# Murphysboro Community Child Care Project

# Business Plan and Financial Projection

# 6/2020

Murphysboro Children Center

Quality Child Care for Murphysboro future leaders

# Introduction

The following business plan details a projected description of a new 501 3c Child Care Center in Murphysboro, Illinois. The plan includes an outline of the community demographics, child care data for state, county and city, program structure along with a financial projection that displays start-up costs, staff and child rates.

## 1. Program overview

The Child Care Center was established to support the need for Child Care in the Murphysboro, Illinois and surrounding communities. The Child Care Center brings support to the community in terms of providing quality, affordable care for a wide range of ages and needs 5 days a week in a convenient location.

The services will reflect the commitment to quality and sustainability where the focus on treating each child and family with respect and an attitude of partnership, providing the best possible environment for a successful child care experience. The center will be licensed, our staff will be well-trained and qualified to care for children and provide quality child care. The program will thrive to have our facilities above standards.

Upon licensure, the Child Care Center will participate in ExcelRate Illinois (IL Quality Rating System). The following years the Child Care Center will work its way through the circles of quality; Bronze, Silver and Gold. During the site design process, the architect will consultant with an expert on the Environment Rating Scale. Each classroom will reflect the scale to not create any barriers when applying for the Circles of Quality.

# 2. COMPANY DESCRIPTION

## 2.1 Mission Statement

The Child Care Center has a strong commitment to excellence and is dedicated to providing a quality experience for our customers as we take pride in the quality and integrity of our staff and facilities. We are also dedicated to caring for and educating each child and family under our care while bearing in mind that all are unique and will both need and contribute in different ways.

## 2.2 Principal Members

The Child Care Center is located in the Murphysboro, Illinois. A Board of Directors oversees the operations of the Child Care Center, alongside of the Center Director. The Board is made up of Community Members and local employers.

## 2.3 Legal Structure

The Child Care Center located in Murphysboro, Illinois is a non-profit. Business number: 999999. Tax ID number: 99-9999999

# 3. MARKET RESEARCH

## 3.1 Industry

The current population of Murphysboro, Illinois is 7,952. The below chart reflects census data for total population and children under the age of 5, in the state of Illinois, county and city.

| Illinois | Jackson County | Murphysboro |
|---|---|---|
| **Total Population** | **Total Population** | **Total Population** |
| **Under age 5**: 785,560 | **Under age 5**: 3,226 | **Under age 5**: 530 |
| **Ages 5-9**: 815,494 | **Ages 5-9**: 3.806 | **Ages 5-9:** 485 |

Based on 2019 data from INCCRRA (Child Care Resource and Referral), Jackson County is located in SDA 16. Forty-three Child Care Providers are accounted for in this county. Capacity for these programs are 3,216. Capacity reflects children birth through age 9. The need for additional child care is reflected with in this data.

Median household income is $36,086. Per Capita income is $21,034. Top three industries are Education/Healthcare, Retail Trade and Manufacturing. Average commute time for the workforce is 21 minutes.

## 3.2 Customers

Our target customer is a family who is in need of full-time, quality child care in the Murphysboro or surrounding communities five days a week.

## 3.3 Competitors

The Child Care Center will compete primarily against other child care centers in the area. We are not in competition with private nanny services, Head Start, or before and after school programs provided by elementary schools. Currently there are a limited number of child care facilities in the Murphysboro area.

## 3.4 Regulation

The Child Care must adhere to all public health and safety codes.

The Child Care will adhere to all local city, county, state childcare codes.

# 4. PRODUCT LINE

## 4.1 Products

Operational hours to be determined by the market environment and the needs of the community. The Child Care Center provides a full service care center.

