

# Example: Child Care Center Start-Up Costs

You will incur some one-time costs just to get your business started. These costs can be very high to start a center. Listed below are some of the costs you might incur. You will need to research what your specific costs will be. In this example, the center will be licensed for 76 children, ages 6 weeks to 5 years.

Expense Item	Center (76 children)
<b>Child Care Cost</b>	
Educational Supplies/Equipment (toys, books, etc.).....	\$4,715
Other .....	0
<b>Marketing Costs</b>	
Business cards, flyers.....	345
Website.....	575
Other.....	0
<b>Furniture &amp; Fixtures, Improvements</b>	
Fencing.....	3,795
Indoor furniture/equipment (mats, cribs, smoke detectors, fire extinguishers, computer, CD player, etc.).....	19,780
Outdoor equipment/furniture (playground equipment, etc.).....	10,810
Kitchen equipment/supplies.....	3,680
Housekeeping equipment/supplies.....	575
Office Furniture.....	2,300
Renovation/building costs.....	*
Other.....	0
<b>Administrative Expenses</b>	
Utilities Deposit.....	173
Business phone.....	230
Licensing/Fees.....	575
Insurance (hazard, liability, child abuse & neglect, bonding).....	3,450
Legal/accounting fees.....	575
Professional development (CPR, etc.).....	173
Other.....	0
Working capital (8 months).....	31,280
<b>Subtotal One – Time Costs</b> .....	<b>\$83,031</b>
Contingency (15%).....	\$12,455
<b>TOTAL ONE-TIME COSTS</b>	<b>\$95,485</b>

\* Renovations to meet licensing requirement and building costs will vary. Renovations in a center could be as much as \$55,000 or more depending on the space and work required. The cost to build a building will usually be much higher. You should always get good estimates of work required and expected costs before signing a lease or contract. In this example, the owner will purchase a building for \$123,050 and will have renovation costs (including contingency) of \$63,458. See next page for guidance on estimating renovation costs.

# Child Care Center Start-Up Costs

Renovations and Facilities



Use this guide to estimate some of the costs of your renovation project. Once you complete this form, transfer the total to the “Renovations/building costs” line on your one-time costs list (page 55). You may not have all of these costs for your project. In some cases, you may have more costs than are listed here. This list is not complete – it is just an initial guide to get you thinking about costs for your child care center.

## For renovation projects:

Construction estimate (Make sure this includes any building and inspection permits. If not you'll need to budget for them): \_\_\_\_\_  
Construction contingency (10-15% of the construction estimate): \_\_\_\_\_  
Construction loan fees and interest: \_\_\_\_\_

## You may also need to pay for:

Plumbing (new bathrooms, diaper changing stations, etc.): \_\_\_\_\_  
Electrical work (wiring for computers, lights): \_\_\_\_\_  
Fire alarm, security alarm, etc.: \_\_\_\_\_  
Tree removal/other landscaping for playground: \_\_\_\_\_  
Upgrade to septic system: \_\_\_\_\_  
Architect/design fees: \_\_\_\_\_  
Upgrade to driveway: \_\_\_\_\_  
Decking, outdoor stairs, handicap ramp, fence: \_\_\_\_\_

## For purchasing or building a building, you may need:

Building/land cost: \_\_\_\_\_  
Other costs associated with purchase (attorney's fees, insurance, closing costs on a loan, etc.): \_\_\_\_\_  
Architect/design fees, surveys, appraisals: \_\_\_\_\_  
Construction cost: \_\_\_\_\_  
Construction contingency (10-15% of the construction cost): \_\_\_\_\_  
Site improvements (grading, sidewalks, curbs, gutters): \_\_\_\_\_  
Building and inspection permits: \_\_\_\_\_  
Water, gas, electric lines: \_\_\_\_\_  
Septic tank/sewer hook-up: \_\_\_\_\_  
Parking, driveway: \_\_\_\_\_  
Landscaping: \_\_\_\_\_  
Other construction items (fence, security system, playground): \_\_\_\_\_  
Signage: \_\_\_\_\_  
Moving costs: \_\_\_\_\_

## TOTAL for larger projects:

When planning a new facility or substantial renovation, make sure to consider: circulation, lighting, bathrooms, kitchen, reception area, parent's waiting area, service delivery, parking, staff rooms, offices, children's drop-off and pick-up, staff rooms, playground, and utility spaces.

**Useful rule of thumb:** The greater the proportion of classroom space to overall space, the more cost-effective the facility will be. (For example, hallways should be eliminated whenever possible.)