricula for child care centers can be adjusted for a family child care setting. There are a host of curricula for home-based child care on the Internet.

The following are keys to choosing and implementing the right curriculum:

1. Choose a program that is structured yet flexible enough to allow for teachable moments and spontaneous learning.
2. Look for a curriculum that limits teacher-directed lessons and activities and encourages child-directed activities.
3. Use the curriculum as a resource as you develop your teaching style, and remember to recognize each child's style of learning.

Grants

Grants provide funding for a specific purpose or goal, and they usually don't require repayment. You may be eligible for a grant to help with start-up costs, equipment costs, special projects, or continuing education. Most grants are available for nonprofit child care programs; however, you may find grants for profit-based child care programs as well. Check with your local child care agencies and human service organizations, such as the United Way, to locate grants in your community.

Family child care programs may also be eligible for grants from major retailers, such as Target or Walmart. The U.S. government also has grants available. Finding grants to help fund projects takes time; start by contacting your local child care resource and referral agency to find out about grants in your area. Be sure to read grants and deadlines carefully to determine if the grant will benefit you and your family child care program. You may decide to write the grant yourself, or you can hire a grant writer. If you decide to use the services of a grant writer, be sure to get professional references.

Establish Tuition Rates

Another major decision you'll make in managing a child care business is choosing how much to charge for the quality child care you provide. Your tuition rates may vary depending on state subsidies and grants as well as on the number of hours you provide care, the number of days you accept children, and charges for early morning or late evening hours. Your location may also influence your tuition rates. If you live in a high-income area, you will probably charge more than if you live in a low-income area. You may also offer extracurricular activities, such as dance, language, karate, art, or music lessons, that change the tuition rate. Just remember that you, rather than the families, should determine the tuition.

To help you set tuition rates, create an estimated budget that lists your monthly fixed expenses (see chapter 7). This information can give you an idea of

how much income you must earn to reach a break-even point. Also, check your area for the average rates and the types of child care services provided by competitors to determine if your rates should be higher or lower. Be careful about offering low tuition to attract customers. Your competitors may feel that you are manipulating your prices to steal their customers, and families looking for quality care may wonder how you can offer a quality program when your rates are so low.

Schedule Tuition Payments

Once you set your tuition rate, you need to determine how you want families to pay their child care fees. Most family child care providers have payments for child care set up on a monthly, biweekly, or weekly schedule. You can determine which schedule fits your needs as well as the needs of the majority of your families. A weekly or biweekly schedule seems to be the most popular because most payroll systems are set for employees to receive their paychecks on this schedule. Be sure to decide on the payment schedule at the beginning of enrollment and stay consistent. It is a good idea to set one payment schedule for all of your families to follow. There may be families who request a different schedule to help them maintain their budget; it is your decision whether or not to accept an alternate schedule.

You may choose to accept payment by credit card, by automatic deductions from bank accounts, or by cash, check, or money order. Research the charges you will incur for credit card and automatic check deduction transactions to determine if these fees are reasonable. Depending on the number of children you enroll, you may be able to include this fee in the tuition or charge a service fee for families who choose these transactions. Once you decide when and how you will receive payments, you need to set up a payment collection system. This can be as simple as creating a payment drop box or being available to take payments in person when tuition is due.

Receipt of Payments

Be sure to record all of the payments your families make. Preprint receipts on your computer, or buy them at an office supply store or from Redleaf Press—for example, see the Redleaf Press receipt on page 6. Creating a customized receipt for families is most professional. Document each payment you receive and make a copy of all the checks and money orders for your records. This will help you prepare an end-of-year statement to give to each family for their taxes and will also help you when it's time to prepare your own taxes. You may also want to keep a running total for each month, which will help you when totaling your annual tuition income. See chapter 7 for more information about budgeting.

BUSINESS RECEIPT FOR CHILD CARE SERVICES

©2000 Redleaf Press, St. Paul, MN

No. _____ Month/Day _____ Year _____

Received from _____ \$ _____
parent/guardian name

_____ Dollars

Name of child(ren) _____

Cash Check # _____

For Child Care Services from _____ *M D Y* to _____ *M D Y*

_____ Provider's SS# or Taxpayer ID#

Provider Signature _____

Parent/Guardian Signature _____

Determine Deposits and Late Fees

Requesting a deposit for new enrollees is a common practice among providers. Here are several reasons to ask for a deposit:

- A deposit can be used to hold a space in a child care program.
- A deposit can be used to cover administrative expenses.
- A deposit can be used as a down payment on the first week's tuition or held as a security deposit until the family leaves your program. A held deposit may be used to offset an outstanding balance from debt not collected.

In a perfect world, every family would turn in payments on time and pick up their children on time. Unfortunately, families are sometimes late turning in tuition or picking up their children. Although you are a family child care provider, your other responsibility is your own family. You have worked very hard to provide a quality care environment for each child, so please don't feel guilty charging an extra fee for late payments or for late pickups. Consider the fee compensation for the inconvenience of caring for children beyond your hours of operation or for adjusting your monthly expenses to accommodate late payments. If parents don't follow your payment schedule or drop-off and pickup rules, you put in extra time and effort to handle the situation, and you should be paid for that time. Should you charge a forty dollar fee for a late tuition payment? Should you charge two dollars per minute for a late pickup? Consider the value of your time when deciding how much to charge for a late payment or late pickup. See the next section for more guidance on this matter.