Program structure: The Child Care Center will provide care for ages Birth through 9 years of age. The anticipated program size is 83 children.

| Age Group | Capacity |
|---|---|
| Infant | 12 |
| 1 year old | 15 |
| 2 year old | 16 |
| Preschool 3-5 years | 20 |
| School Age 6-9 years | 20 |

## 4.2 Pricing Structure

The Child Care Center's pricing (full and part-time) will be as follows:

| Age | Weekly Rate |
|---|---|
| Infant | $195 |
| Toddler (1 year) | $195 |
| Two Years | $180 |
| Three- Five Years | $170 |
| School Age (5-9) School Year | $75 (per week) Up to 10 hours of care. |
| School Age Summer Care | $150 |

The child care rates were determines with the average rate for Jackson County and the median salary was considered. The average rate for Jackson County is $40 per day. The cost above is less. Details of children per age group and projections for one year of operation are listed in the budget projections workbook.

# 5. MARKETING & SALES

## 5.1 Communication Strategies

The Child Care Center will develop a strategic marketing program that targets individuals and businesses. Individuals will be reached through local event advertising and social media. Corporate relationships will be developed through person to person relationships with business leaders.

A comprehensive marketing strategy will begin with product and service development. The Child Care Center will especially benefit from developing a wide, customer-friendly suite of services, since word-of-mouth advertising can be an effective way to turn large groups of people into loyal customers.

The Child Care Center will publish a weekly newsletter for all client households and community partners highlighting activities of the week and any other salient information. In addition, parents of all age groups will receive a real time notification of their child's routine for the day (bathroom habits, food/beverage intake, general disposition, milestones) through a daily sheet app. Parents will also have access to the Child Care Center at any point. The Child Care Center has an open door policy for children enrolled.

## 5.2 Branding

The Child Care Center will develop a branding that represents quality, warm and friendly child care setting. The Center Director and staff will develop a marketing plan that takes into consideration the needs of the community and county. The Business Administration Scale will allow the Director and staff a template of marketing ideas. This scale is also referenced in the state's Quality Rating System (ExceleRate Illinois)

The Child Care Center will develop a logo to enhance their branding. The logo should reflect a child and family friendly center. An example of a logo is shown on page 2 of the business plan.

Advertising and Marketing for the program will be completed through printed materials, social media sites, marketing through the local Economic Development office and building strong relationships within the community of Murphysboro.

## 5.3 Community Relationships

The Child Care Center will work to build strong relationships within the community of Murphysboro. The planning team, Board of Directors and Center Director will communicate the project timeline with the community via Social media and additional media outlets (local newspaper and radio stations).

Murphysboro Economic Development office will be engaged in the project timeline. This relationship will also help build relationships with local businesses in the community. The Child Care Center will work to engage the Mayor's office in the timeline and continue to build each of these relationships after the Center is open.

## 6. Capital Narrative:

The capital costs for the child care center are included in an attached excel workbook. The following areas are included. Staff expenses (hourly rates and projected hours for 1 year, staff benefit costs not included), child rates for all ages planned at one year assuming full capacity, (CACFP reimbursement, part and full time projections), Child Care Assistance Program (CCAP) rates are listed in the business plan and Start-up projections (project costs for the building and classrooms), occupancy expenses (not completed but formulated to be filled in), condensed income statement. Detailed explanation on areas are below.

## 6.1 Wages

Staff wages were based from average Child Care Rates for the state of Illinois provided by INCCRRA. Wager were considered for the amount of responsibility for the job. The only salaried position will be the Director, all other positions will be hourly. The Department of Labor Threshold was considered when determining the Center Director's salary.

Assistant Director will be hired based on the need for the position. This position could also be a shared role as Lead Teacher of a classroom and Assistant Director. The positions hours would be split between job duties. The hours and duties will be determined by the Board of Directors and the Center Director.

School Age Lead Teacher can be the same employee for Summer Lead and School Year lead. Costs in the budget would change to reflect one staff and hours relating the schedule needed.

All staff wages are aggressive and higher than median wages for the county.

## 6.2 Child Rates

Rates for children were determined by average rate per county and median salary. Rates were lowered to reflect more affordable child care. Weekly rates are planned for the budget projections, these are flexible and the Board of Director's can determine the final child rate schedule. INCCRRA lists daily rates for each county. $40 is the average daily rate for Jackson County.

