Start Licensed Child Care

Center License

Caring for 19 children or more in a facility

Updated 7/2020
Start Licensed Child Care | Center License outlines the steps to open a licensed child care center in North Dakota. Prospective child care center owners and planners can use this guide to direct their efforts during each stage of development – from initial planning discussions to facility design.

Understand Licensing Requirements ............................................. 2
Determine Child Care Model ........................................................ 4
Create a Budget ........................................................................... 5
Find the Right Facility ................................................................. 10
Write a Business Plan ................................................................. 14
Purchase Furnishings .................................................................. 17
Establish Your Business ............................................................. 22

The Department of Human Services contracts with Child Care Aware® of North Dakota to provide prospective child care owners with free start-up consultation and guidance to meet licensing requirements and inspections.

In general, center planners will connect with inspectors for building, fire, health and child care licensing at least two times during the start-up process. Child Aware® can point out obstacles that may prevent your center from meeting requirements and, as you prepare to purchase or lease, can alert you to potential design challenges.

Consider contacting Child Care Aware® before moving forward with any contractual arrangement related to building designs or purchase agreements.

Apply for Start-Up Consultation
Contact a Child Care Aware® of North Dakota Start-Up Consultant for more information.

📞 800-997-8515 (option 3)
📧 StartChildCare@ndchildcare.org
🌐 www.ndchildcare.org
Understand License Requirements

Child care centers can provide care for 19 or more children in a public/private building.

The actual licensed capacity of a child care center is determined by available space, staff to child ratios, and sometimes local ordinances.

☐ Learn more about North Dakota child care licenses: [http://www.nd.gov/dhs/services/childcare/info/](http://www.nd.gov/dhs/services/childcare/info/)

☐ Connect with the Child Care Licensing Specialist in your Human Services Zone: [https://www.nd.gov/dhs/locations/countysocialserv/](https://www.nd.gov/dhs/locations/countysocialserv/)

☐ Contact your local city zoning and planning department for local ordinances

The following list identifies some of the basic state requirements to become a licensed child care center. Refer to the Child Care Center Compliance Checklist for a complete list of requirements.

Center Director Qualifications

A center director must meet these qualifications:

☐ Be an adult of good physical, cognitive, social and emotional health, and shall use mature judgment when making decisions impacting the quality of child care

☐ Possess knowledge or experience in management and interpersonal relationships

☐ Have at least ONE of the following degree/certification requirements:

**OPTION ONE:**
A bachelor’s degree in the field of early childhood education or child development

**OPTION TWO:**
A bachelor’s degree with at least six months experience in a child care center or similar setting and one of the following:
- Eight semester hours or twelve quarter hours in early childhood education or child development
- One hundred twenty hours of department-approved early childhood training
- A director’s credential approved by the department

**OPTION THREE:**
An associate’s degree in the field of early childhood education or child development with at least 6 months of experience in a child care center or similar setting

**OPTION FOUR:**
An associate’s degree with at least one year experience in a child care center or similar setting and one of the following:
- Eight semester hours or twelve quarter hours in early childhood education or child development
- One hundred twenty hours of department-approved early childhood training
- A director’s credential approved by the department

**OPTION FIVE:**
A teaching certificate in elementary education with at least six months of experience in a child care center or similar setting

**OPTION SIX:**
A current certification as a child development associate or successful completion of a department approved diploma program with emphasis in early childhood or child care, with at least one year of experience in a child care center or similar setting

**OPTION SEVEN:**
Certification from a Montessori teacher training program with at least one year of experience in a Montessori school, child care center, or similar setting and at least one of the following:
- Eight semester hours or twelve quarter hours in early childhood education or child development
- One hundred twenty hours of department-approved early childhood training
- A director’s credential approved by the department

Understand Licensing Requirements - continued on page 3
Understand Licensing Requirements - continued from page 2

Staff Requirements
- All staff members need current CPR and first aid training
- Qualified director be present at least 60% of the time
- Center must be sufficiently staffed at all times to meet the child to staff ratios for children in attendance and that no more children than the licensed capacity are served at any one time
- All staff have a cleared fingerprint background check
- Completed SIDS and Getting Started training

Policy, Procedure and Contract Requirements
- Posted daily schedule that includes age appropriate activities and intervals of stimulation/relaxation/active/quiet/rest times
- Posted meal menus
- Parent Handbook
- Staff Handbook
- Posted Evacuation Disaster Plan that includes plans/ procedures for:
  - Emergency food, water
  - First aid supplies
  - Pickup/relocation information

Facility Requirements
- Fire Inspection. Contact your local fire inspector for fire codes that may apply to your area.
- Minimum of 35 sq. ft. per child of usable play space indoors
- Minimum of 75 sq. ft. per child of usable play space outdoors OR 75 sq ft of usable indoor recreational space
- Child care environment provides an adequate supply of safe play equipment, toys, materials for indoor/outdoor activity
- Meets sanitation and safety requirements.
- Adequate heating, ventilation, humidity, and lighting
- A minimum of one sink and one flush toilet per 15 children, excluding those not toilet trained
- Hot and cold running water (hot water is 120 degrees Fahrenheit or less)
- Sanitary hand drying equipment, individual cloth or paper towels and safe step stools available
- An approved first aid kit
- An emergency disaster plan is developed and posted
- Fenced outdoor play area
- Napping areas for undisturbed rest
- Smoke-free environment and signage posted
- Covered or inaccessible garbage containers

