



STARTING A FAMILY CHILD CARE LEARNING HOME (FCCLH): HOW MUCH CAN I EXPECT TO EARN?

An **Explore-FCC*** Practical Help Bulletin

This Bulletin addresses:

What factors are important in determining how much you can earn?

- Your financial goals
- Your days and hours of operation
- FCCLH licensing requirements
- Your fee and fee policies

What sources of funding may help me open or operate?

Where else can I get help with fees and other financial decisions about my FCCLH home?

Introduction

Individuals considering opening a FCCLH home seek information on many topics. This publication offers practical help on one of those topics, namely, “**How much can I expect to earn as a FCCLH home provider?**”

Tom Copeland, the leading family child care business expert, says, “Family child care providers start their business because they love children and want to care for them. Many providers quit their business because they can’t make enough money. Taking care of children is half your job. The other half is taking care of your business.” ⁽¹⁾

Bottom Line Answer--It Depends. There are many right answers to the question of how much you should expect to earn, and maybe none of them are a perfect match for your situation. Even though the answer may not be simple, it is important to think about this question before you make a commitment to open.

REFRAMING THE QUESTION. It will help to look at the issue from different points of view.

Sole Source of Income vs. Additional Source of Income. Do you expect the income from your family child care business to be your sole source of income? If you have no other source of income, you need to think carefully before pursuing family child care as a career. If your family child care income is in addition to any other source of income, it is possible you can “afford” to open, but even that possibility needs a clear financial discussion.

There are providers who depend solely on the income from their FCCLH business. Some of these providers do very well for themselves, and others have a modest standard of living and

manage to live within their means. If you hope to survive solely from the proceeds of your FCCLH business, it is best if your operating costs are low. For example, if you own your home without a mortgage or have low rent, your operating costs will be lower.

If your family child care income is in addition to another source of income, you need to understand the significance of the other source of income. If you receive Social Security, that income is steady and predictable. If you have a spouse or partner who works outside the home, that income is usually, but not always, steady and predictable.

NOTE: FCC AND INCOME TAX. Many providers report there are income tax advantages to earning income as a family child care provider as compared to earning income in other ways. Explore-FCC staff believes this information is correct and will treat this subject in an upcoming Practical Help bulletin.

How many days and hours will I be open? In addition to being open regular weekday hours, you can increase your income by being available to care for children during evenings and weekends. There are many parents who need child care during those nontraditional hours. From a licensing perspective, you can serve children for “fewer than 24 hours a day” but for as much as seven days a week. So, you could, for example, have six children Monday thru Friday from 6 AM to 5:30 PM, then care for one child beginning at 6:30 PM to 5:30 AM and then on Saturday and Sunday care for up to 6 other children. So now your fee income would be higher. At the same time, you might burn out quickly since you would have little sleep or free time. Providers who offer care during traditional hours plus nontraditional hours tend to have a family member who can serve as an assistant.

How do licensing requirements influence how much I can earn? The fact that Bright from the Start: Department of Early Care and Learning (DECAL) licensing requirements allow you to care for children for fewer than 24 hours a day and for seven days a week was already indicated above. In addition, you may care for “two additional children three years of age and older for two designated one-hour periods daily upon approval by the Department.” This phrase gives you another option, but it is a narrow one. You may be able to add two school-age children for short periods in the morning and evening or get permission to serve these children for 2 hours in the afternoon.

What kind of fees can I charge? So now you are at the point of deciding how much to charge. That answer does proceed somewhat like a math formula of fee x weeks (or months) x number of children enrolled = how much to charge. Here’s an example using a weekly fee; the important decision is how much should I charge per week for full-time care during the normal workweek? In making that decision, keep in mind that, for better or worse, FCC providers tend to charge less than child care centers in the same neighborhood, and your rates will be influenced by what parents in your neighborhood can afford to pay. So, it is important to know what centers and providers in your neighborhood are charging.

You can start your search by talking to other child care providers or through DECAL Provider Search <https://families.decal.ga.gov/ChildCare/Search> where some programs have listed their fees.

When you are just starting out, it is hard to justify a higher rate than what others are charging based on the idea that your FCC home is of higher quality or has something unique to offer. But it might be true, so do not abandon the idea entirely.

For example, if you have a unique qualification (e.g., formerly a nurse, degree in Special Education, offering a unique curriculum, offering dual languages, etc.) and intend to use that training, you can probably start at the higher end of the fee range. Similarly, if you expect to attract parents with higher incomes than those in your immediate neighborhood (e.g., workers from your former place of employment who trust you and will drive out of the way to reach your home), you can possibly charge higher rates.

But here are a few more factors to consider. Rates for part-time care tend to be slightly higher than for full-time care. Rates for evening and weekend care might be higher than for regular week daycare. Rates are often higher for infant/toddler care than for care for preschool children. Rates for hourly care are typically higher per hour than if the child were enrolled in full-time care. To maximize your earning potential, you may consider charging standard annual fees (e.g., an enrollment/registration and materials/activity fee) or special (e.g., late pickup fee) fees and incorporating a charge when you are on vacation. Best business practice is basing your fees on enrollment status and not solely when the child attends your program.

Then there is the question of whether you should offer a discount from your “published” rate to some parents who cannot afford your fees or are experiencing a period of financial hardship. In one sense, this is your business, and you are in full control of how much you charge. So, you can give discounts whenever you choose. Keep that in mind but be careful of giving discounts until you have a stable enrollment and a good sense of how much parents are willing to pay for your service. Do not start agreeing to charge less than what your budget tells you is needed to survive. In the end, you do not want to undermine your ability to stay open.