## 6.3 Project Costs

Capital costs opinion for the construction of this new child care facility is based on recent historical construction costs data for small to medium sized communities in rural Midwest. Based on pre COVID-19 labor and market rates. The building costs is based on the following assumptions;

- open bid
- excludes federal funding (CDBG, USDA, etc.)
- state- licensed
- residential styling
- catering or warming kitchen
- excludes multi-purpose room.

**Included:**

- Architectural services
- structural engineering
- civil engineering
- mechanical/ electrical/ plumbing engineering,
- submittal fees to local and state agencies,
- Site development, and building construction.

**Not included:**

- attorney fees
- banking fees
- geotechnical investigation
- platting or dividing of parcels
- construction loan interest
- fundraising fees
- any other costs not specifically labeled

## 6.4 70% occupancy budget

The condensed income statement tab does reflect a 70% occupancy budget. These rates are not included in the overall projections. They are highlighted (yellow).

REVENUES

| Child Care Fees<br>AGE GROUP | | Full Day Weekly Rates | Average Daily Attendance-Full | | Half Day Weekly Rates | Average Daily Attendance-Half | | Hourly Rates | Ave # of Hourly Rate/Week | *Number of Weeks Billable | | Annual Projected Fees Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Full Time** | | | | | | | | | | | | |
| Infant to 23 mos | $ | 195.00 | 20 | | | | $ | 3.90 | 0 | 50.60 | $ | 197,340.00 |
| 24 mos to 3 yrs | $ | 180.00 | 12 | | | | $ | 3.60 | 0 | 50.60 | $ | 109,296.00 |
| 3-5 years | $ | 170.00 | 15 | | | | $ | 3.40 | 0 | 50.60 | $ | 129,030.00 |
| 6-9 years (School Year) | $ | 75.00 | 20 | | | | $ | 3.25 | 0 | 38.60 | $ | 57,900.00 |
| SA Summer Care | $ | 150.00 | 15 | | | | $ | 3.12 | 0 | 12.00 | $ | 27,000.00 |
| **Part Time:** | | | | | | | | | | | | |
| Infant to 23 mos | $ | 145.00 | 7 | $ | - | | $ | - | 0 | 50.60 | $ | 51,359.00 |
| 24 mos to 3 yrs | $ | 125.00 | 4 | $ | - | | $ | - | 0 | 50.60 | $ | 25,300.00 |
| 3-5 years | $ | 100.00 | 5 | $ | - | | $ | - | 0 | 50.60 | $ | 25,300.00 |
| School Age (School year) | $ | 50.00 | 0 | $ | - | | $ | - | 0 | 50.60 | $ | - |
| School Age (Summer) | $ | 95.00 | 0 | $ | - | | $ | - | 0 | 50.60 | $ | - |
| Total | | | 98 | | | 0 | | | 0 | | $ | 622,525.00 |

| CACFP Reimbursement (based on average per day) | | Breakfast | | AM Snack | | Lunch | | PM Snack | | Supper | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ave. Full Day Attendance | | 60 | | 74 | | 80 | | 70 | | | | |
| Ave. Half Day Attendance | | | | | | | | | | | | |
| Ave. Hourly Attendance | | | | | | | | | | | | |
| Total Provided/Category | | 60 | | 74 | | 80 | | 70 | | 0 | | |
| Reimbursement Rates | $ | 1.33 | $ | 0.49 | $ | 2.49 | $ | 0.49 | $ | 2.49 | | |
| *Number of Weeks Billable | | 50.60 | | 50.60 | | 50.60 | | 50.60 | | 50.60 | | |
| Total CACFP Reimbursement | $ | 4,037.88 | $ | 1,834.76 | $ | 10,079.52 | $ | 1,735.58 | $ | - | $ | 17,687.74 |

| | | |
|---|---|---|
| Total Annual Estimated Revenue | $ | 640,212.74 |

Enter anticipated rates for full day, half day and hourly.
Enter projected average children in attendance per day in each area.
Complete adjustment lines for number of annual weeks to bill below.

