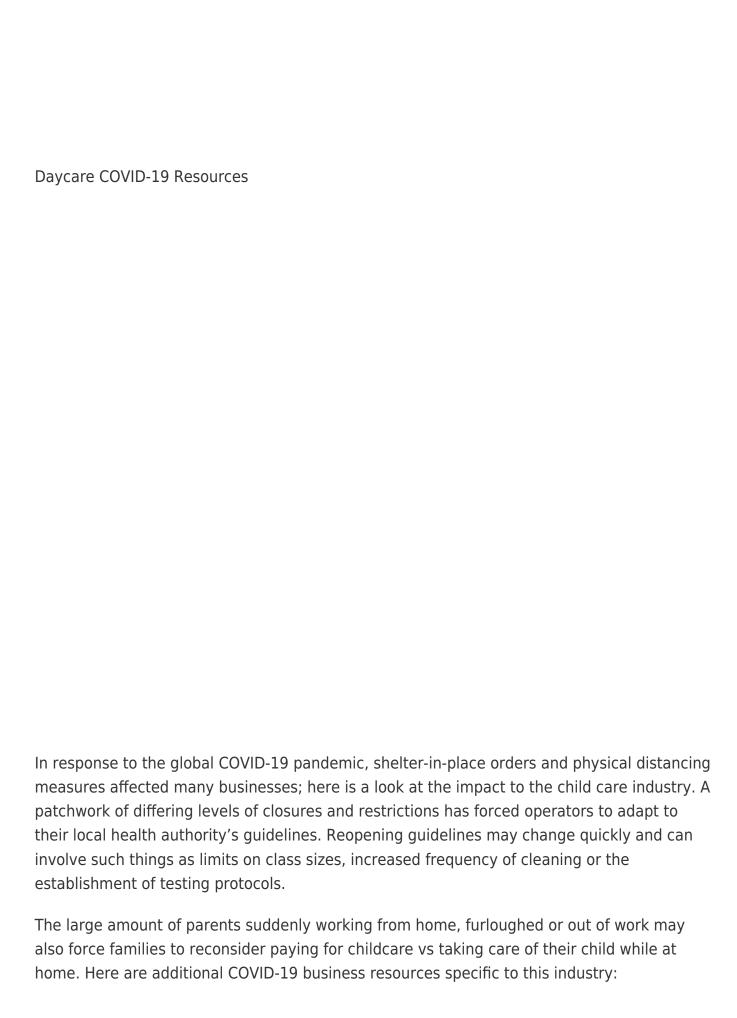
Learn about the Daycare Industry and find more information on how to start a Daycare Business. Don't forget you can receive free or low-cost training and free professional business advice, from your local SBDC. <u>your local Small Business Development Center!</u>

Get a free Day Care business plan template on our Business Plans page.



- 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
- <u>COVID-19 Resources</u> ChildCare.gov
- Coronavirus Updates Child Care Aware
- <u>Franchise Reopening Blueprint, including Child Care/Education</u> International Franchise Association

Daycare Business Overview & Trends



report.

- "Companies in this industry provide supervision and educational programs for preschool 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 singleparent 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 <u>here</u> .
 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:

- <u>State by State Childcare Resources</u> ChildCareAware (select your state on the map for additional information)
- Child Care Data U.S. Census Bureau
- <u>Childcare Statistics</u> 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 f 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 costs 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
- <u>Day Care Business Plan Template</u>

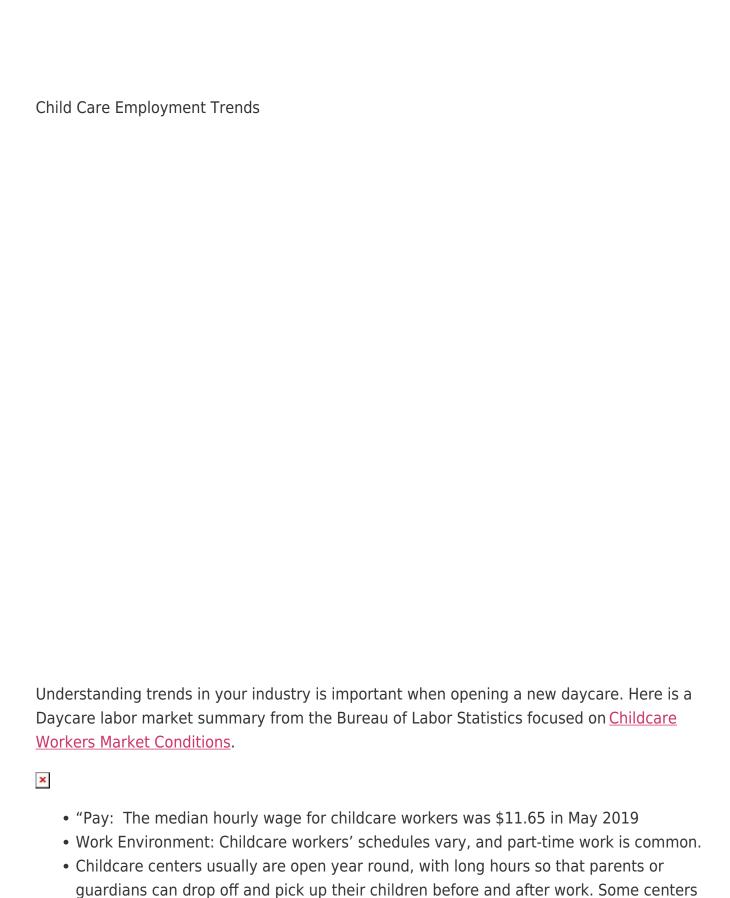
Daycare Business Associations
Frade associations often are excellent sources of information on an industry. Here are some
relevant daycare industry associations:
Child Care Aware of America National Association for Family Child Care
 National Association for Family Child Care National Child Care Association
Child Care Services Association
Association for Early Learning Leaders Childhood Education International
 <u>Childhood Education International</u> <u>Division for Early Childhood</u>

- 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
- <u>Tools, Publications and Resources</u>
- Child Care State Profiles
- Child Care Search
- Child Care Exchange
- Complex Child



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: <u>Small Business Snapshots</u>
- 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 <u>local Small Business Development Center</u>!

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