ZEROTOFIVE MONTANA

MONTANA CHILD CARE BUSINESS CONNECT

Introducing the Infant-Toddler Blueprint:

Making Infant-Toddler Care Work as a Business

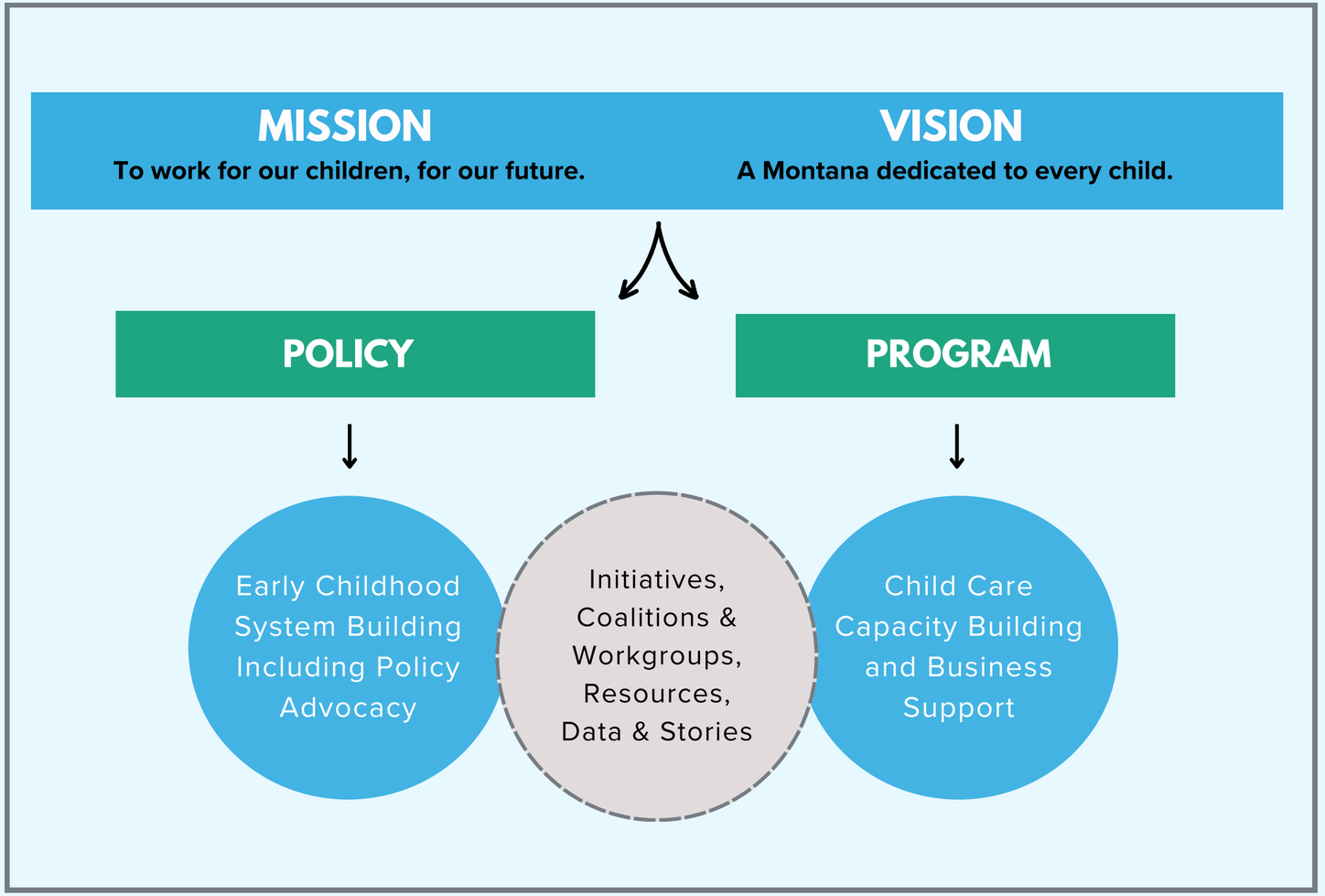
July 8, 2026

This project is funded in whole or in part under a contract with the Montana Department of Public Health and Human Services. The statements herein do not necessarily reflect the opinion of the department.