Business File Requirements
- A copy of Early Childhood Rules - Center Child Care
- A copy of Early Childhood Services Policy Manual (North Dakota Century Code)
- A copy of Application to be Licensed (SFN 832)
- Individual files for each child that contain:
  - Child Information Sheet (SFN 845)
  - Parent Statement of Health (SFN 847)
  - Immunization Records (SFN 16038), except for school age children/drop in or valid exemption
  - Official document (e.g., birth certificate, passport) verifying identification of the child
  - Aquatic Policy Permission Slip
  - Health care plan for individuals diagnosed with a special need
  - Infant Sleep Permission Form for infants under 12 months
  - Other forms required by the licensing specialist
- Individual files for each staff person that contain:
  - Copy of CPR and First Aid Card
  - Cleared Fingerprint Background Check Form
  - Other forms required by licensing specialist

SFN forms highlighted in red are available at [http://www.nd.gov/eforms/?type=p&agency=3250](http://www.nd.gov/eforms/?type=p&agency=3250)
Determine Child Care Model

Child care programs fall into three main categories: family, group and center. Business models for ownership and management can vary based on the resources available within a community. Here are some models to consider for your community:

**Private/Public Ownership**
The child care is fully owned and operated by an individual, partners or an employer.

**Non-Profit Run by a Board of Directors**
The child care has a 501c3 non-profit status and is governed by a board of directors.

**Public School Partnership**
The school district owns the property, but the actual child care program is run by a private owner with potential access to school resources (food service, busing, gym space, specialists, etc.).

**Cooperative**
Non-profit employer-assisted parent cooperative that is owned and run jointly by its members who share in the benefits of child care.

**Hospital/Care Facility Partnership**
A health facility owned property that is run by a private owner with potential access to hospital or long-term care resources (food service, janitorial service and products, etc.).

**City Owned**
A political subdivision purchases/owns the building and property and gets a person to run it. The operator may run it as a private business or may be on the payroll of the city or county.
Create a Budget

Begin by outlining a vision for the center. The following questions will help you determine the center’s services and frame the basis for the start-up and operating budgets.

- What is the demand for child care services in the area?
- What are the current market rates for child care services?
- What are the desired financial outcomes?
- What are the desired programmatic outcomes?
- Are adequate levels of qualified center management and staff available for hire?
- What is the average salary of child care staff in the area?
- How many children will the center serve? What are their ages?
- How will the exterior look? Will the center portray a positive street appeal?
- How will the interior look? What messages will the interior design features convey?
- Why should families choose this center?
- What will set the center apart from existing child care centers in the area?

Who should develop the budget?

Budgets represent the future. A center director, the person who enrolls families, manages staff, and plans for the facility’s future, typically develops the budgets and, for non-profit entities, works in collaboration with their parent advisory board or board members (if these have already been established). Budget development should not be the responsibility of the facility’s accountant or the bookkeeper.

Determine Income Sources

Child and Adult Care Food Program (CACFP) reimbursements when estimating cost of meals and snacks for eligible children. To participate in the CACFP, a facility must be a public institution, a private non-profit (501(c) 3) institution, or a for-profit facility in which 25% or more of the children receive Child Care Assistance or meet the requirement for free or reduced price meal benefits.

Other Options

There may be times when multiple funding streams are needed to fully finance a project. Some options to consider beyond bank and grant funding include:

- **Major Donor** - An individual or business provides a major financial gift for the start-up and/or maintenance of a child care program.
- **Tax Exceptions** - A city or county provides property tax exceptions for the child care property.
- **No-Cost or Low-Cost Utilities** - Utilities such as water, electricity, sewer or other services are provided at little or no cost which in turn improves cash flow for the child care business.
- **Fund-Raising Campaign** - Solicit funds for start-up or ongoing operations through one-time or annual fund raisers.

Preparing Your Budgets

New projects require the preparation of a **Start-up budget** that projects start-up income/expenses and an **Operational budget** that projects daily income/expenses. The goal of both budgets is to balance expenses by projected income or other revenue sources.

### Start-Up Budget

Estimate initial start-up project costs to get a sense of how much money will be needed and whether it’s feasible to proceed. Building, labor and material costs change constantly, so adjust your budget accordingly when

- A site is selected
- A purchase or rental cost is known
- Architectural and construction (plumbing, carpentry, electrical) bids are submitted
- Furniture and equipment needs are identified

### Annual Operating Budget

List all anticipated expenses that will occur once your child care program is operating at desired capacity.

A financially healthy for-profit or nonprofit child care facility can expect a 5-7% profit or surplus after expenses.

