

Learn about trends in the Daycare Business and where to find more info about 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!](#)

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## **Daycare Business Overview & Trends, 2017**

**SIC Code: 8351 NAICS Code: 624410**

This [Daycare Business 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 Asquith Nurseries (UK), Kinderopvang Humanitas (The Netherlands), and PLASP (Canada).

The US child care services industry includes about 54,000 commercial facilities with combined annual revenue of \$21 billion, plus about 21,000 facilities run by nonprofit organizations with combined annual revenue of about \$12 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.

This [Daycare Business market research report summary is from IBISWorld](#) which also sells a full version of this report. Below we highlight a few of the key findings of this IBISWorld report:

- Revenue across the day care industry is projected to reach \$48.9 billion in 2017. Increases in per capita disposable income and government funding are fueling industry growth after years of sluggish activity. Growth is expected to continue at a steady annualized rate of 1.9% through 2021 to \$52.5 billion, with the majority of revenue still coming from private pay. However, employer-sponsored daycare services will continue to expand as employers seek to attract and retain long-term workers with such benefits.
- The employer-sponsored segment of this industry will contribute to revenue growth through the addition of large daycare centers and long-term contracts with employers. Opportunities for adding early education services to daycare businesses will continue to be an important component of industry marketing.
- The number of daycare operators in 2017 is estimated at 816,343 with an average annual increase of 1.2% through 2021. IBISWorld continues to estimate that the majority of operators are non-employing operators, meaning they are sole proprietors.

## **Daycare Business Customer Demographics**

The following is an [excerpt from IBISWorld](#) on daycare customer markets that should be considered by Daycare operators:

Employers and parents make up the major markets for this industry. Industry players market directly to families or to employers. There are some players that cater to both market segments, although this does not constitute the typical firm in the industry.

Households make up the largest market segment. Parents ultimately decide

where to take their children for day care services. Parents can either choose employers or non-employers for day care services. This market segment can be further analyzed by income. Customers whose yearly household income falls into the zero to \$40,000 range make up 29% of the potential household market. These households typically use government assistance to access child day care services. The largest client segment includes households with incomes ranging between \$40,000 and \$100,000 at 40% of the market with household of income over \$100,000 constituting the remainder.

Additional Daycare business statistics can be found at the U.S. Census, Business Patterns:

- [Most Recent Child Care Data by State - Choose Your State](#)
- [U.S. Census Business Patterns Database](#) searchable by zip code, and then filter by NAICS Code (see NAICS code for Daycare at top of this page)
- [Childcare Business Statistics from U.S. Census](#) Industry Statistics Portal

## **Daycare Business Startup Costs**

- [Entrepreneur.com estimates the start-up costs for a Daycare Business](#) to be \$10,000 - \$50,000.
- [Entrepreneur.com estimates the start-up costs for a Childcare Services](#) to be \$2,000.
- [Entrepreneur.com Daycare Franchise List](#)

## **Daycare Business Plans**

- [Childcare Services Business Plan](#)
- [Childcare Business Plan Guide](#) with links to additional resources
- [Childcare business plan for commercial daycare facility](#)
- [Childcare business plan for home daycare business or residential daycare business](#)
- [Business plans from SBDCNet](#)

## **Daycare Business Associations**

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

- [Child Care Aware](#)

- [National Association for Family Child Care](#)
- [Association for Early Learning Leaders](#)
- [National Child Care Association](#)
- [National Association for the Education of Young Children](#)
- [National Head Start Association](#)

## **Daycare Business Media Outlets**

- [Tom Copeland Blog](#) - A blog about running a family child care business focusing on the business side, including record keeping, taxes, contract, legal, insurance, money management and retirement planning.
- [Childcare Exchange Magazine Online](#)

## **Daycare Business Licensing Requirements**

- [SBA business license locator tool](#) for researching business license and permit requirements in your area

## **Daycare Business Employment Trends**

Here is a [Daycare Business labor market summary from the Bureau of Labor Statistics](#).

### **Job Outlook**

Employment of childcare workers is projected to grow 5 percent from 2014 to 2024, about as fast as the average for all occupations.

Parents will continue to need assistance during working hours to care for their children. Early childhood education has also become widely recognized as important for children's development. This should increase demand for childcare workers. However, the increasing cost of childcare and 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.

Workers with formal education should have the best job prospects. However, even those without formal education who are interested in the occupation should have little trouble finding employment because of the need to replace workers who leave the occupation.








## **Pay**

The median hourly wage for childcare workers was \$9.77 in May 2015. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$8.12, and the highest 10 percent earned more than \$14.78. Pay varies with the worker's education and work setting. Those in formal childcare settings and those with more education usually earn higher wages. Pay for self-employed workers is based on the number of hours they work and the number and ages of the children in their care.

Although most childcare workers worked full time, about 2 in 5 worked part time in 2014. Childcare workers' schedules vary widely. Childcare centers usually are open year round, with long hours so that parents 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 unusual hours in order 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, doing accounting, keeping records, and cleaning.

Nannies may work either full or part time. Full-time nannies may work more than 40 hours a week to give parents enough time to commute to and from work.

Quick Facts: Childcare Workers	
2015 Median Pay 	\$20,320 per year \$9.77 per hour
Typical Entry-Level Education 	High school diploma or equivalent
Work Experience in a Related Occupation 	None
On-the-job Training 	Short-term on-the-job training
Number of Jobs, 2014 	1,260,600
Job Outlook, 2014-24 	5% (As fast as average)
Employment Change, 2014-24 	69,300

## Sources

For the full text of any content in this Small Business Market Research Report from SBDCNet, the link has been provided for the report publisher, while a database article can be obtained from the local public or academic library or purchased from a [document delivery service](#) for a nominal fee.

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