ZEROTOFIVE
MONTANA

WHO WE ARE.....

Our promise is to stabilize, innovate, and build the early childhood system in Montana so all families and communities can thrive.



MONTANA PARENT VOICE

FAMILY Forward MONTANA

MONTANA CHILD CARE BUSINESS CONNECT

MONTANA CHILD CARE BUSINESS CONNECT

Montana's statewide hub for child care business development & innovation.

Zero to Five Montana's Child Care Business Connect (MCCBC) supports starting, growing, and expanding providers and community initiatives.

Jason Nitschke

Senior Child Care Business Advisor

JasonN@ZerotoFive.org

Professional Career

- 2022-current - Senior Child Care Business Advisor - Zero to Five Montana
- 2019-2022 – Vice President – Great Falls Development Authority
- 2014-2022 – Regional Director – Great Falls Small Business Development Center
- 2000-2002 & 2011-2012 - Small Business Owner
- 1997-2013 - Print & Broadcast Journalist

Certifications

- 2024 - P.A.S. & B.A.S. Reliable - McCormick Institute for Early Childhood Leadership
- 2021 – Certified PeerSpectives Facilitator – Edward Lowe Foundation
- 2017 – Certified Export Counselor – U.S. Small Business Administration
- 2017 – Certified Profit Mastery Facilitator – Business Resource Services
- 2015 -- Economic Development Finance Prof. (EDFP) – National Development Council
- 2015 -- Accredited Small Business Consultant (ASBC) – Assoc. of Accr. Small Bus. Cons.
- 2015 -- Certified Business Advisor – GrowthWheel International

Recognitions

- 2024 - Partnership of the Year with CMCA - Snowy Mountain Dev. Corp.
- 2022 – Boots to Business National Instructor of the Year – U.S. Small Business Admin.
- 2018 – Montana SBDC State Star
- 2017 - Veteran Service Award - U.S. Small Business Administration
- 2007, 2009, 2010 - Broadcast awards - MT Broadcasters Assoc., Society of Prof. Journalists

Education

- 2002 - Master of Arts, Communication - Hawaii Pacific University
- 1997 - Bachelor of Arts, Journalism/Political Science - University of Montana

CONTEXT & BACKGROUND

- **Total industry client count: 4600**
- **Total advising hours: 9800**
- **Total industries advised: 20+**
- **Total ECE client count: 250**
- **Common Thread:**
  - *Nearly all people running businesses, regardless of industry, have little to no academic background in business ownership, management, or entrepreneurship.*

MODELS & "BLUEPRINT"

THE CONCORD GROUP Real Estate Advisors

Housing Market Demand Assessment for Great Falls, MT

Report Prepared

Great Falls Development Authority

Opportunities in Pulse Processing for the State of Montana

Agralytica

October 14, 2024

Economic Vitality Transformation Strategy

Downtown Great Falls

Prepared for:

Great Falls Development Alliance
405 3rd Street NW, Suite 203
Great Falls, Montana 59404
www.growgreatfallsmontana.org

Prepared

LELAND CONSULTING GR

610 SW Alder Street, Suite
Portland, Oregon
www.lelandconsulting

SUBMITTED TO:
Great Falls Development Authority
405 3rd St NW
Great Falls, MT 59404

GROW Great Falls MONTANA ECONOMIC DEVELOPMENT
Great Falls Development Authority

CHILDCARE DEMAND ASSESSMENT

Great Falls Development Authority

OCTOBER 2021

Great Falls Childcare Feasibility Study

2026 Update

February 2026

Great Falls DEVELOPMENT ALLIANCE MONTANA ECONOMIC DEVELOPMENT CORP

camoin associates

AGENDA

1. What is it?
2. Who is it for?
3. What’s the problem?
4. What’s in it?

I. GOALS OF RESOURCE

#1 – Mindset Shift

#2 – The Old Way vs. A New Way

#3 - Unit Profitability & Comprehensiveness

Illustrate Financial Scenarios of the Concepts

I. WHAT IS IT?

It’s not one thing. It’s two. And more.