It is best to estimate expenses higher and project income lower as you create a budget.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>75-80%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>8-15%</td>
</tr>
<tr>
<td>Meals/snacks</td>
<td>4-8%</td>
</tr>
<tr>
<td>Supplies</td>
<td>2-5%</td>
</tr>
<tr>
<td>Equipment</td>
<td>2-5%</td>
</tr>
<tr>
<td>Insurance</td>
<td>2-3%</td>
</tr>
<tr>
<td>Other services</td>
<td>2-4%</td>
</tr>
<tr>
<td>Profit/surplus</td>
<td>5-7%</td>
</tr>
</tbody>
</table>

Contact Child Care Aware for an Excel spreadsheet template that is formatted specifically for a center budget. Simply add your fees, enrollment, staff salaries, etc. and figures will calculate automatically.
### Start-up Budget Worksheet | Facilities

<table>
<thead>
<tr>
<th>Income Items</th>
<th>Description</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants, Gifts and Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Raising Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL INCOME $**

<table>
<thead>
<tr>
<th>Expense Items</th>
<th>Description</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Director</td>
<td>Staff who plan and implement start-up period which could be as long as 6-12 months</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>Staff employed up to 2 months before children are enrolled</td>
<td></td>
</tr>
<tr>
<td>Staff Training</td>
<td>An intensive multi-day all-staff orientation should be conducted before opening. (# staff * training cost * hour wage)</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>Architect, attorney, contractors, etc.</td>
<td></td>
</tr>
<tr>
<td>Staff Recruitment</td>
<td>Signs, classified ads, etc.</td>
<td></td>
</tr>
<tr>
<td>Landscaping</td>
<td>Consider doing natural playscapes, possible fencing, outside water sources and maintenance to the yard</td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>Deposits, hook-up cost, zoning fees, rent, and signage</td>
<td></td>
</tr>
<tr>
<td>Renovations</td>
<td>Water sources, plumbing, ADA updates, sprinkler or fire alarm system, fire doors, exits, egress windows, heating &amp; cooling</td>
<td></td>
</tr>
<tr>
<td>Furniture/Equipment</td>
<td>Calculate: $1500*child + $200/ classroom for consumables</td>
<td></td>
</tr>
<tr>
<td>Infant/Toddler</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preschool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School-age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor Play Space</td>
<td>Fencing, landscaping, and storage</td>
<td></td>
</tr>
<tr>
<td>Office/Recordkeeping</td>
<td>Computer, software, accounting &amp; payroll system, printer, copier, telephone, intercom, security system, keypad entry, business registration, 501c3 status, marketing, Business Liability and Personal Property Insurance</td>
<td></td>
</tr>
<tr>
<td>Kitchen</td>
<td>Commercial kitchen equipment might be required, contact your local health inspector for more information in your area</td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td>(Consumables: goods that have to be purchased regularly because they wear out or are used up. Ex. paper, tape, etc.)</td>
<td></td>
</tr>
<tr>
<td>Cleaning Supplies/ Paper Products</td>
<td>(Consumables: goods that have to be purchased regularly because they wear out or are used up. Ex. paper towels, toilet paper, cleaning products, etc.)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen/Food</td>
<td>Plan for bulk storage and supplies (Approx. $5.00/day/child)</td>
<td></td>
</tr>
<tr>
<td>Advertising/Marketing</td>
<td>Money spent on making the program visible such as signage and attractive landscaping will be worth the investment</td>
<td></td>
</tr>
<tr>
<td>Licensing Fees/ Inspections</td>
<td>Approximately $250/year</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>Will you be providing transportation? (To and from school/field trips etc.) Consider purchasing a safe transportation vehicle to accommodate a large group along with proper insurance and safety restraints, also budget for license requirement expenses</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES $**
## Annual Operational Budget Worksheet | Center

### Income Items

<table>
<thead>
<tr>
<th>Description</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>Consider a reduced utilization rate (75-85%)</td>
</tr>
</tbody>
</table>

- Infant
- Toddler
- Preschool
- School-age

**USDA Food Program**

**Fundraising**

**Grants**

**Other**

**TOTAL INCOME** $ 

### Expense Items

<table>
<thead>
<tr>
<th>Description</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries</strong></td>
<td></td>
</tr>
<tr>
<td>Infant Staff</td>
<td></td>
</tr>
<tr>
<td>Toddler Staff</td>
<td></td>
</tr>
<tr>
<td>Preschool Staff</td>
<td></td>
</tr>
<tr>
<td>School-age Staff</td>
<td></td>
</tr>
<tr>
<td>Admin/Support Staff/ Subs</td>
<td></td>
</tr>
</tbody>
</table>

**Professionals Services**

Attorney fees, accounting services, debt collection, etc.

**Staff Training**

Include training fees, staff wages, mileage and substitutes

**Occupancy**

All costs arising from use of a building and land: such as rent, mortgage, real estate taxes, snow removal, lawn services, mechanical maintenance, garbage etc.

**Utilities**

**Phone/Internet Access**

Secure commercial (business) liability insurance. In addition, non-profits require errors and omissions or directors and officer’s liability insurance.

**Supplies**

| Classroom |
| Cleaning/Paper/Kitchen |
| Office |

**Replacement of Equipment**

| Classroom |
| Playground |
| Administrative |

**Repair/Maintenance**

Building repair, parking lot upkeep

**Food**

**Advertising**

Staff / child openings or special events.

**Licensing Fees/Inspections**

Licenses, vehicle insurance, repairs, and gas

**Transportation**

**TOTAL EXPENSES** $ 

---

Center Development Guide
Budget conservatively the first year

Use a realistic enrollment utilization rate when writing the first year’s operational budget. A program rarely enrolls to 100% of licensed capacity within the first year. Budget conservatively for year one by estimating enrollment at 75% to 85% of capacity.

The following scenarios compare budget projections at 100% and 85% utilization for a facility licensed for 50 children and charging $5,000 per year (50 weeks x $100 per week). It shows a dramatic shortfall of $35,000 when enrollment fell short by 15%.

