



A California Statewide Collaborative

***A Guideline for
Family Child Care Providers
Considering Opening a Child Care Center***

Family child care providers often are interested in making the transition to becoming licensed child care center operators. Many of the skills developed running a family child care home are very valuable in operating a center, particularly familiarity with the early childhood field and small business experience. However, many of the activities required for opening a center vary on an individual basis. They will be determined by local conditions and regulations as well as access to financing. This document will therefore not be a step-by-step manual for opening a center, but a guide to some of the considerations involved in the process.

Family Child Care Home vs. Child Care Center Requirements: What Are the Differences?

The differences between family child care and center-based care tend to fall into the categories of **Facility Planning** and **Business Planning**. These will both be discussed in detail below.

The other main difference concerns licensing requirements. When considering opening a child care center, an essential first step is to attend a Community Care Licensing orientation. This will give you an overview of both programmatic and physical licensing considerations. If you decide to proceed with your center plans, attend this orientation again as part of your licensing process. It is a good idea to attend it very early in your planning to make sure you understand all the licensed center requirements. Also read the publication “**Child Care Center: Manual of Policies and Procedures**” which is available on the Community Care Licensing website at <http://cclcd.ca.gov>. In addition, it is a good idea to speak with child care center directors in your area to get a sense of their businesses and the overall operating climate.

Child Care Center Facility Planning

Before looking for a site, define the geographic area in which you plan to operate. This should be based on a business plan that includes a needs assessment and identifies a target market (the children and families you will serve). These steps will be discussed at greater length below in the Business Planning section.

After developing a business plan, the next challenge is to identify a suitable site for your center. This will require some knowledge of local and state zoning, building code and licensing requirements. In general, residential buildings are not automatically licensable as centers. To convert a residential building for center use, you will need to check with your local planning department to learn the process for applying for a zoning variance. Other site options include commercial buildings, or renting from community entities, such as churches or social service organizations.

Whether you use a converted home or commercial site, careful facility planning is essential. Assess any potential property with critical eye for suitability. Is there appropriate program space for the age groups you plan to enroll? Are there child sized and Americans with Disabilities Act (ADA) accessible bathrooms? Is there a safe, adjacent outdoor play yard? The answer to some of these and many other questions is often no, which means your space will require renovation before it can become licensed. Engage an architect or contractor to develop building plans and a cost estimate, as well as secure financing for the renovation.

In addition, City, County, and/or State building codes have specific requirements for child care centers. These include Fire Codes, which may specify allowable construction materials, exiting requirements, ADA adaptations, and other physical specifications. It is crucial to have a knowledgeable consultant assess the proposed site for code compliance -- or the potential for compliance -- before getting too far along in your planning. In addition, California Community Care Licensing has child care facility requirements, which are itemized in the licensing manual cited above.

Finally, identify financing sources for renovating or building and equipping your new facility. Begin with a detailed cost estimate from an architect or contractor. Funding may come from a variety of sources, including personal savings, public and private grants, fundraising campaigns, and loans from financial institutions. If you are interested in grants or loans, show a lender or grantmaker your business plan and operating projections.

Child Care Center Business Planning

Licensed child care centers can be both exciting and challenging businesses to operate. Wherever the center is located, take the same steps you would in planning any new venture. Before getting too far along in the process, it is a good idea to ask yourself a few key questions:

- Have you been successful at managing your family child care business' finances? Key indicators of success are good record keeping practices, using a business bank account, planning for unexpected or large purchases, etc.
- Do you have the capital (savings, and the ability to raise money through grants and/or loans) to pay for a long planning and start up process that could yield no net profit for the business, or income for you, for up to two years?
- Do you have reliable data to support the demand (desire to use and the ability to pay) for your center-based child care services at the location you have in mind?

When comfortable with your answers to these questions, the next step is to develop a written business plan. This will include a marketing and feasibility study, start-up and operating budget projections, a staffing plan, a curriculum plan, and many other details. The market analysis is particularly important before getting too far along in the planning process. A good place to start is by getting child care supply data from your local Resource and Referral agency or Local Child Care Planning Council. Also explore the area to see who else is providing child care, both family and center. If other providers have many vacancies, consider a different location. If they have waiting lists, your business prospects will be much stronger.

You can find written materials and referral resources for Business Planning on the Building Child Care website at http://www.buildingchildcare.org/publications_ccc.htm and <http://www.buildingchildcare.org/checklists.htm>. Among other considerations, make sure you understand and are able to prepare financial statements, even if you plan to hire a bookkeeper. Be familiar with Community Care Licensing staffing ratios and professional

experience requirements, as well as personnel policies, insurance requirements, and curriculum planning. It is also recommended that you assess your skills as a personnel manager as well as a child care expert. Finally, decide whether to run the center as your own business, or if you want to incorporate as a non-profit.

To summarize, operating a licensed child care center can be a wonderful and fulfilling venture. As a family child care provider, you already have many of the skills that will make you a strong center director. The more time you invest in the planning and research of the transition, the stronger the likelihood that your dream of opening a child care center will become a reality.

You will find extensive information about child care facility development and financing at the Building Child Care website: <http://www.buildingchildcare.org>

The following publications and resources, available online, may be helpful to you as you move forward on your research and planning:

- Child Care Center Facility Development Checklists
- Child Care Center Site Selection (*expected date of publication Summer 2004*)

Additionally, BCC offers a toll free technical assistance line, 888-411-3535. Please call to receive additional information or to discuss your project.