

Know your business ABCs

As a teacher, you help children learn the ABC's, a basic element of literacy. As a business owner or manager, you use basic concepts and practices for efficient and profitable operation. Consider the list of business basics below, and add your own.

Americans with Disabilities Act (ADA)

The ADA, a federal law passed in 1990, guarantees that people with disabilities have equal opportunities to take part in the mainstream of American life. Under this law, child care programs must provide a setting in which all children, those with and without disabilities, play and learn together. Their parents and others with disabilities must also have equal opportunity to participate in your services. In addition, if you employ 15 or more people, you must not discriminate in employment practices based on disability. For more information, see www.ada.gov.

Budget

A start-up budget sets out large, one-time costs involved in starting a program, such as lease or purchase of a building, equipment such as tables and cots, play yard fencing, and permits. After that, an annual operating budget helps with planning income and expenses over a 12-month period (ideally coinciding with tax filing). If you are a for-profit program, a budget helps ensure that you are left with a surplus, or profit. You need to review the budget periodically and adjust it when necessary.

Cash flow

Cash flow is a monthly projection, using the same revenue and expense items as the budget. As the term suggests, it follows money flowing **in** and **out** of the program. It's an important planning tool for those times when you have a shortfall in revenue (families move out of your program) or an unexpect-

ed expense (a plumbing repair). Neglect of this tool is a principal cause of business failure. As a rule, you delay cash outlays as long as possible, while encouraging parents to pay as soon as possible.

Debt

Debt is the amount owed in loans that enabled you to start the business as well as the costs of goods and services purchased on credit and needed for everyday operation. Banks are a popular source of money, but many small businesses borrow first from friends and family. Paying off debt in a timely fashion helps establish your business as worthy of a loan if you have a cash-flow problem or if you decide to expand.

Expenses

Salaries and wages are the largest expense in a child care program because caring for children is labor-intensive. Other costs may include rent or mortgage, utilities, food, insurance, fees to bookkeepers and consultants, office and cleaning supplies, and toys and other learning materials. Deducting expenses from income leaves an amount that is taxable income. Consequently, you want to keep expense receipts, record the mileage used in operating your business (including shopping, banking, transporting children), and document purchases made by cash or check related to the business (workshop fees and garage sale buys, for example).

Food program

The Child and Adult Care Food Program, created by Congress in 1968, provides partial reimbursement for nutritious foods served to eligible children 12 years and younger. You join the program through a sponsoring organization, which may offer training and documentation. Meals and snacks must comply with standards set by the U.S. Department of

Agriculture, and you receive guidance on the types and amounts of foods served to children based on their ages. For more information, see the USDA's Food and Nutrition Service website, www.fns.usda.gov/cacfp/child-and-adult-care-food-program.

Goals and objectives

Goals are broad statements of what you hope to achieve in operating a child care program, while objectives state results to be measured. A goal may be to provide high-quality child care, while an objective may be that all 4-year-olds will count to 10 using one-to-one correspondence by the end of the school year. Goals and objectives form a key part of your initial business plan, help differentiate your program from others, and guide your staff in making decisions and taking action.

Health and safety

A healthy and safe environment is imperative for children and adults. All areas must be free from hazards such as toxic chemicals as well as equipment and materials that may cause injury. Teachers must be able to find and use fire extinguishers and practice fire drills. Cooks must follow food sanitation principles and prepare nutritious foods (fruits, vegetables, whole grains). Staff must use proper hygiene in diaper changing and toilet training. Licensing rules may require employees to undergo criminal background checks and be tested for tuberculosis. Regular handwashing and timely immunizations help avoid the spread of infectious diseases.

Insurance

Many child care programs buy a specific type of child care insurance to protect against liability lawsuits for personal injuries and property damage that occur on the premises. Coverage is available to cover staff for alleged negligence and abuse as well injuries from food service, dispensing medicine, playground use, swimming, field trips, and transportation of children, for example. Even if the dispute is dropped, you may still have to pay court costs and legal fees, which insurance can cover.

