



Ownership & Economic Opportunity for All

Pricing Your Child Care Services

Overhead Costs

Overhead Costs are costs related to the overall running of your business. Overhead costs (e.g. rent, salaries, marketing, licensing fees, insurance, etc.) occur regardless of how many children you care for. Shown below is an example of what some of the overhead costs might be. There is space for you to estimate your overhead costs. Remember, overhead costs vary based on geography, building size, business size, etc.

Categories (Monthly)	Example Center (76 children)	Your Center (_children)
Salary and Wages		
Owner's draw.....	\$2,875	\$ _____
Assistant director's salary.....	2,395	_____
Payroll taxes (assistant director only)	231	_____
Benefits (retirement savings – assistant director only).....	128	_____
Administrative Costs		
Accounting/legal.....	\$ 144	\$ _____
Dues.....	15	_____
Equipment.....	115	_____
Insurance.....	95	_____
Loan payments (other than mortgage).....	291	_____
Marketing/advertising.....	58	_____
Mortgage/rent.....	2,144	_____
Office supplies.....	460	_____
Professional development.....	86	_____
Repairs/maintenance.....	288	_____
Business Phone.....	173	_____
Transportation/mileage.....	0	_____
Utilities.....	345	_____
Reserve.....	330	_____
TOTAL Monthly Overhead Costs	\$10,073	\$ _____
Divide by 4.3 (number of weeks in a month)		
TOTAL Overhead costs per week	\$2,343	\$ _____

Note: Overhead costs will vary based on location, center size, and other factors. The child care center costs are based on a license for 76 children. The business structure is assumed to be a sole proprietorship. The owner in a sole proprietorship pays her own self-employment tax on the owner's draw.

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Overhead Costs Worksheet

Exercise 4-4: Overhead Costs Worksheet

<u>Expense Item</u>	<u>Monthly Cost</u>	<u>Potential Vendor/Supplier</u>
Salary and Wages		
Director's salary/Owner's draw	_____	_____
Assistant Director's salary	_____	_____
Payroll taxes (for above staff only)	_____	_____
Employee benefits (for above staff only)	_____	_____
Administrative Costs		
Accounting/legal	_____	_____
Cleaning and First Aid supplies	_____	_____
CPR/First Aid training	_____	_____
Dues	_____	_____
Equipment/educational supplies	_____	_____
Insurance	_____	_____
Licensing fees	_____	_____
Loan payment	_____	_____
Marketing/advertising	_____	_____
Mortgage/rent	_____	_____
Office supplies	_____	_____
Professional development	_____	_____
Repairs/maintenance	_____	_____
Subscriptions to publications	_____	_____
Business phone	_____	_____
Transportation/mileage	_____	_____
Utilities	_____	_____
Reserve	_____	_____
Other: _____	_____	_____
TOTAL Overhead per month (Divide by 4.3)	_____	
TOTAL Overhead per week	_____	