Hopefully, the utilization rate will be higher than 85%. If so, the additional revenue can be used to increase program quality or to cover unexpected expenses. After 2-3 years of operation, the facility enrollment will have stabilized giving a more accurate utilization rate and more accurate budget projections.

Annual income projections of a facility using 100% utilization

50 children (100% enrollment) x $5,000 = $250,000

Annual income projections of a facility using 85% utilization

50 children (85% enrollment) x $5,000 = $215,000

Policies impact the budget

Best business practice recommends that you charge full tuition whether child attends everyday or not. No reduced rate policies.

Absence Policy
Absences due to Illness, visits from grandparents, vacations, or school holidays impact on monthly income. Many programs hesitate to charge families for these times, even though expenses remain constant. Budgets need to accommodate absences by projecting income based on less than full attendance OR require payment for days that are missed.

Some programs compromise by limiting the number of “no charge days” for absences, but will collect fees for days when children are absent beyond the set limit. This policy shows consideration for families but also allows child care programs to accurately predict expected income and build stability into the budget.

Reduced Rate Policy
Most centers charge full rates for families with multiple children and for staff’s children who are in attendance.

Part-Time Fee Policy
For some families, part-day or part-week care may make the most sense, especially for very young children whose parents are not working or studying full time. Consider charging more for part-time enrollment. Generally, fees for part-time care need to be higher since matching part-time children with another to equal a full-time child becomes challenging.
Staff Expenses
Staff salaries and benefits will be the single, largest expense for the facility running 75%-85% of the facility’s total expenses. Carefully plan staffing needs and schedules to adequately accommodate state mandated child-to-staff ratios and classroom group sizes.

Adult-to-Child Ratio and Group Size for Child Care Center Licenses

<table>
<thead>
<tr>
<th>AGE OF CHILDREN</th>
<th>STAFF:CHILD RATIO</th>
<th>MAXIMUM GROUP SIZE *</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 thru 17 mo.</td>
<td>1:4</td>
<td>10</td>
</tr>
<tr>
<td>18 thru 35 mo.</td>
<td>1:5</td>
<td>15</td>
</tr>
<tr>
<td>3 years</td>
<td>1:7</td>
<td>20</td>
</tr>
<tr>
<td>4 years</td>
<td>1:10</td>
<td>25</td>
</tr>
<tr>
<td>5 years</td>
<td>1:12</td>
<td>30</td>
</tr>
<tr>
<td>6 to 12 years</td>
<td>1:20</td>
<td>40</td>
</tr>
</tbody>
</table>

* If mixed ages are grouped in the classroom, group size must be consistent with the age of the majority of the children. EXCEPTION: If children under 18 months of age are part of the mixed age group, the group size for their age group must be maintained.

Staffing Patterns
Consider the following recommendations for staffing patterns and budgeting.

- Overlap staff schedules to allow enough time for staff to communicate about children in their care.
- Maintain appropriate ratios and group sizes when scheduling staff breaks and time for activity planning and preparation.
- Include time for meetings with parents, staff meetings, and trainings. Fair wage and hour standards require that wages be paid during meetings and trainings.
- Budget for substitutes if offering sick, vacation and holiday pay for staff who receive those benefits.
- Budget for possible health, dental, vision, maternity leave, additional insurance, retirement packages, etc.
- Consider creating a pay scale which links pay to training and experience
- Always have two or more staff scheduled while children are present to help reduce the risk of false allegations or the risk of one staff person unable to manage a crisis situation.

Contact a Child Care Aware Start-up Consultant for a Staff Coverage Planner Excel worksheet that will help you calculate ratios in your program.
Find the Right Facility
Child care facilities become a “home away from home.” Planning a “home away from home” that accommodates children of various ages, interests and energy levels can be a daunting task. Focus on these tried and true design features used by successful center developers.

- Plan for enough space
- Bring plumbing to the right places
- Design the facility to maximize health and safety, comfort and convenience, play and learning

“Child behavior tends to be more constructive when sufficient space is organized to promote developmentally appropriate skills. Crowding has been shown to be associated with increased risk of developing upper respiratory infections. Also, having sufficient space will reduce the risk of injury from simultaneous activities.”
- Caring for Our Children: National Health and Safety Performance Standards

Plan for Enough Space
North Dakota requires a minimum of 35 square feet per child of usable space per child (this does not include equipment, door swings, hallways, bathrooms, etc.).

Consider at least 50 square feet of usable space should be allotted per child in each classroom, and even more for infant* and toddler** rooms to accommodate their cribs and other specialized, bulky equipment.

*Infant rooms - an additional 25 sq.ft for each crib (allowing for 2 ft between) and an additional 40 sq. ft for a diapering area.
**Toddler rooms - an additional 40 sq. ft for a diapering area.
Design Features That Enhance Care

Good space design makes care giving experiences convenient, comfortable and enjoyable for children and staff. Good design welcomes parents and children into the facility and sends a clear message that this will be a good place to spend the day. Before putting pencil to paper to sketch the facility floor plan, consider the following design features and the specific enhancement each brings to the program. Integrating as many of these features as possible into the original facility plan will help program planners design the right facility from the start.