Job descriptions

Job descriptions are written statements that spell out the duties of employees. In addition to defining individual tasks and outlining qualifications, a good job description helps attract the right people to the job,

provides a tool for measuring performance, and aids in making decisions about pay and promotion.

Kindergarten

Kindergarten, half-day or full-day, has become a fixture in U.S. elementary schools, public as well as private. In addition, most states fund pre-K programs (for 3- and 4-year-olds), usually with income and eligibility requirements. The availability of kindergarten and pre-K programs in your area may encourage you to make decisions about offering before- and after-school care, arranging transportation between your program and a school, hiring a certified teacher, and choosing a more structured curriculum, for example.

Licensing

Child care, like many service-providing businesses, comes under regulation by states and cities. At a minimum, the aim is to protect the health, safety, and well-being of children. In addition to complying with standards, a program may be subject to periodic inspections. To find information about licensing and regulation in the states, see the National Resource Center for Health and Safety in Child Care and Early Education at <http://nrckids.org/index.cfm/resources/state-licensing-and-regulation-information/>. Many early education programs have chosen to go beyond the state's minimum standards and achieve accreditation. See accreditation systems of the National Association for the Education of Young Children, for example, at www.naeyc.org/accreditation.

Marketing

Marketing refers to all the activities that help you determine the need for child care and early education in a given location, identify prospective clients, analyze the competition, and generate business through advertising and events. Marketing includes the image and messages you develop through traditional (newspapers, TV) and electronic (websites, Facebook) media, the reputation you hold in the community, and the word-of-mouth created by providing high-quality services.

Networking

Connections with other child care programs, local schools, community groups, libraries, and professional associations such as the National Association for the Education of Young Children can be useful in

sharing information about education practices, business promotion, laws and regulations, marketing, and economic trends. Child care programs may also seek information from agencies such as SCORE (Service Corps of Retired Executives) and the U.S. Small Business Administration.

Operating policies

These statements, appearing in printed or online handbooks, define, regulate, and inform how your program operates. The employee handbook may cover hiring practices, qualifications, job duties, orientation and training, work hours, promotion, probation, and firing, for example. The parent handbook may contain an enrollment application, a contract for payment of fees, policies for drop-off and pick-up of children, information about keeping sick children at home, immunization requirements, hours of operation, and staff guidance practices.

Plans

Plans form a critical part of every business. In the beginning, a business plan states goals and objectives, analyzes the market, describes proposed services, provides pertinent financial data, and explains operation and management. Banks and investors study business plans before making loans or providing funding. As your business gets underway, you develop a written emergency plan that sets out practices to follow in case of fire, storm, flood, toxic waste spillage, and other disasters. It specifies what employees are to do, how parents will be notified, and how children will be evacuated. You might also develop a strategic plan to guide future growth and a feasibility plan to analyze adding a service.

Qualifications

Regulators specify education and experience requirements for personnel. The administrator may be required to have a high school diploma or college degree, for example, and caregivers, a CDA credential or plans to obtain one. Teacher/caregiver qualifications often rank as the best indicator of a high-quality early care and education program. Education aside, what matters most is a teacher's ability to develop a warm and nurturing relationship with individual children and be supportive of children's families.

Reporting child abuse and neglect

State law requires anyone, not just caregivers and teachers, to report suspected abuse or neglect of children. Reports may be made by phone or online, and the person reporting remains anonymous. In Texas, the phone number is 1-800-252-5400, and the website, which is only for reporting non-emergency situations, is www.txabusehotline.org/Login/Default.aspx. Depending on the nature of the abuse or neglect, a protective services worker will begin an investigation or forward the report to law enforcement.