https://childcarebusinessconnect.com/opportunity-blueprint-for-infant-toddler-care-services/

The Opportunity Blueprint for Infant-Toddler Services
Provider-Facing Edition

The Opportunity Blueprint for Infant-Toddler Services
Advisor & Systems Edition

NOT DIFFERENT CONTENT

SAME MODEL FOR DIFFERENT AUDIENCES

II. WHO'S IT FOR?

It's Two Things for Two Target Audiences

https://childcarebusinessconnect.com/opportunity-blueprint-for-infant-toddler-care-services/

The Opportunity Blueprint for Infant-Toddler Services
Provider-Facing Edition

- Not as long - roughly half the length
- Fewer numbers
- More concepts & mindset-based
- Not included:
  - Glossary of Terms
  - Appendices
  - Financial Scenarios
  - Screenshots of Scenarios
  - Step Through of Fiscal Models
  - Calculating local supply-demand
  - Conducting competitive analysis

The Opportunity Blueprint for Infant-Toddler Services
Advisor & Systems Edition

- 50+ Pages
- Dollars and Data Heavy
- Steps through:
  - Conducting competitive analysis
  - Supply-Demand calculations
  - Making data-driven decisions
- Includes:
  - Glossary of Terms
  - Appendices
  - Four Financial Scenarios
  - Screenshots in Narrative of Scenarios
  - Step Through of Fiscal Models

II. WHO'S IT FOR?

What This Means for Different Audiences

The Opportunity Bluepring for Infant-Toddler Services

Provider-Facing Edition

- For Providers:
  - You are not wrong
    - I/T is a hard business model
    - I/T is hard to staff
  - You've been given a broken model
    - Passion for kids should exist
    - But not at the cost of financial viability
  - You now have a better one
    - To be in the business of ECE…
    - We must be in business…
    - So that…
      - Families can work
      - Employers have employees
      - Communities can thrive

The Opportunity Bluepring for Infant-Toddler Services

Advisor & System Edition

- For TA and Advisors:
  - Stop teaching survival strategies
  - Stop filling gaps by chasing 1-time sources of funds
  - Start teaching cost clarity and pricing discipline
- For Systems:
  - If only families pay, system fails
  - Employers have a role to play
  - Policy has a role to play
  - Who is vested and benefitted has economic infrastructure impact

EVERYONE SEES THE ISSUE DIFFERENTLY

EVERYONE HAS DIFFERENT IDEAS HOW TO FIX IT

https://childcarebusinessconnect.com/opportunity-blueprint-for-infant-toddler-care-services/

MONTANA CHILD CARE BUSINESS CONNECT

ZERO TO FIVE MONTANA

What We Do | Resources | Shared Services | Education & Events | Success Stories

OPPORTUNITY BLUEPRINT FOR INFANT-TODDLER CARE SERVICES

A PRACTICAL GUIDE FOR PROVIDERS & THE BUSINESS CASE FOR ENSURING PROFITABILITY & SUSTAINABILITY

Infant-Toddler care has never been easy work. It is physically demanding, emotionally complex, and expensive to provide. For many providers, the hardest part has not been the work itself – it has been trying to make the numbers work without sacrificing quality, staff, or personal well-being.

Rising labor costs, workforce instability, public preschool expansion, and family mobility require a new model grounded in unit-level profitability from the outset.

Zero to Five Montana has developed this resource to explain why Infant-Toddler care must be financially viable at the individual child level, how to localize data to identify real opportunities, and how to build comprehensive budgets that accurately determine cost per child.

Sustainability does not come from one fix. It comes from aligning pricing, enrollment, expenses, and revenue sources in realistic ways – the resources below aim to help give clarity around making solid business decisions.

