



Identifying Local Need and Demand for Child Care

In writing a business plan or grant proposal it is essential to provide a thorough explanation of the **need** and **demand*** for child care in your area.

Your local **Child Care Resource and Referral Agency (R&R)** can provide you with detailed information about the current supply of licensed child care in your county, the demographics of the county, and an overview of how well the supply meets the demand. These are all important aspects of a community to understand when identifying the specific needs for child care within a particular geographic area.

Your **Local Child Care Planning Council (LPC)** is responsible for determining local community child care needs, identifying priorities for the allocation of Federal Child Care and Development Block Grant Funds, and preparing county wide child care plans. For the purpose of writing a business plan Local Planning Councils can be particularly helpful in providing information about the greatest needs for child care in the county, and about the local priorities that are designed to meet those needs.

***Note:** In planning to acquire, build or expand a child care facility it is extremely important to understand the difference between a given community's **need** and **demand** for child care. Demand is established by finding out if there are enough families who not only need child care services, but have the capacity and willingness to pay fees at rates sufficient to generate the income stream necessary to satisfy the center's operating budget. Consequently, the existence of **need** does not establish that there is sufficient **demand** in the community. Conducting a thorough market feasibility analysis can help identify whether revenues will be able to cover the costs of your child care business. It is also important to consider that in low-income communities, demand can be measured by the availability of government contracts to provide subsidized care or the ability of parents to obtain child care vouchers.