<table>
<thead>
<tr>
<th>Features to enhance the health &amp; safety</th>
<th>Features to maximize convenience &amp; efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For all rooms</strong></td>
<td></td>
</tr>
<tr>
<td>• 50 usable sq. ft./child</td>
<td>• Computerized check-in system</td>
</tr>
<tr>
<td>• Phone in each room</td>
<td>• Parent communication area</td>
</tr>
<tr>
<td>• Sinks at child height with lever handles in each room (0-17 mo. at 16&quot;, 18-35 mo. at 18&quot;, 3-5 years at 22&quot;)</td>
<td>• Overhead, adult-only, wall storage in every activity area</td>
</tr>
<tr>
<td>• Bathrooms with child-size toilets in each room</td>
<td>• Storage for car seats in infant/toddler rooms</td>
</tr>
<tr>
<td>• Cubbies to store personal belongings</td>
<td>• Durable, cost effective materials that prevent maintenance hassles</td>
</tr>
<tr>
<td>• Two adult sinks with lever handles (one for diapering, one for food prep)</td>
<td>• Storage for mats, cots, sheets and blankets</td>
</tr>
<tr>
<td>• Space for two small tables (4-6 children per table) in food area (limit highchairs—children can be at appropriately sized tables when able to sit)</td>
<td>• Washer/dryer</td>
</tr>
<tr>
<td>• Easy cleanable flooring in room entrance, food area, diaper area, bathroom</td>
<td>• Outdoor storage for wheeled toys, sand/water toys, etc.</td>
</tr>
<tr>
<td>• Refrigerator for infant rooms</td>
<td>• Access to water on playground</td>
</tr>
<tr>
<td>• Secure facility entrance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Features to increase comfort for children &amp; staff</th>
<th>Features to enhance exploration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Climb-up changing tables for toddler rooms</td>
<td>• Indoor gross motor room</td>
</tr>
<tr>
<td>• Carpeted space for cozy area</td>
<td>• Multiple interest areas for reading, manipulative, construction, dramatic play, and motor exploration</td>
</tr>
<tr>
<td>• Heating and cooling system with individual room controls</td>
<td>• Low, open shelves accessible to children</td>
</tr>
<tr>
<td>• Comfortable seating for caregivers</td>
<td>• Windows at child's eye level</td>
</tr>
<tr>
<td>• Neutral paint and wood accessories (no plastics)</td>
<td>• Windows, glass doors and peek-through windows facilitate exploration</td>
</tr>
<tr>
<td>• Lighting with dimmer switches</td>
<td>• Fenced-in play area</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Features to support staff</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Office space for staff work desks, computers, printers and copy machine</td>
<td></td>
</tr>
<tr>
<td>• Staff lounge and resource room</td>
<td></td>
</tr>
<tr>
<td>• Space for staff meetings and in some cases, community gatherings</td>
<td></td>
</tr>
</tbody>
</table>
The Importance of Lighting

Classrooms and other activity areas in the facility should incorporate a range of natural and artificial light from a variety of sources. Maximize the number of windows between rooms and to the outdoors. Individual classrooms should have the ability to control their own light, ideally with a dimmer switch and window coverings. Consider different lighting options such as wall sconces and overhead track lighting.

Plan for Intense Plumbing Needs

Child care facilities have intense plumbing needs and can be one of the largest fixed renovation or building costs for a child care facility. However, adequate plumbing is critical to the function of each room. If renovating an existing building, carefully consider all plumbing needs throughout the classrooms.

Child-sized activity sinks used for washing after messy play, entry in the classroom and before meals/snacks are needed in rooms separate from hand washing sinks related to toilets.

All school-age bathrooms for children over the age of 6 must have separate male and female bathrooms.

<table>
<thead>
<tr>
<th>Plumbing Considerations / US Government Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infant Rooms</strong></td>
</tr>
<tr>
<td>• 1 child-sized handwashing sink - 16 inches high</td>
</tr>
<tr>
<td>• 2 adult sinks, one for diapering and one for food preparation</td>
</tr>
</tbody>
</table>

| **Toddler Rooms**                                |
| • 1 child-sized toilet per 5 toddlers, 12 inches high |
| • 1 child-sized handwashing sink per 5 toddlers - 18 inches high |
| • 2 adult sinks, one for diapering and one for food preparation |

| **Preschool Rooms**                              |
| • 1 child-sized toilet per 10 children, 12 inches high |
| • 1 child-sized handwashing sink per 10 preschoolers - 18 inches high |
| • 1 adult sink |

| **School-Age Rooms**                             |
| • 2 child-sized toilets per 20 children           |
| • 1 for males, 1 for females                      |
| • 1 child hand washing sink per 10 children       |
| • 1 adult sink                                   |
| • Water fountain                                 |

| **Adult Needs**                                  |
| • 1 toilet per 10 adults                         |
| • 1 handicapped accessible toilet per building or floor |
| • 1 hand washing sink per 10 adults              |
| • 3 kitchen sinks (wash, rinse, sanitize)         |
| • 1 handwashing sink                             |