– The Opportunity Blueprint for Infant-Toddler Care Services (Child Care Provider Edition)

II. "ACCESS TO I/T IS NOT A NEW PROBLEM"

Child Care Deserts

An Analysis of Child Care Supply and Demand Gaps in Montana

Author

Katelyn Flavin, Economist, MTDLI

Contributors

Amy Watson, Chief Economist, MTDLI

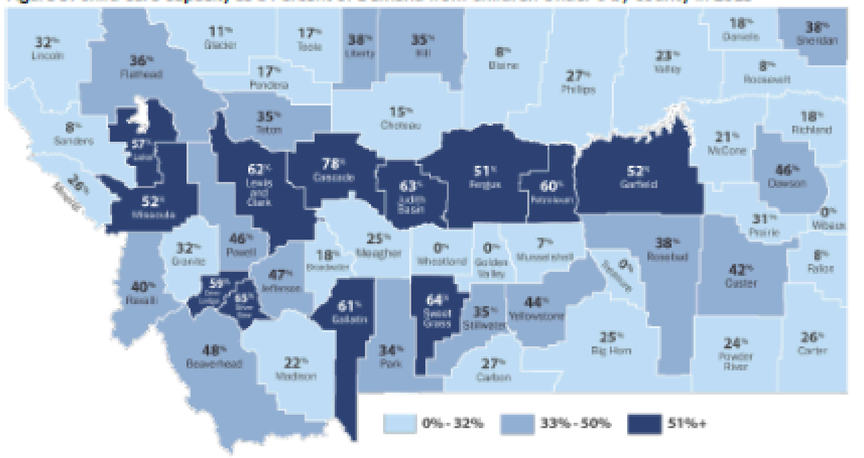
Tracy Moseman, Division Administrator, MT DPHHS

Xanna Burg, Director of KIDS COUNT, Montana Budget & Policy Center

May 2026

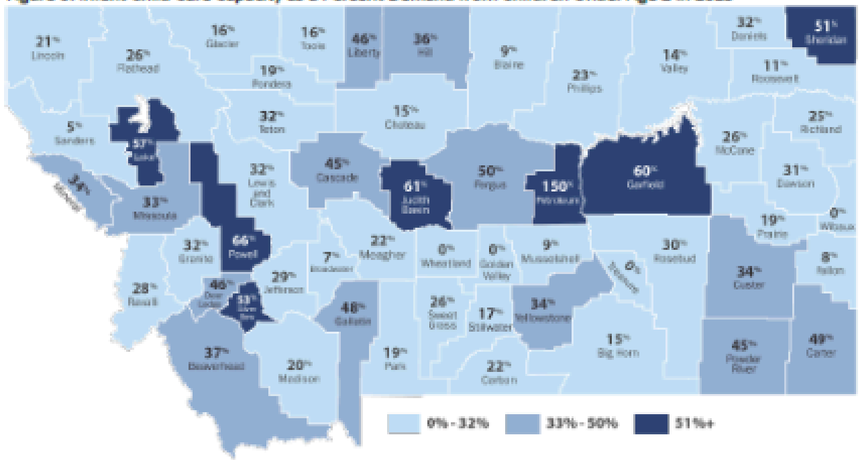
Montana Department of LABOR & INDUSTRY · KIDS COUNT MONTANA · DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Figure 5. Child Care Capacity as a Percent of Demand from Children Under 6 by County in 2025



Source: MTDLI analysis of child care capacity data provided by MTDPHHS through 12/2025. MTDLI child care demand calculation based on U.S. Census Bureau 2024 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2020-2024 American Community Survey (ACS) data produced by the U.S. Census Bureau.

Figure 6. Infant Child Care Capacity as a Percent Demand from Children Under Age 2 in 2025



Source: MTDLI analysis of child care capacity data provided by MTDPHHS through 12/2025. MTDLI child care demand calculation based on U.S. Census Bureau 2023 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2020-2024 American Community Survey (ACS) data produced by the U.S. Census Bureau.

III. WHAT'S THE PROBLEM?

#1 - Statewide Demand Met by Capacity

Under Age 6: 46%

Under Age 2: 33%

13-point gap

#2 - Affordability of Care for Families

Tuition is typically higher

BBS reimbursements 5%-13% more

#3a - Lower Student:Teacher Ratios

4:1 | 6:1 | 8:1 | 10:1

13% more ≠ wage increases

Normalize to 20 kids: Inf at 20:5 ≠ Pre-K at 20:2

#4 - Attracting/Retaining I/T Teachers

Wage & Stress Problems

Child Care Gap Analysis

The child care gap refers to the difference between the supply of licensed child care in Montana and the estimated demand for care. **To measure the gap between the supply and demand for child care, the licensed child care capacity in the state is expressed as a percentage of estimated demand.** The denominator reflects the potential demand for child care and the numerator is the licensed child care capacity in Montana. Therefore, any gap measurement under 100% is considered undersupplied. More detailed information on the child care gap calculation is available in appendix A1.

