

What Does a Child Care Program’s Budget Look Like?

2019 vs. 2020

Families need child care programs to be affordable, but they don’t want them to be cheap. They want safety, quality, and consistency, and while those cost money, they are what children, families, educators, programs, and businesses need to thrive. But what does it take to provide safety, quality, and consistency? How does a high-quality child care program make its budget work? For one example, NAEYC turned to Hope for New Haven in Connecticut. This faith-based child care center cares for and educates 70 children from six weeks old through age 13, 40% of whom live in families paying tuition, and 60% of whom live in families paying for care with the support of state subsidies (CT’s Care for Kids program). This resource compares their 2019 program budget, which resulted in a small surplus, to their 2020 budget, when the pandemic caused a huge and unsustainable deficit. While federal relief has been crucial in keeping the program’s doors open, the substantial and sustainable early childhood education investments outlined in the Build Back Better Act are still needed for this program—like so many others—to continue to be able to support children, families, businesses, and the economy.

		2019	2020		
INCOME	Tuition	\$443,880	\$197,233	<p>Tuition from the families and government child care assistance programs (Care for Kids) account for 99% of the income. Contributions come from church partners and members.</p> <p>Tuition plummeted during the pandemic. Government funding (Care for Kids and two new programs) increased, but not nearly enough to offset the loss of tuition income.</p> <p>Under Build Back Better, the center would be able to serve more families with child care subsidies, and they would receive more funding per family, which would allow them to cover costs, and raise wages to recruit and retain quality staff.</p>	
	Care for Kids	359,070	401,759		
	Hope and Parent Advisory Council Fundraisers	1,867	-55		
	Contribution(s)	4,928	5,942		
	SBA Grant		10,000		
	CT Cares Grant		70,945		
	Total Income	\$809,745	\$685,824		
EXPENSES	WAGES AND BENEFITS	Wages and Benefits	\$373,407	\$368,291	<p>Wages and benefits for the staff of 24 accounted for 66% of the total expenses in 2019. Total staff dropped to 17 in 2020, when wages and benefits declined to 62% of the total expenses. For many programs, the percentages they pay for personnel can reach up to 90%.</p> <p>At its best, and with support, Hope for New Haven provides benefits that include 2-4 weeks vacation, 2 weeks paid maternity leave, 10% tuition discount, and up to 15 credits toward an ECE degree.</p>
		Payroll Expense (FICA, etc.)	149,915	153,362	
		Workers Comp	8,880	8,226	
		Subtotal	\$527,235	\$524,629	
	RENT AND UTILITIES	Rent	\$154,303	\$167,966	<p>Rent and utilities accounted for 28% of the total expenses in 2019, 32% in 2020.</p> <p>Under Build Back Better, cost estimation payments would take these fixed costs into account, and Hope for New Haven would be able to plan for sustainability and growth.</p>
		Maintenance and Cleaning	27,469	50,572	
		Telephone/Internet	11,311	10,901	
		Electric & Gas	28,173	29,744	
		Furniture/Equipment	577	5,695	
		Subtotal	\$221,833	\$264,878	
	SUPPLIES	Office and Program Supplies	\$5,432	\$9,542	<p>Supplies accounted for 3% percent of the total expenses in both 2019 and 2020.</p>
		Meals and Snacks	6,645	7,560	
		Curriculum Enrichment and Materials	13,000	6,689	
		Subtotal	\$25,077	\$23,791	
	FEES, TAXES, AND INSURANCE	Real Estate Taxes	\$4,773	\$13,087	<p>Fees, taxes, and insurance accounted for 3% percent of the total expenses in both 2019 and 2020.</p> <p>Professional fees include consultants and organization memberships.</p>
		Multiperil Insurance	3,006	5,134	
		Accounting Fees	4,246	2,992	
Professional Fees		7,343	5,256		
Daycare License		865	900		
Subtotal		\$20,233	\$27,369		
TOTAL EXPENSES		\$794,378	\$840,667		
NET GAIN/LOSS		+\$15,367	-\$154,843	<p>The center had a surplus of just over \$15,000 in 2019, which went to staff bonuses, scholarships for high-needs parents, and equipment upgrades.</p> <p>But it had a deficit of almost \$155,000 in 2020. This is unsustainable. It’s time to #SolveChildCare.</p>	

All income and expenses are rounded to the nearest dollar.