| *Number of Annual Weeks of Billing | *# Weeks As Adjusted/Year |
|---|---|
| Adjust number of weeks for Holidays (7 days) | 1.40 |
| Adjust number of weeks for Snow Days (.2/day) | |
| Adjust number of weeks for Allowed Vacation/Sick | |
| Total Number of Weeks Billable | 50.60 |

STAFFING EXPENSE PROJECTIONS WORKSHEET

| **Staffing** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Position | Age Group | FT/PT | # of Staff/ Position | Hours/ Week | Hours/ Year | Average Rate of Pay | Annual Estimated Wages |
| **Center Director** | **Office** | FT | 1 | 40 | 2,080.00 | $ 22.00 | $ 45,760.00 |
| **Assist Center Director** | **Office/Classroom** | FT | 1 | 40 | 2,080.00 | $ 18.00 | $ 37,440.00 |
| **Infant Lead Teacher** | **Infants** | FT | 1 | 40 | 2,080.00 | $ 15.00 | $ 31,200.00 |
| Infant Assistant Teacher | Infants | FT | 1 | 40 | 2,080.00 | $ 12.00 | $ 24,960.00 |
| Infant Assistant Teacher | Infants | PT | 2 | 25 | 1,300.00 | $ 12.00 | $ 26,000.00 |
| **Toddler Lead Teacher** | **1 year olds** | FT | 1 | 40 | 2,080.00 | $ 15.00 | $ 31,200.00 |
| Toddler Assitant Teacher | 1 year olds | FT | 1 | 40 | 2,080.00 | $ 12.00 | $ 24,960.00 |
| Toddler Assitant Teacher | 1 year olds | PT | 2 | 25 | 1,300.00 | $ 12.00 | $ 26,000.00 |
| **Two Year Old Lead Teacher** | **2 year olds** | FT | 1 | 40 | 2,080.00 | $ 15.00 | $ 31,200.00 |
| Two Year old Assistant Teacher | 2 year olds | FT | 1 | 40 | 2,080.00 | $ 12.00 | $ 24,960.00 |
| Two Year old Assistant Teacher | 2 year olds | PT | 1 | 25 | 1,300.00 | $ 12.00 | $ 15,600.00 |
| **Preschool Lead Teacher** | 3-5 years | FT | 1 | 40 | 2,080.00 | $ 15.00 | $ 31,200.00 |
| Preschool Assitant Teacher | 3-5 years | FT | 1 | 40 | 2,080.00 | $ 12.00 | $ 24,960.00 |
| Preschool Assitant Teacher | 3-5 years | PT | 1 | 25 | 1,300.00 | $ 12.00 | $ 15,600.00 |
| **School Age Lead Teacher (summer)** | **6-9 years** | FT | 1 | 40 | 2,080.00 | $ 15.00 | $ 31,200.00 |
| School Age Assistant Teacher (summer) | 6-9 years | PT | 1 | 30 | 1,560.00 | $ 12.00 | $ 18,720.00 |
| **School Age Lead Teacher (School Year)** | **6-9 years** | PT | 1 | 20 | 1,040.00 | $ 15.00 | $ 15,600.00 |
| School Age Assistant Teacher (School Year) | 6-9 years | PT | 1 | 20 | 1,040.00 | $ 12.00 | $ 12,480.00 |
| Other: (List) | | | | | - | $ - | $ - |
| | | | | | - | $ - | $ - |
| | | | | | - | $ - | $ - |
| Total Wages | | | 20.00 | | | | $ 469,040.00 |
| Taxes (FICA, Unemployment, Workers Comp)* | | | | | | | $ 57,457.40 |
| Benefits** | | | | | | | $ - |
| Total Wages and Benefits | | | | | | | $ 526,497.40 |

STAFFING EXPENSE PROJECTIONS WORKSHEET

| Staffing Ratios: (for reference) | |
|---|---|
| Age | Ratio Required |
| Infant | 1 to 4 |
| 12-18 months | 1 to 4 |
| 18 months - 3 years | 1 to 6 |
| 3-5 years | 1 to 8 |
| 6-8 years | 1 to 10 |
| School Age(9-12 yrs) | 1 to 12 |

| | |
|---|---|
| *Tax Calculation Basis: | |
| FICA | 7.65% |
| Unemployment | 3.60% |
| Workers Comp | 1.00% |
| Total Taxes | 12.25% |
| | |
| Benefit Percentage** | 0% |

Estimate with health, pension, and other applicable benefits.