<p>| <strong>Facility Needs</strong>                               |
| • Dishwasher                                     |
| • Laundry facility                               |
| • 1 mop sink                                     |</p>
<table>
<thead>
<tr>
<th>Potential Site Recommendations</th>
<th>YES</th>
<th>NO</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning allows for a child care facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site conveniently located</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor space accommodates an outdoor play area that is well located</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured entrance to facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building exterior attractive, clean, well maintained and welcoming.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building accessible to those with disabilities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking area safe and convenient.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building free of environmental hazards such as lead, radon, asbestos, and mold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building has ample windows or the ability to create additional windows, especially windows that are low to the floor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indoor space available for gross motor play</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Layout of the building allows each classroom to have direct or easy access to the outdoors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate office spaces dedicated for staff outside the classroom. Site has an area that can be dedicated for staff breaks with comfortable adult furnishings away from the children. Secure and accessible storage space for staff available in offices, closets, classrooms or other storage areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building provides space for confidential conversations with parents and staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bathrooms and sinks can be incorporated into each classroom that are suitable for children. Adult bathrooms sufficient and conveniently located</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diaper changing area accessible, hygienic and allows for clear supervision of children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate kitchen that is safe and appropriately equipped for the type of food services planned</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated laundry area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone system which provides phone access in each room.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing building systems (plumbing, sprinkler system, electricity, heating, ventilation and air conditioning, etc.) in good condition and able to support high volume use in a child care facility</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Write a Business Plan

Why develop a business plan?
Writing a business plan is an important step towards managing your business more effectively and efficiently.
- A business plan encourages strategic thinking in an objective manner. A completed business plan also provides a road map for a business to follow for future organizational and financial developments.
- A business plan communicates a business’ mission and goals to potential funders. It explains how the proposed funding will further the business’ goals and establish a viable business. Business plans are commonly required when applying for small business loans or financing from a commercial bank.

What is in a business plan?
Every business plan should include the following sections:
- Cover sheet
- Table of Contents
- 1. Executive Summary
- 2. Company Overview
- 3. Service Description
- 4. Market and Industry Analysis
- 5. Marketing Plan
- 6. Operations Plan
- 7. Financial Analysis
- 8. Evaluation
- 9. Supporting Documents

Contact Child Care Aware® for assistance in developing your child care business plan, center operational budget, etc.

General Tips for Developing a Business Plan
- **Presentation matters.** Never underestimate the value of a professional-looking document. Bank and grant officers look at hundreds of business plans and appreciate a plan that is easy to read and well presented. A professional looking business plan shows that the management is serious about the business. To make the document easy to read:
  - Use headers
  - Leave plenty of white space on each page
  - Include a table of contents
- **Be concise.** A short, well-written plan presents better than a long, drawn out one. Write in easy-to-understand terms.
- **Be honest.** Don’t try to hide limitations and weaknesses. In addition to highlighting the strengths of a child care business, a business plan should demonstrate an understanding of the challenges a business faces. After a challenge has been identified, be sure to discuss a plan for overcoming it.
- **Seek professional assistance.** There is nothing more valuable in the process of writing a business plan than receiving assistance from an expert in the field. Child Care Aware® consultants can provide feedback on all aspects of business plan.
- Contact North Dakota Small Business Development Center for information on possible funding opportunities and loan packages. www.ndsbdc.org
Business Plan Outline

Cover Sheet (Sample provided at right)

Table of Contents

Section One: Executive Summary (one page or less)
1. Brief description of the child care business
2. Mission statement
3. Brief description of the proposed project

Section Two: Company Overview
1. Type of business structure; stand alone or part of an umbrella organization
2. History of the business/organization; years of operation
3. Description of services currently offered (or planned), number and ages of children served, and target market, number and qualifications of staff
4. Programmatic success (e.g. National Association of the Education of Young Children accreditation or environmental rating scale assessments)
5. Future (two-year) business goals and needs

Section Three: Service Description
1. Program
2. Description of the expansion project:
   - Whether a new site is being acquired or an existing site is being expanded
   - The attributes of the business location that make it appropriate for child care
   - Number and age-mix of children to be cared for
   - The hours of operation
   - Services to be offered
   - Required equipment and furnishings
   - Room design and arrangement
3. Plan for managing the facility development process
   - Which consultants have already been hired (e.g. project manager, architect)
   - How and when additional consultants will be hired
   - The level of involvement of the board (if non-profit)

Section Four: Market and Industry Analysis
Child Care Aware® has current data to assist you with your analysis: www.ndchildcare.org/data-pub
1. Demographics of working families in your county or in the target group you plan to serve.
2. Child care demand information
3. Child care supply information
   - Number of other child care programs in the community or geographic area
   - Number of child care spaces already provided in the area
   - Child care vacancies in the area
   - Average cost of care
   - Length of current waiting list
   - Age groups that are being served (infants, toddlers, preschoolers, school-age, or a combination) or that are NOT being served by other programs
   - Locations of existing child care businesses in your vicinity
   - Types of services offered by existing child care businesses

Section Five: Marketing Plan
1. Why will customers come to you and not to the competitors--price, quality of care?
2. What are your marketing goals?
3. What strategies are you going to use to reach potential customers?

Cozyland
Child Care Center
Business Plan

123 Main Street
Anytown, ND 51111
701-000-0000
Cozyland@email.com

Jane Doe, Director
701-000-0000
January 1, 2015
Section Six: Operations Plan
1. Description of management team with staff qualifications
2. Organization chart
3. Staff training practices and staff training needs
4. If non-profit, identify board compositions and provide list of board members
5. If for profit consider adding information of a potential parent advisory board and their role.

Section Seven: Financial Analysis*
1. Start-up budget (if project is new or expanding)
2. Annual operating budget
3. Financial projections for three years including assumptions and comments
   - Three Year Income Statement
   - Three Year Balance Sheet
   - Three Year Revenue Model
4. Current revenue and expense statement
   *Contact Child Care Aware for Excel spreadsheets formatted specifically for center budgeting. Simply add your projected fees, staff salaries, etc. and the program will calculate automatically.

