

Pricing Your Child Care Services

Direct Costs

In addition to the one-time costs needed to get your business started, you will also have ongoing costs to run your business. These ongoing costs can be direct costs or overhead costs.

Direct costs are costs directly related to the service you provide (i.e. food, craft supplies, educational materials, diapers). Direct costs vary based on how many children you care for.

There are three components to pricing you should consider:

- Costs (direct and overhead)
- Your reserve (amount left over after all expenses are paid – i.e. for contingencies)
- Market price (what your competition is charging)

Check NCHHS reimbursement rates for child and adult food programs.

Example: Estimated direct costs for one preschool child for one 5-day week.

Cost per child per day	
Breakfast.....	\$1.43
Snack.....	0.79
Lunch/supper	2.67
Art/crafts.....	<u>0.75</u>
<i>Total costs per child per day.....</i>	<i>\$5.64 (A)</i>
<i># days per week.....</i>	<i>5 (B)</i>
Total direct costs	
per child per week (AxB).....	\$28.20

Note: Infant and toddler rates will probably be higher due to additional costs of diapers and food. You can ask parents to supply these items for infants to keep your costs low.

Gifts from friends, family, and church members of toys, equipment, curtains, rugs, dress-up clothes, etc., will help save money. Local merchants may also donate furniture, carpet remnants, building supplies, fences, etc. In return, you can offer to tell parents about the merchants' generosity.

If your child care is a nonprofit, 'Gifts for the Greater Good' can be a good source of office, craft, and school supplies. Go to: <https://good360.org/> for more information.

Also check your local [Smart Start](#) for available grant money.

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Exercise 4-3: Direct Costs Worksheet

	Total costs per day / # of children =		Cost per child per day
Breakfast	\$ _____	_____	\$ _____
Snack	\$ _____	_____	\$ _____
Lunch/Supper	\$ _____	_____	\$ _____
Crafts/activities	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
Other	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
TOTAL costs per child per day			\$ _____
# of days per week open			_____
TOTAL direct costs per child per week (=total costs per child per day x # of days per week)			\$ _____