In a similar vein, decide in advance how you will handle parents who pay your fees late or are behind in paying fees. “Do not overlook a late payment. That is poor business practice. If you allow parents to fall behind in their payments, you risk them leaving without paying you what is due.”⁽²⁾ Late payments may drastically reduce your cash flow to pay your operating expenses in full and on time

Couldn't you just give me a simple formula to decide on my rates?

Tom Copeland developed a good basic formula which is attached to this bulletin⁽³⁾. Keep in mind everything discussed in this bulletin and then consider using Tom's calculation.

Is their government money available to help me? There are few, if any, programs to help you with start-up expenses, but that may change in the future so keep in contact with the **Explore-FCC** Project. Once you open, there are two programs that pay some of your costs, especially if you are serving low-income families. Because of the pandemic, there may be more sources of support in the future.

The **Child and Adult Care Food Program (CACFP)** pays for nutritious meals and snacks for eligible children at participating child care centers and FCC homes. Children age 12 and younger are eligible to receive up to two meals and one snack daily. Afterschool meals and

snacks are available to children through age 18. CACFP is a federal program but administered at the community level by an organization called a “food sponsor.” There are several food sponsors in Georgia, a list can be obtained at the DECAL website <http://www.decals.gov/Nutrition/Search.aspx>

The **Explore-FCC** Project has a longstanding partnership with Quality Care for Children (QCC), including the CACFP food sponsorship run by QCC. To get in touch with the QCC food sponsor, go to <https://www.qualitycareforchildren.org/child-care-food-program>.

The **Childcare and Parents Services (CAPS)** program uses federal funds, administered by DECAL, to pay child care costs of low-income parents while they work and, in some cases, while they are in school. If you are serving a CAPS eligible family, DECAL will pay you a “base rate,” and the family will pay you a “family fee.” If your “published rate” rate is higher than the base plus family fee, and it usually is, you can charge the balance to the parent. There are a lot of details about the CAPS program beyond this explanation. To find out more, go to <http://www.decals.gov/QualityInitiatives/CAPS.aspx>

Note: Due to the pandemic and additional federal funding, DECAL is paying the family fee and balance portion of FCCLH rates at this time.

Where else can I get help with fees and other financial decisions about my FCCLH home?

Quality Care for Children (QCC) and PFCCAG **Explore-FCC** have a partnership intended to help individuals open FCCLH homes and succeed after opening. QCC operates QCC Works, which is a suite of Business Support Services designed to give child care owners the resources and tools they need to sustain their business. Services include Staffed Family Child Care Network, Provider Resource Hub-website portal that provides in-depth resources required to operate a child care program in Georgia, Business Coaching & Automation with technical assistance, Business Training, Back-Office Administrative Support, and active social media forum to connect providers, list grant funding opportunities, and share child care industry news. Find out more at <https://www.qualitycareforchildren.org/qccworks>.

*More About Us---**Explore-FCC** Career Success Project is Here to Help

The **Explore-FCC** Career Success Project is available to provide One-On-One coaching and other supports to individuals in Greater Atlanta seeking to open a Family Child Care Learning Home (FCCLH). **Explore-FCC** serves the 13 county greater Atlanta area with priority on zip codes with low or very low scores on Child Well-being measures established by United Way of Greater Atlanta. **Explore-FCC** helps individuals who are in the early stage of exploring family child care as a career, as well as those applying for a license to open a FCCLH home. The **Explore-FCC** Career Success Project is operated by the Professional Family Child Care Alliance of Georgia (PFCCAG) and funded by United Way of Greater Atlanta and Joseph B. Whitehead Foundation.

For more information and to see if you qualify for One-On-One coaching, send an e-mail to info@pfccag.org or visit the PFCCAG Website: www.pfccag.org.

References

(1) Tom Copeland's Taking Care of Business Website

(2) Opening Your Door to Children: How to Start a Family Day Care Program, Modigliani, Kathy; Reiff, Marianne; Jones, Sylvia, National Association on the Education of Young Children, 1987.

(3) Tom Copeland's Taking Care of Business Website

How to Set Your Rates

Annual Income Goal: Example of How to Make Your Calculations

Amount you want/need to earn, after expenses, in a year: \$50,000

2) Business expenses

As an estimate use 30% for your business expense figure. Multiply line 1 amount by .30 = \$15,000

3) Gross revenue (all income before expenses)

Add line number 1 to line number 2 = \$65,000

4) Weekly revenue

Use Gross Revenue from line number 3 divided by 52 weeks = \$1,250

5) Rate charged per child

Divide weekly revenue on line number 4 by number of children desired. (For example 7 children) \$178 per week, per child

This calculation does not take into account different rates for different aged children or part-time rates. You can set different rates for different ages.

6) Differing Rates

For example: 1 infant at \$250 a week

1 toddler at \$200 a week

3 full-time preschoolers at \$180 a week

2 part-time preschoolers at \$130 a week

7 children | Total: \$1,250 a week

\$1,250

If you are just starting out, you can expect to work 65 hours a week. (11 hours a day, 5 days a week caring for children and another 10 hours a week on cleaning, paperwork and meal preparation.) If you collected \$1,250 per week, you would be earning \$19.23 per hour [\$1250 divided by 65 hours of work = \$19.23 per hour]. Tom Copeland – www.tomcopelandblog.com