Section Eight: Evaluation
Describe the outcomes to be accomplished. Identify benchmarks that will be measured during implementation to demonstrate successful implementation of the project.

Section Nine: Supporting Documents
- Budgets and current revenue and expenses
- Financial projections for three years including assumptions and comments
- Staff/child ratio information sheet, worksheet and staff credentials
- Resumes of key people (board chair, owner/operator)
- Consultant contracts
- Letters of support
- Legal documents (articles of incorporation, child care license, property deed)
- Other relevant information (e.g. waiting lists, commitment letters from funders, etc.)
- Letters of support (three)
- Any other relevant information
Purchase Furnishings

When selecting classroom equipment and materials, many factors should be considered along with cost.
• Focus on quality and durability, not on immediate cost savings. Selecting higher quality furnishings for the classroom may cost more initially but will undoubtedly reduce maintenance and replacement costs over time.
• Purchase items that will create a warm and inviting environment in your facility and classrooms. Well-designed and aesthetically pleasing furnishings and materials will support program quality by improving the overall classroom environment.

Things to consider when purchasing classroom furniture
• Plan an environment that encourages independence. Children of all ages - infants, toddlers and preschoolers - feel more competent and secure when they can handle their surroundings safely and independently.
• Staff can make better use of their time and energy when the environment is set up to promote self-help skills. For example, instead of lifting older toddlers and twos into highchairs, staff can encourage children to seat themselves on small chairs at low tables.

• Use natural wood tone furnishings and equipment. Avoid plastic furnishings.
• Work with vendors known for high quality and long-lasting products, and who provide warranties and replacement parts.
• Ask vendors about upcoming sales or discounts.
### Considerations when purchasing classroom furniture

<table>
<thead>
<tr>
<th>AVOID</th>
<th>LIMIT</th>
<th>CHOOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group feeding tables</td>
<td></td>
<td>Group-feeding tables are not comfortable or supportive because the child’s legs can dangle and plastic seats are slippery. Children need to feel secure when they move around in their seats. The chance of spreading germs from one child to the next is also high, since group-feeding tables space children close together.</td>
</tr>
<tr>
<td>Low, child-size tables and chairs and low high chairs</td>
<td>Low, child-size chairs around a low table encourage independence and increases their self-help skills. Toddler’s feet should touch the floor while they are seated. Appropriate table height allows children to rest their elbows on the top of the table and tuck their legs comfortably underneath.</td>
<td></td>
</tr>
<tr>
<td>Large toy boxes</td>
<td>Large toy boxes and crates do not allow play and learning material to be sorted and stored in an organized way for independent use. If dolls, rattles, music toys, blocks and cars are all stored together in a large box, children cannot see the different materials that have been heaped randomly on top of one another in the box.</td>
<td></td>
</tr>
<tr>
<td>Low shelves</td>
<td>When toys are sorted and stored separately on open shelves, children can easily see the different types of toys and make choices about what they want to play with.</td>
<td></td>
</tr>
<tr>
<td>Walkers</td>
<td>Infants continue to sustain injuries in walkers, even under supervision. Most of the injuries resulted from a fall down stairs or falls out of the walker. Other injuries, such as burns and poisonings, happen because infants are more mobile in walkers and able to reach objects that would otherwise be out of reach. The Academy of Pediatrics states “walkers do not help children walk sooner and can actually delay normal muscle development.”</td>
<td></td>
</tr>
<tr>
<td>Exersaucers</td>
<td>Exersaucers are considered safe and are a better option than walkers because they allow children to spin, rock, bounce, and sit upright. However they should only be used for short periods of time. Some physicians feel that exersaucers hold a child’s hip in an extended position, which is not good if a baby spends a lot of time in them. These devices also prevent a child from seeing their feet. Data on exersaucers suggests that this lack of visual feedback hinders a child’s understanding of their own movements.</td>
<td></td>
</tr>
<tr>
<td>Floor mats, pillows and blankets, on open floor space</td>
<td>Floor blankets, mats, pillows, hammocks, soft ottomans, plastic climb through tunnels, play rings and pull-up bars encourage children to move naturally and rely on their own creativity and initiative for locomotion.</td>
<td></td>
</tr>
</tbody>
</table>

Get more information about hazardous children’s equipment
Preschool and School-Age Classrooms

Books and Pictures
Enough to rotate and at least three of each:
- Fantasy
- Factual
- People
- Animals
- Science
- Multiple cultures
- Diverse abilities

Encouraging children to communicate
Enough to rotate- choose from items below:
- Small figures in blocks
- Animals in block area
- Puppets in book area
- Flannel/feltboard
- Telephones
- Dramatic play props
- Dolls

Fine motor
Enough to rotate and at least three of each:
- Small building toys such as interlocking blocks, Lincoln logs
- Art materials such as crayons, scissors, etc.
- Manipulatives such as beads for stringing, pegs, pegboards, and sewing cards
- Puzzles - knobbled and knobless

Art
Some of each of the following:
- Drawing materials such as paper, crayons, nontoxic markers, thick pencils
- Paints
- Three-dimensional materials such as play dough, clay, wood gluing, carpentry
- Collage materials
- Tools such as scissors, staplers, hole punches, tape dispensers