STARTUP COSTS

| Description | Number | Cost Each | Total | Expense Category Asset (A#)/Expense (E) |
|---|---|---|---|---|
| Construction Budget | 1 | $ 1,250,000.00 | $ 1,250,000.00 | A30 |
| Kitchen equipment | 1 | $ 45,000.00 | $ 45,000.00 | A7 |
| Security System including staff identification, cameras, monitor | 1 | $ 15,000.00 | $ 15,000.00 | A7 |
| Playground Equipment and Fencing | 1 | $ 30,000.00 | $ 30,000.00 | A7 |
| Playground Items (enter 1 with total estimate of # with ave. cost) | 3 | $ 3,000.00 | $ 9,000.00 | E |
| Conference/meeting room furnishings (per room table, chairs, white board) | 1 | $ 3,500.00 | $ 3,500.00 | E |
| Supplies (paper/cleaning) | 1 | $ 3,000.00 | $ 3,000.00 | E |
| Ipads (optional) | 5 | $ 400.00 | $ 2,000.00 | A4 |
| TV (security system) | 1 | $ 300.00 | $ 300.00 | A4 |
| Center Software: check in/out, tracking attendance, billing & payments | 1 | $ 8,000.00 | $ 8,000.00 | E |
| Classroom Furnishings (estimated per room) | 5 | $ 12,000.00 | $ 60,000.00 | A7 |
| Classroom Activity and Instructional Supplies (estimated per room) | 5 | $ 1,200.00 | $ 6,000.00 | E |
| Utility and Food Carts | 2 | $ 100.00 | $ 200.00 | E |
| Dishes, utensils, kitchen-related supplies (estimated per classroom) | 1 | $ 2,000.00 | $ 2,000.00 | E |
| Curriculum startup | 1 | $ 2,000.00 | $ 2,000.00 | E |
| First Aid Kit | 6 | $ 50.00 | $ 300.00 | E |
| Other: List | | | $ - | |
| | | | $ - | |
| TOTAL STARTUP COSTS | | | $ 1,436,300.00 | |

| | |
|---|---|
| TOTAL EXPENSED STARTUP COST | $ 34,000.00 |

| FIXED ASSET COSTS: | Life Yrs | Total | Annual Depreciation |
|---|---|---|---|
| Assets 4-year life Code A4 | 4 | $ 2,300.00 | $ 575.00 |
| Assets 7-year life Code A7 | 7 | $ 150,000.00 | $ 21,428.57 |
| Assets 10-year life Code A10 | 10 | $ - | $ - |
| Assets 30-year life Code A30 | 30 | $ 1,250,000.00 | $ 41,666.67 |
| Total Fixed Assets | | $ 1,402,300.00 | $ 63,670.24 |

| | |
|---|---|
| Total Startup Costs | $ 1,436,300.00 |

OCCUPANCY PROJECTIONS

| Expense Description | Annual Projected |
|---|---|
| Interest Expense (Property Interest if Owned) | $ - |
| Rent Expense (if space is Rented) | $ |
| Utilities (Gas, Electric, Water) | $ 7,200.00 |
| Waste Disposal | $ 600.00 |
| License Fees | $ - |
| Building & Grounds Supplies(mowing, snow, cleaning supply) | $ 5,000.00 |
| Building Repair (Owned or Rented tenant responsibility, playground maint) | $ 1,000.00 |
| Building/Equipment Insurance (package, umbrella, cyber, property, bond) | $ 3,000.00 |
| Depreciation (See Startup Costs page; Asset List) | $ 63,670.24 |
| Total Occupancy | $ 80,470.24 |

| | |
|---|---|
| If Owned with Financing: (Assumes monthly loan payments) | |
| Amount of Loan | |
| Interest Rate | 0.000% |
| Estimated First Year Interest | $ - |