Plan for Bad Debt

Family child care providers love to care for children each day, but we become uncomfortable asking families for money owed for nonpayment. Working in this business for a while, I have heard many reasons for late payments: “My check was a little short this week.” “I didn’t get a chance to cash my check.” “I had car trouble and needed to use the tuition to make car repairs.” I do try to show compassion for my families, but constantly having late payments is simply intolerable. When a family has a large outstanding balance, it weakens your relationship with them and theirs with you.

As a preventative measure toward reducing the likelihood of bad debt, create a payment schedule that requires tuition payments in advance. Making decisions about how to address and collect debt will also help you enforce your policies. The best strategy in reducing the “late payment syndrome” is to charge a late fee the first time there is late payment. If families are aware that you will consistently enforce your policy, you will see a reduction in late payments. Ensure that the late fee will sting their pocketbooks. It is a consequence for not paying on time. Credit card companies charge a high late fee to ensure their customers will make timely payments. You want your customers to make timely payments as well. As the provider, you don’t want the stress of wondering if you will receive enough tuition in a given week to pay your fixed expenses. You want to focus most of your time and energy on the children. When addressing a late payment, I simply inform the family that I have to maintain a quality environment for every child and must have the tuition payment to do so.

There are several ways to collect outstanding balances. For example, you might initiate a conversation about late payments:

- “By the way, Ms. Jackson, I haven’t received your child care payment.”
- “Mr. Smith, I understand that the cost of child care is expensive. Just imagine how challenging it is for me to operate a quality program.”
- “I would hate for Yasil to lose her placement because of nonpayment. She is doing really well here.”

You may also want to make a phone call or send an e-mail to remind families of delinquent accounts. A written letter is the most formal approach; an example of a missed payment letter follows.

Use whatever type of message you are comfortable with. At some point, however, you will need to determine when terminating care is the only option.

Your goal is to maintain actively paying families. Be alert to any changes in a family's payment history such as excessive late fees, bounced checks, doubling up on payments, and partial payments.

December 20, 2009

Dear Fred Smith:

I am sending you this letter to request the outstanding balance owed for Rebecca's tuition from December 6 through December 12. You informed me that a payment would be made on Thursday, December 10. I have not received a payment nor have I had the opportunity to personally speak with you. Because of the amount of tuition due, Rebecca may lose her placement at Sunny Skies Child Care. While I would miss having Rebecca in my program, I cannot maintain quality care without timely tuition payments. Please inform me of your intention to resolve this matter as soon as possible.

Sincerely,

Chamayne N. Green,
Director

Plan for Terminating Child Care

There will likely be times when a family decides to leave your program. Therefore, you need to have a procedure in place for terminating care. A two-week written notice is normally required before a family can leave a program. This notice is a courtesy to you because you will need to find another family to replace the family who is leaving. If your contract includes a security deposit up front, the family may not be required to give a two-week notice. If the security deposit you requested will not be used to offset any debt owed, then you may apply this deposit as payment for withdrawal within the two-week time frame. For example, if the family informs you that they will no longer use your service, having this in your contract allows you to keep the deposit.

Remember that it is good business practice to respect a family's decision to terminate care. However, finding out why the decision was made can help you determine if you were a factor and if you need to make any changes to your program.

Sometimes you may decide to terminate care. When this happens, you will need to provide notice to the family via a letter, a phone call, or in person. It is important that you inform them why you made the decision to terminate care. Such a decision should not be made without giving the family advance notice. If you are terminating care for nonpayment, the security deposit should be credited toward their outstanding balance. If the family is leaving your program for other reasons, such as a job loss or a move to another program and their payments are timely, you may have an obligation to return the security deposit.

Hire an Assistant

As your child care business grows, you may need to hire an additional person to help care for the children. Check with your state licensing agency to find out what rules and training requirements assistants must meet. Listed below are tips to help you hire an assistant:

- Create a job description.
- Create an employee handbook.
- Ask family, friends, and child care families for a reference.
- Look for an assistant who has a passion for caring for young children.
- Look for an assistant who is energetic and trustworthy.
- Ask potential candidates to complete an employment application.
- Check a candidate's references.
- Check a candidate's training or experience in child development.
- Complete a criminal background check.
- Take a candidate for a tour of your family child care facility and ask him or her to spend an hour or so working with you in your program to determine whether he or she will be a good fit in your business.

Be sure to follow your state and the federal government payroll tax rules. Also, check if your state requires you to purchase workers' compensation insurance. If you need more information on how to hire an employee, please visit your local library for additional resources.

Now you're off to a great start building a strong foundation for your family child care business. You have many tough decisions to make that will affect how you manage your business. The following chapters provide more assistance to help you become a successful family child care provider.