Subsidy

Low-income families that meet eligibility guidelines may qualify for assistance in paying for child care. The program, administered by the states with grants from the federal Child Care and Development Fund, enables low-income parents to work or obtain training. On a broader level, it also helps improve the quality of child care and promotes coordination among early childhood programs. A child's parents or guardian must apply for the program through the appropriate state agency, which can be located at www.acf.hhs.gov/programs/occ/resource/ccdf-grantee-state-and-territory-contacts.

Taxes

Businesses are obliged to pay different types of taxes, perhaps the most important of which are federal employment taxes. You generally withhold federal income tax from salaries and wages of employees. You also withhold part of their Social Security and Medicare taxes, plus you pay a matching amount. In addition, you pay the Federal Unemployment Tax (not withheld from employee pay). If you are a self-employed provider, you pay your entire Social Security and Medicare tax. Many small businesses hire an accountant to handle this responsibility as well as manage payroll to better focus on serving children and families. For more information, see the IRS website, www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Understanding-Employment-Taxes.

Utilities

As a child care provider, you need to know whom to call for quick action should you lose power, water, or telephone. Gas/electricity and water/sewer may be provided through state and local government, but

cellular phone service and Internet access are handled through service companies. The utility or service company is responsible for providing connections to your premises, but you (or your landlord) is responsible for pipes and wires from the connections to your building. Keep utility phone numbers handy, and write action steps as part of your emergency plan.

Volunteers

Volunteers may be parents who devote a Saturday to construct raised beds for your garden project, retired persons who serve as classroom aides, or college students who coach soccer for your after-school program, for example. Child care and education programs value volunteers because they provide free labor. But, according to one writer, trying to put a dollar value on volunteers distorts the meaning and spirit of volunteer work: "Volunteering is helping, not hiring; giving, not taking; contributing, not counting." See "The Value of Volunteering" by Arden Brummell at www.energizeinc.com/art/value-volunteering.

Wages

Many caregivers receive *wages*, which usually means they are paid a rate per hour for the hours they work. If they work extra hours, they are eligible for overtime pay. By contrast, those paid a *salary* receive the same amount each pay period regardless of the number of hours worked. Some exceptions apply, however. For more information, see Workplace Fairness at www.workplacefairness.org/your-rights. Staff pay has historically been low, compared to that of other jobs and considering that caregivers and teachers perform one of the most vital jobs in the country. Managers face the dilemma of raising staff wages and offering benefits (health care insurance, retirement), while keeping parent fees affordable.

Xeriscaping

This type of landscaping and gardening reduces or eliminates the need for watering beyond what falls as rain. It has become popular in areas susceptible to droughts but is increasingly used in areas where access to fresh water is limited and among people interested in the conservation of a vital natural resource. Guiding principles include using native plants accustomed to the local climate and avoiding

the loss of water from evaporation and run-off. Child care programs can benefit from reduced water bills and the opportunity to model conservation practices to children, families, and the community. For an example of xeriscaping and other eco-friendly ideas, see the website of the Sunflower Preschool in Boulder, Colo., at <http://sunflowerpreschoolboulder.com/eco-friendly-childcare//>.

Yearly training

Regulators typically require yearly training for child care directors and staff. Topics span a wide range, including health and safety of children, infant/toddler care, early brain development, early literacy, child growth and development, guidance and discipline, curriculum, and parent communication. Training may be offered through colleges, state and local agencies, professional associations, and consultants. Apart from yearly requirements, training can be an important investment in one's career and lead to advancement. See the Texas Early Childhood Professional Development System at www.earlylearningtexas.org/tecpds.aspx.

Zoning

Anyone opening a child care program would be wise to check local zoning ordinances as well as homeowner association agreements beforehand. These codes, which can vary widely among cities, are intended to preserve property value, ensure that land uses are compatible, and protect the character of neighborhoods. Zoning categories (residential, commercial, and industrial) often have restrictions on such features as size and height of building, setback from the streets, off-street parking, traffic, and nuisances (noise). Violations can result in fines or shut-down orders. On the positive side, zoning can keep certain entities, such as adult entertainment clubs, from locating near homes and schools. ■