Using this calculation of the child care gap, **Montana's total child care capacity currently meets 46% of estimated demand and infant capacity meets only 33% of estimated demand.**[4] Figure 4 shows the estimated demand for child care from children under age six and two compared to the average annual capacity at licensed child care facilities in 2025.

Figure 4. Statewide Child Care Supply and Demand Analysis in 2025

Age Category	Children Needing Care	Average Child Care Capacity	Percent of Demand Met by Capacity
Under Six	45,889	21,120	46%
Under Two	14,910	4,960	33%

Source: MTDLI analysis of child care licensing data provided by MT DPHHS. U.S. Census Bureau 2024 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2020-2024 American Community Survey (ACS) data. Average child care capacity for children under two reflects infant capacity. Data are rounded to the nearest ten.

#3b - Lower Student:Teacher Ratios

Not saying change ratios

Saying marginal tuition % increases do not necessarily cover true costs

Example: Group of 20 children

Infants require 5 teachers at $17.57/hour (state median) = $87.85 labor cost/hr

Pre-K requires 2 teachers at $17.57/hour = $35.14 labor cost/hr

Difference of 150% (2.5x) to care for the same head count

III. WHAT'S THE 'ACTUAL' PROBLEM
this resource is trying to solve?

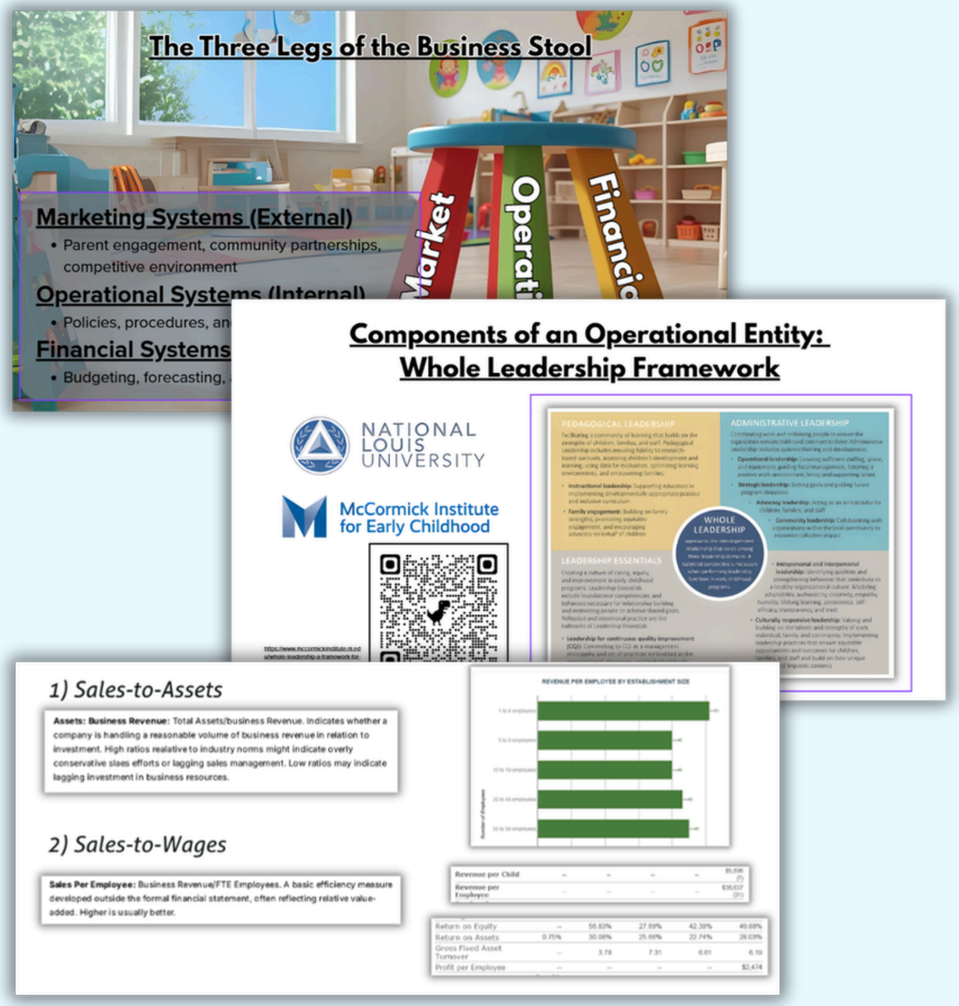
Root Causes:

- *Historic Business Practices*
- *Mindset & Approach*
- *Lack of Unit Economics*
- *Lack of Comprehensiveness in:*
  - *Budgeting*
  - *Pricing Accuracy*
  - *Local Competitive Analysis*
  - *Hiring I/T Teachers*
  - *Payer Diversification*

SIMPLIFIED BUSINESS FRAMEWORK

Is the underpinning of the entire Blueprint

- **Three Legs**
  - Market
  - Operations
  - Financials
- **Leadership**
  - McCormick Institute's Whole Leadership Framework
    - Leadership Essentials
    - Administrative Leadership
    - Pedagogical Leadership
- **Two Key Business Ratios**
  - Assets-to-Revenue
  - Wages-to-Revenue



IV. WHAT'S IN IT?

The Old Model

The Hidden Reality

Being Full Does Not Mean Being Sustainable

Full enrollment can still lose money

IV. WHAT'S IN IT?

The Loss Leader Trap

The Old Model

The "Foundation" of Joe & Laurie

I/T Care Has Been Subsidized for Years…

But not in the way you might think:

Older ages cover losses

Owners fill the gap

Why That Model Is Breaking

The System Conditions Have Changed

Increased Competition:

Stay-at Home Parents

Unlicensed/lower cost out of home options

Public pre-K expansion

Workforce Instability

Current LFPR = 61.8%

at lowest point since June 1976 (61.9%)

50-year low in MT

Mobile Nature of the Population:

Families leave programs for a variety of reasons:

Relocation, Job Changes, Quality Expectations, Etc.

IV. WHAT'S IN IT?

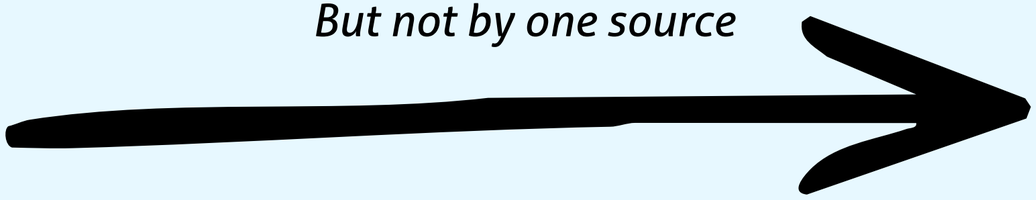
The Shift That Changes Things

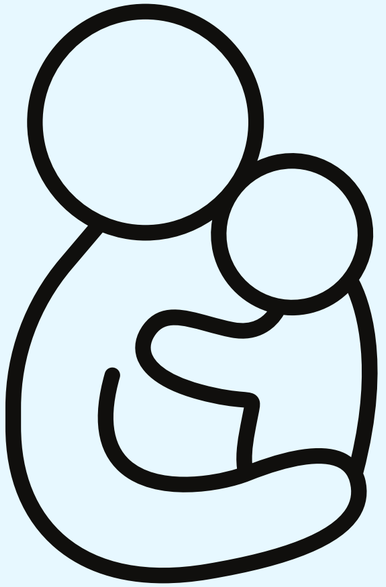
Every Child, Every Day Must
Cover Their Cost of Operations (known & potential),
Profit, & Owner's Compensation

CRITICAL COMPONENT:

This Does NOT Mean Families Pay More

Cost must be covered
But not by one source





IV. MOST COMMON BUSINESS MODELS

Model 1 - I/T as Loss Leaders

Tuition-derived Income typically 94-99% of Gross Revenue

- Primary Age Groups: 3-5 (60-80%)
  - Primary profit center
- Secondary Age Groups: 0-2 (10-35%)
  - Typically a Loss Leader with goal of Lifetime Value
- Tertiary Age Groups: School Age - Early/Late/Summer (5-10%)
  - Secondary profit center if part of business model; Typically excellent margins but low dollar amounts

---

Model 2 - I/T not part of Business Model

- Primary Age Groups: 3-5 (90-100%)
  - Primary profit center; Often only profit center
- Secondary Age Groups: 0-2 (0-10%)
  - Typically a Loss Leader with goal of Lifetime Value
- Tertiary Age Groups: School Age - Early/Late/Summer (0-10%)
  - Secondary profit center if part of business model; Typically excellent margins but low dollar amounts

IV. GOAL - BUSINESS MODEL SHIFT

Tuition-derived Income goal of 87-90% of Gross Revenue

Model 3 - For Consideration

- Understand Competitive Environment
- Evaluate Supply-Demand
- Build Business Model that meets Supply-Demand
  - Business Model designed based on viability, market demand, & competitive environment
    - Primary Age Groups: 0-3 (60-80%)
    - Secondary Age Groups: 4-5 (10-35%)
      - Including early/late, afterschool, & summer
    - Tertiary Age Groups: School Age - Early/Late/Summer (5-10%)

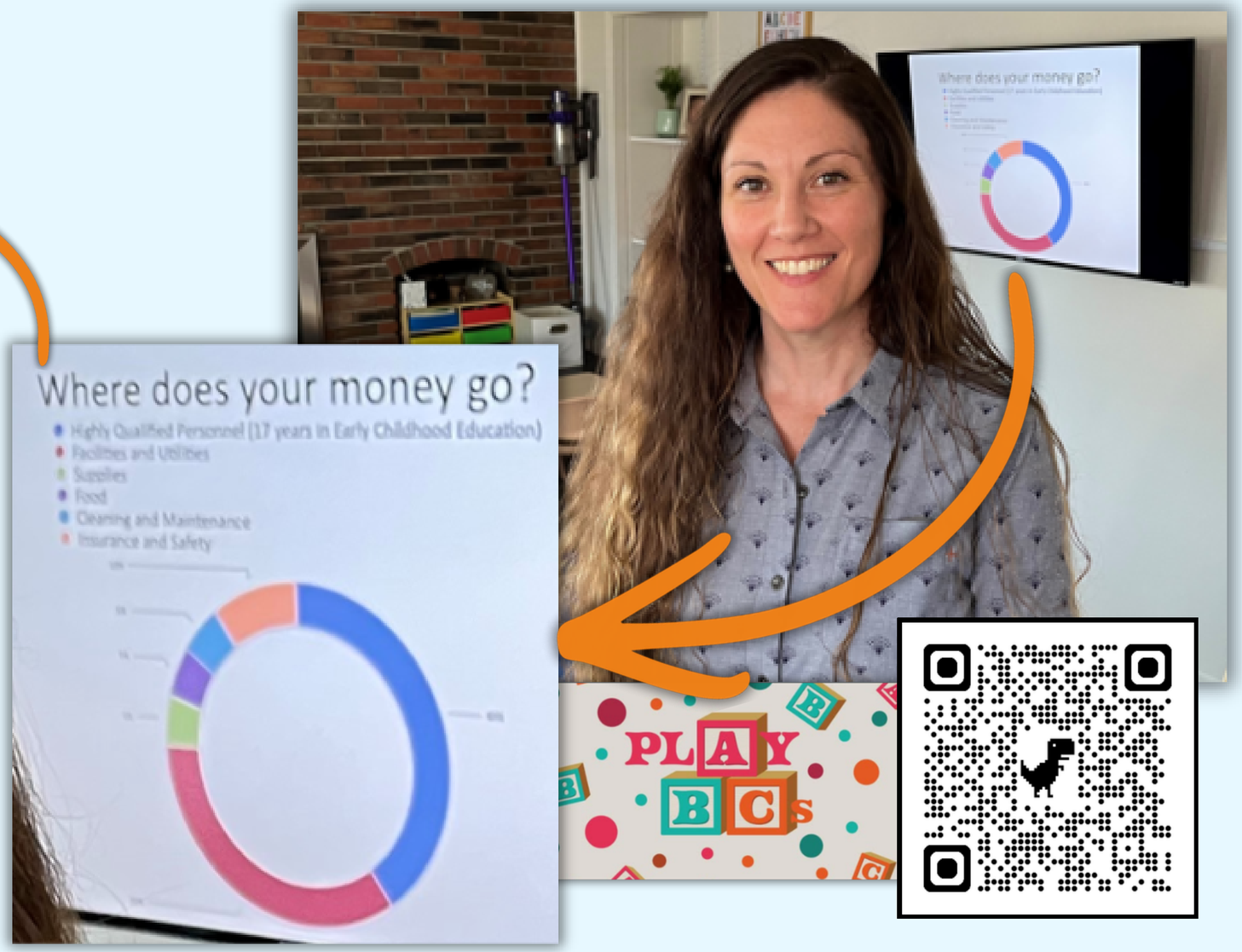
IV. WHAT'S IN IT?