OTHER EXPENSES

| Description | Amount | |
|---|---|---|
| <u>OFFICE AND ADMINISTRATIVE EXPENSE</u> | | |
| Legal Fees | $ - | |
| Contracted Services (IT Support, Other Services) | $ 200.00 | IT support |
| Office Supplies | $ 500.00 | |
| Postage | $ 200.00 | |
| Printing | $ 3,000.00 | Estimate, depends on contracted service |
| Telephone | $ 1,200.00 | |
| Internet Fees | $ 500.00 | |
| Advertising/Marketing | $ - | |
| Fund Raising Expense | $ - | |
| Other | $ - | |
| Total Office and Administrative Expense | $ 5,600.00 | |

| | | |
|---|---|---|
| <u>EMPLOYEE HIRING AND TRAINING EXPENSE</u> | | |
| Employee Advertising | $ - | Utlilize free options- Indeed and Social Media |
| Background Checks | $ 300.00 | Fingerprint check and State check |
| Drug Screen/Testing | $ - | Optional |
| Conference & Training | $ 200.00 | Training for staff, most offered are free. |
| Other | $ - | |
| Total Employee Hiring and Training Expense | $ 500.00 | |

| | | |
|---|---|---|
| <u>CHILD CARE SUPPLY EXPENSE</u> | | |
| Child Care General Supplies | $ 5,000.00 | |
| Child Care Instructional Supplies | $ 2,000.00 | |
| Toys and Activity Supplies | $ 500.00 | replacements |
| Food | $ 70,000.00 | all meals- $70 per child per month |
| Kitchen Supplies | $ 150.00 | any replacements needed |
| Field Trip Fees and Transportation | $ | |
| Other | $ - | |
| Total Child Care Supply Expense | $ 77,650.00 | |

OTHER EXPENSES

| | | |
|---|---|---|
| TRAINING AND MEMBERSHIP EXPENSE | | |
| Conference and Training (including hotels, meals, travel) | $ | - |
| Memberships | $ | - |
| Other | $ | - |
| Total Training and Memberships | $ | - |

INCOME STATEMENT

| DESCRIPTION | SUB-TOTAL | TOTAL |
|---|---|---|
| REVENUE | | |
| Donations (enter projected) | $ 30,000.00 | |
| Child Care Fees | $ 622,525.00 | |
| CACFP Reimbursement | $ 17,687.74 | |
| Other (Activity Fees, etc) | $ - | |
| Total Revenue | | $ 670,212.74 |
| | | |
| EXPENSES | | |
| Staff Wages/Salary | $ 469,040.00 | |
| Taxes and Benefits | $ 57,457.40 | |
| Occupancy | $ 80,470.24 | |
| Other Expenses: | | |
| Office and Administrative | $ 5,600.00 | |
| Employee Hiring Expense | $ 500.00 | |
| Child Care Supply Expense | $ | |
| Training, Membership Expense | $ - | |
| Public/Professional Liability Insurance | $ - | |
| Miscellaneous (not already included) | $ - | |
| Total Expenses | | $ 613,067.64 |
| | | |
| Net Income/(Deficit) | | $ 57,145.10 |
| | | |
| Additional 1st Year Startup Cost Expensed (See Startup Cost page) | | $ 34,000.00 |
| Total First Year Excess/(Deficit) | | $ 23,145.10 |

| 70% Capacity | 58 children |
|---|---|
| Revenue* | $ 463,114.76 |
| Staff Expense | $ 385,825.70 |
| Other Expenses | 60,000 |

**Child Care Fees and CACFP Reiumbursement*

***Supplies, including food)*