Music/movement
Some of each:
- Instruments
- Tape/cd player
- Dance props, such as scarves, bean bags
- Variety of CDs or musical selections including:
  - Classical
  - Popular
  - Cultural
  - Different languages

Blocks
Enough for at least 3 children (300) and accessories – at least two types:
- Unit blocks-wood, plastic, foam including rectangles, squares, triangles, cylinders, etc.
- Homemade blocks
- Hollow blocks
- Toy people, animals, vehicles, and road signs

Sand/Water
Sand AND water, both indoors AND outdoors, variety of toys such as:
- Containers
- Spoons
- Funnels
- Scoops
- Shovels
- Pots & pans
- Molds
- Toy people, animals, and trucks

---

*Equipment and Materials List- continued on page 20*
Equipment and Materials List - continued from page 19

Dramatic play
Enough materials to rotate and some of each of the following:
- Housekeeping such as dolls, child-sized furniture, dress-up, kitchen utensils
- Different kinds of work props, such as office, construction, farm, store, fire fighting, transportation
- Fantasy, such as animals, dinosaurs, storybook characters
- Leisure such as camping, sports
- Multicultural items such as food, dress up, dolls, props

Nature/science
At least some items in each of the following categories:
- Collections of natural objects such as rocks, insects, seed pods

Math/number
Enough materials to rotate and at least 3-5 of the following types:
- Small objects to count
- Materials for measuring, such as spoons, cups, tapes, scales, etc.
- Materials for learning shapes & sizes
- Materials for recognizing numbers such as rulers, number puzzles, magnetic numbers, number games such as dominoes or number lotto, geometric shapes, parquetry blocks

Infant and Toddler Classrooms

Using books
At least 12 books including books about:
- People of varying races, ages, and abilities
- Animals
- Familiar objects
- Familiar routines

Fine motor
Enough to rotate and for children to use without excessive competition:
For infants:
- Grasping toys
- Busy boxes
- Nested cups
- Textured toys
- Containers to fill and dump
- Cradle gyms
For toddlers:
- Shape sorting games
- Large stringing beads
- Big pegs with peg boards
- Simple puzzles
- Pop beads
- Stacking rings
- Nesting toys
- Medium or large interlocking blocks
- Crayons

Active physical play
Ample materials and equipment so that children do not have to wait including:
For infants:
- Outdoor pad or blanket
- Crib gym
- Small push toys
- Balls
- Sturdy things to pull up on
- Ramps for crawling
For toddlers:
- Riding toys without pedals
- Large push-pull wheel toys
- Balls and bean bags
- Age-appropriate climbing equipment
- Slide
- Balance board
- Cushions or rugs for tumbling
- Tunnels
- Large cardboard boxes

Art
Some of each of the following:
- Drawing materials such as paper, crayons, nontoxic markers
- Brush & finger paints
- Play dough
- Collage materials

Note: edible materials should NOT be used!
Music/movement
Some of each:
- CD player
- Music boxes
- Musical toys & instruments
- Safe, home-made instruments such as shakers
- Variety of CDs and musical selections including:
  - Classical
  - Popular
  - Cultural
  - Different languages

Blocks
For children 12 months and up, at least 3 sets of blocks (10 or more per set) of different types as well as variety of accessories including:
- Soft blocks
- Light-weight blocks of various sizes, shapes, colors
- Large cardboard blocks
- Toy people, animals, vehicles
- Containers to fill & dump

Dramatic play
Enough materials to rotate and some of each of the following:
For infants:
- Dolls
- Soft animals
- Pots & pans
- Toy telephones

For toddlers:
- Dress-up clothes
- Child-sized house furniture
- Cooking/eating equipment
- Dolls
- Doll furnishings
- Soft animals
- Small play buildings with accessories
- Toy telephones

Sand/Water
For children 18 months and up. Sand/ water, both indoors and outdoors including a variety of toys such as:
- Kitchen utensils
- Shovels & buckets
- Small cars and trucks
- Floating toys
- Plastic containers

Nature/science
At least some items in each of the following categories:
- Living things such as nontoxic house plants, aquariums, classroom pets
- Nature/science books that represent nature realistically
- Nature/science toys that represent nature realistically
Establish Your New Business

These steps will help you establish your new child care business.

- Prepare a Start-Up and Operational Budget (see pages 7 and 8)
- Obtain an Employer Identification Number (EIN) to identify a business entity: http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/How-to-Apply-for-an-EIN
- Establish a business checking account
- Register your business with the ND Secretary of State: http://www.nd.gov/businessreg/
- Find a tax accountant that is familiar with child care
- Consult your insurance agent about specific insurance coverage for child care
- Establish a financial record keeping system
- Apply for Child Care Assistance Self-Service Payment Portal http://www.nd.gov/dhs/services/financialhelp/childcare.html
- Apply for the Child Care Food Program https://www.nd.gov/dpi/districtsschools/child-nutrition-and-food-distribution

Marketing Your Business Through Child Care Aware

Once licensed, complete your Business Profile form to participate in this no-charge service: https://ndchildcare.org/providers/business/business-profile.html
Licensed child care providers can market their business through this service by completing a Business Profile. The information you provide about your child care services and vacancies is entered into the Child Care Aware® referral database. Families in turn, can enter their criteria for care and the system will refer them to a list of child care providers that match their needs.