

Child Care Center Cost Estimates

Presented to:

AEYC Southeast Alaska

Presented by:

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Suite of Services

Type of Care	Full-Time Care	Back-Up Care	School-Age Care
Age Range	Up to 6 years old	Children of all ages and adults/elders	6-12 years old
Care Provided	Primary care while parent(s) work	For use when primary care breaks down or is disrupted	To supplement school holidays, vacations, and teacher in-service days
Cost to Employee	At or close to market rate, depending on affordability	\$0-\$20 per use	At or close to market rate
Uses per Employee	Normally 5 days per week Some part-time schedules available	Normally to 5-15 days per year per employee	1-10 weeks per year
Recruitment and Retention Value	Extremely high	High	Medium
Absenteeism and Productivity Value	High	Extremely High	High
Overall Impact on Company Image and Employees	Extremely High	High	Medium
How to Implement	1) Dedicated on-site center for your employees or sponsorship of a near-site center	1) Within dedicated on-site center for your employees or sponsorship of a near-site center 2) Access to a back-up network-based solution	1) Within dedicated on-site center for your employees or sponsorship of a near-site center 2) Access to a back-up based solution

Key Budget Drivers/ Operating Assumptions

In order to provide some high level cost approximations, preliminary budgets were developed utilizing the following assumptions:

Center Capacity

- Driven by demand

Mix of children

Utilization

- Most centers take 1-3 years to ramp up to reach “steady state” utilization – usually around 85% of capacity

Ratios

- Recommend NAEYC guidelines (stricter staff-to-child ratios) in lieu of state licensing requirements

Staffing

- Salaries at higher end of range for teachers in the area
- Adequate administrative staffing and teacher preparation time out of classroom

Tuition

- Consistent with high quality market average

Meal Service

- Two snacks served, meals provided by parents

Operating Hours

- Take in to account the work hours of most employees, allow for transition time before and after work

Building Size/Location

- 80-100 sq.ft.per child of interior and equal exterior play space ideal

Insurance

- Bright Horizons’ comprehensive insurance coverage indemnifies our clients against child care liability

On-Site Child Care Options

Opening Date	Typically 12-18 months from project start date
Design Elements	Incorporating client's preferred "look, feel, and culture"
Capacity	76 children. Full-Service (0-6 years): assume approximately 85 sq. ft./child. Additional considerations: integrated back-up care, school-age, and community enrollment
Hours	11 hours
Tuition	At market, unless otherwise determined

76-Child Capacity Center: Center Configuration and Tuitions

Center Size and Mix of Age Groups				
Age Group	Program Capacity	Percent of Total	Teacher-to-Child Ratio	Monthly Tuition
Infants	8	11%	1:4	\$1,038
Toddlers	10	14%	1:5	\$995
Two	12	16%	1:6	\$995
Preschool	20	27%	1:10	\$884
Pre-Kindergarten	24	32%	1:12	\$852
Total	74	100%	-	-

76 Child Capacity Center: Start-Up Costs

Projected Start-Up Budget Summary 74-Capacity Child Care Center	
Architectural/Construction	
Construction Costs	\$1,480,000 - \$ 2,035,000
Exterior Playground Equipment + Installation	\$ 80,000
Architectural/Construction Total	\$1,560,000 - \$ 2,115,000
Furniture, Fixtures, and Equipment	
Interior Furniture and Fixtures	\$ 71,700
Classroom and Start-Up Supplies	\$ 92,500
Curriculum Computers and Equipment	\$ 3,700
Administrative Computers and Equipment	\$ 20,000
Furniture, Fixtures, and Equipment Total	\$ 187,900
Pre-Opening Expenses	
Development Fee	\$ 70,000
Pre-Opening Staff Expenses	\$ 52,500
Recruiting, Training, Marketing, Communication, and Travel	\$ 16,000
Warehousing and Storage	\$ 10,000
Pre-Opening Expenses Total	\$ 148,500
Total Start-Up Costs	\$1,896,400 - \$ 2,451,400

76-Child Capacity Center: Projected Operating Budget

Estimated Annual Revenues and Expenses			
Program Average Occupancy	50%	75%	85%
Operating Revenues	\$ 420,000	\$ 625,000	\$ 696,000
Operating Expenses			
Personnel	\$ 563,000	\$ 652,000	\$ 652,000
Program	\$ 40,000	\$ 51,000	\$ 55,000
Building Occupancy	In-kind*	In-kind*	In-kind*
Administrative	<u>\$ 78,000</u>	<u>\$ 78,000</u>	<u>\$ 78,000</u>
Total Operating Expenses	\$ 681,000	\$ 781,000	\$ 785,000
Operating Profit/(Loss)	\$ (261,000)	\$ (156,000)	\$ (89,000)
Contribution Required	\$ 261,000	\$ 156,000	\$ 89,000
Bright Horizons' Management Fee	<u>\$ 63,000</u>	<u>\$ 63,000</u>	<u>\$ 63,000</u>
Total Contribution and Fee	\$ 324,000	\$ 219,000	\$ 152,000
<i>Estimated Federal Tax Credit</i>	\$ 81,000	\$ 54,750	\$ 38,000
<i>For informational purposes only. Please consult your tax advisors.</i>			

All center occupancy related costs are assumed to be provided as part of center sponsorship (rent, janitorial, utilities, repairs, etc.).

Bright Horizons Suite of Services

■ Pre-development

- Demand and cost projections
- Financial sensitivity analysis on key budget drivers
- Center tours
- Site analysis
- Architect selection

■ Development

- Child care design consulting with architect
- Operational design review
- Budget analysis
- Coordination and ordering of FFE
- Management of pre-opening activities (recruitment, employee communications, move-in, etc.)

■ Ongoing center management

- ALL aspects of center management (enrollment, staffing, curriculum, managing to budget, etc.)
- Liability insurance and indemnification
- Center support (client reports, regional manager oversight, budgeting, recruiter, HR, payroll, IT, benefits administration, etc.)



What Kind of Partner Do You Need?

▪ **Our experience**

- More than 850 client-partners, 127 of the FORTUNE 500
- Developing and managing child care centers for over 28 years
- Operating 860 child care centers in the U.S., UK, Ireland, Canada, India, and the Netherlands
- Developing and managing back-up dependent care programs for over 23 years, covering 5 million lives; more than 620,000 days of care provided in 2012
- Dedicated client support team (reporting, marketing, risk management, and satisfaction)
- Innovative, customized solutions across every industry to address key life stages from infants through elders

▪ **Provider of choice**

- Intense focus on quality assurance and customer service
- Strongest network of back-up solutions, including an exclusive network of Bright Horizons' child care centers
- Rigorous screening process for all providers

▪ **Employer of choice**

- Named to FORTUNE Magazine's "100 Best Companies to Work for in America" 14 times
- Bright Horizons University, succession planning, Bright Spaces®