

Learn about the Daycare Industry and find more information on how to start a Daycare Business. Don't forget you can receive free or low-cost training and free professional business advice, from your local SBDC. [your local Small Business Development Center!](#)

[Get a free Day Care business plan template on our Business Plans page.](#)

Daycare COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures affected many businesses; here is a look at the impact to the child care industry. A patchwork of differing levels of closures and restrictions has forced operators to adapt to their local health authority's guidelines. Reopening guidelines may change quickly and can involve such things as limits on class sizes, increased frequency of cleaning or the establishment of testing protocols.

The large amount of parents suddenly working from home, furloughed or out of work may also force families to reconsider paying for childcare vs taking care of their child while at home. Here are additional COVID-19 business resources specific to this industry:

- [SBDCNet's COVID-19 Small Business Resources](#)
- [SBDCNet's COVID-19 Industry Resources](#)
- [Guidance for Child Care Centers Remaining Open](#) – U.S. Centers for Disease Control
- [COVID-19 Resources](#) – ChildCare.gov
- [Coronavirus Updates](#) – Child Care Aware
- [Franchise Reopening Blueprint, including Child Care/Education](#) – International Franchise Association

Daycare Business Overview & Trends

NAICS Code: 6244, SIC Code: 8351

This child care industry summary is from [First Research](#) which also sells a full version of this

report.

- “Companies in this industry provide supervision and educational programs for pre-school and school-age children. Major US companies include Bright Horizons Family Solutions, KinderCare Education, and Learning Care Group; major companies based outside the US include Smallsteps (The Netherlands), G8 Education (Australia), and Elbkinder (Germany).
- Global demand for child care services and early childhood education is growing as a result of increases in the number of women in the workforce and the number of single-parent families, as well as reduced poverty and improved health services. Nearly 90% of 4-year-olds are enrolled in preschool in countries that belong to the Organization for Economic Co-operation and Development (OECD). Growth in demand for child care services may come from countries such as China, India, and Mexico, which have ambitious goals to increase preschool enrollments.
- The US child care services industry includes about 54,000 commercial facilities with combined annual revenue of \$27 billion, plus about 21,000 facilities run by nonprofit organizations with combined annual revenue of about \$14 billion.
- Competitive Landscape: Demand is driven primarily by growth in the youth population, and secondarily by employment and income. Recognition of the importance of early education is also driving demand for high-quality care. The profitability of individual child care facilities depends on good marketing, reputation, and efficient operations, as well as how saturated the local market is. Large companies have economies of scale in advertising and administration”

Daycare Customer Demographics

Major customer segments for daycares are reported on by IBISWorld, which offers a full version of the report for purchase [here](#).

- Daycare operators have an industry revenue of approximately \$55 billion. Although the services themselves are all for children's programs, market segmentation is defined by sources of payment.
- Sources of payment are segment as follows: Private/individual payments, including employer subsidies for childcare (67.3%), and government funds and grants (32.7%).

Additional child care statistics can be found from the following resources:

- [State by State Childcare Resources](#) - ChildCareAware (select your state on the map for additional information)
- [Child Care Data](#) - U.S. Census Bureau
- [Childcare Statistics](#) - National Center for Education Statistics (see list of tables at bottom of page)

Daycare Business Startup Costs

- [Day Care Center](#)
 - “Startup Costs: \$10,000 – \$50,000
Home Based: Can be operated from home.
Part Time: Can be operated part-time.”
- [The Costs of Starting a Childcare Center](#)
 - “Operation Costs
According to Chron, the costs of daycare are largely dependent on the type of facility. Chron says that the costs to start a childcare center if you’re taking over an existing facility can run at least \$55,000 in renovation costs. They also reveals that

supplies and equipment can cost over \$60 per child. According to Self-Help.org, educational supplies and equipment can total over \$4,700. Other expenses include marketing costs, furniture and administrative expenses; Self-Help averaged the total costs for a start-up childcare center to be \$95,485.”

- [How to Start a Daycare: A Step-by-Step Guide](#)
- [Complete Guide to Starting & Growing a Home Daycare](#)

Daycare Business Plans

- [Child Care Business Plan](#)
- [Day Care Center Business Plan](#)
- [Day Care Business Plan Template](#)

Daycare Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant daycare industry associations:

- [Child Care Aware of America](#)
- [National Association for Family Child Care](#)
- [National Child Care Association](#)
- [Child Care Services Association](#)
- [Association for Early Learning Leaders](#)
- [Childhood Education International](#)
- [Division for Early Childhood](#)

- [National Association for the Education of Young Children](#)
- [Zero to Three](#)
- [National Head Start Association](#)

Daycare Business Regulations

The section is intended to provide a general awareness of daycare regulations and agencies to consider when starting a daycare. Check with your state and municipality for rules and regulations that may impact the business in your area. Daycare businesses tend to have much more regulation at the local level rather than at the national level.

- [Child Care Licensing and Regulations Guide](#)
- [Regulations](#) – Child Care Aware
- [National Database of Child Care Licensing Regulations](#)

Daycare Business Publications

- [Child Trends](#)
- [Starting and Operating a Child Care Business \(PDF\)](#)
- [Resources for Child Care Providers](#)
- [Tools, Publications and Resources](#)
- [Child Care State Profiles](#)
- [Child Care Search](#)
- [Child Care Exchange](#)
- [Complex Child](#)

Child Care Employment Trends

Understanding trends in your industry is important when opening a new daycare. Here is a Daycare labor market summary from the Bureau of Labor Statistics focused on [Childcare Workers Market Conditions](#).



- “Pay: The median hourly wage for childcare workers was \$11.65 in May 2019
- Work Environment: Childcare workers’ schedules vary, and part-time work is common.
- Childcare centers usually are open year round, with long hours so that parents or guardians can drop off and pick up their children before and after work. Some centers

employ full-time and part-time staff with staggered shifts to cover the entire day.

- Family childcare providers may work long or irregular hours to fit parents' work schedules. In some cases, these childcare providers may offer evening and overnight care to meet the needs of families. After the children go home, childcare providers often have more responsibilities, such as shopping for food or supplies, keeping records, and cleaning.
- Job Outlook: Parents who work will continue to need the assistance of childcare workers. In addition, the demand for preschools and childcare facilities, and consequently childcare workers, should remain strong because early childhood education is widely recognized as important for a child's intellectual and emotional development.
- However, the increasing cost of childcare and the growth in the number of stay-at-home parents may reduce demand for childcare workers.
- Job Prospects: Overall job opportunities for childcare workers are expected to be favorable. Many job openings are projected to arise each year from the need to replace workers who leave the occupation or the labor force. Workers who attain the Child Development Associate credential should have the best job prospects.
- A more specific breakdown of wages for Health Care and Social Assistance businesses in the US can be found [here](#) (see [39-9011](#) & [11-9031](#))."

Additional Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

Remember, you can also receive free professional business advice and free or low-cost business training from your [local Small Business Development Center](#)!

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