What It Actually Means

Communicating:
Each child has a real cost
<u>and</u>
What those costs are

Reconsidering:
Who Pays for Services

Families
Subsidy
Employers
Programs
Community



IV. WHAT'S IN IT?

From Price Guilt to Cost Clarity

Old → "What can families afford?"

Old → "There is One Single Fix"

New → "What does it cost and how is it covered?"

- *Who has a vested interest?*
- *Who is benefitted?*

New → "There Is No Single Fix"

- *Control & Initiative are in the hands of owners & operators!*

IV. WHAT'S IN IT?

The Four Levers

<u>Every Program Has These Four Tools</u>
Price
Volume
Fixed Costs
Variable Costs

If we understand them, we can use them
If we plan for them, we can adjust them
If we measure them, we can analyze them
If we analyze them, we can improve them

IF THEY ARE IMPROVED, CASH FLOW INTO AND OUT OF THE BUSINESS IMPROVES

IV. WHAT'S IN IT?

The Four Levers: Price | Volume | Variable Costs | Fixed Costs

Price

Pricing Must Reflect Reality

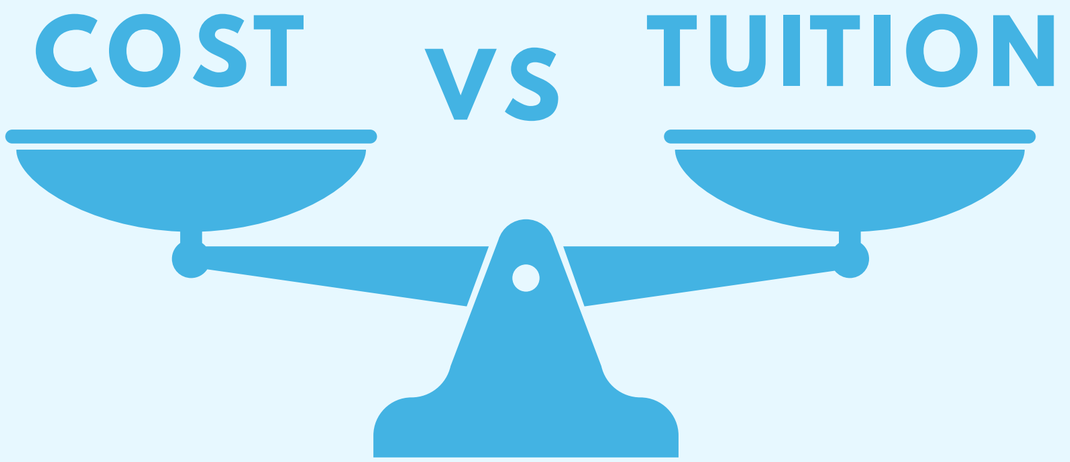
"If price is wrong, everything downstream is unstable"

Flawed Assumption: "Tuition must cover 100% of True Cost"

Correct Assumption: "Revenue must cover 100% of True Cost"

Flawed Assumption: "Families must cover 100% of True Cost"

Correct Assumption: "Earned Income and Those Benefitted must cover 100% of True Cost"

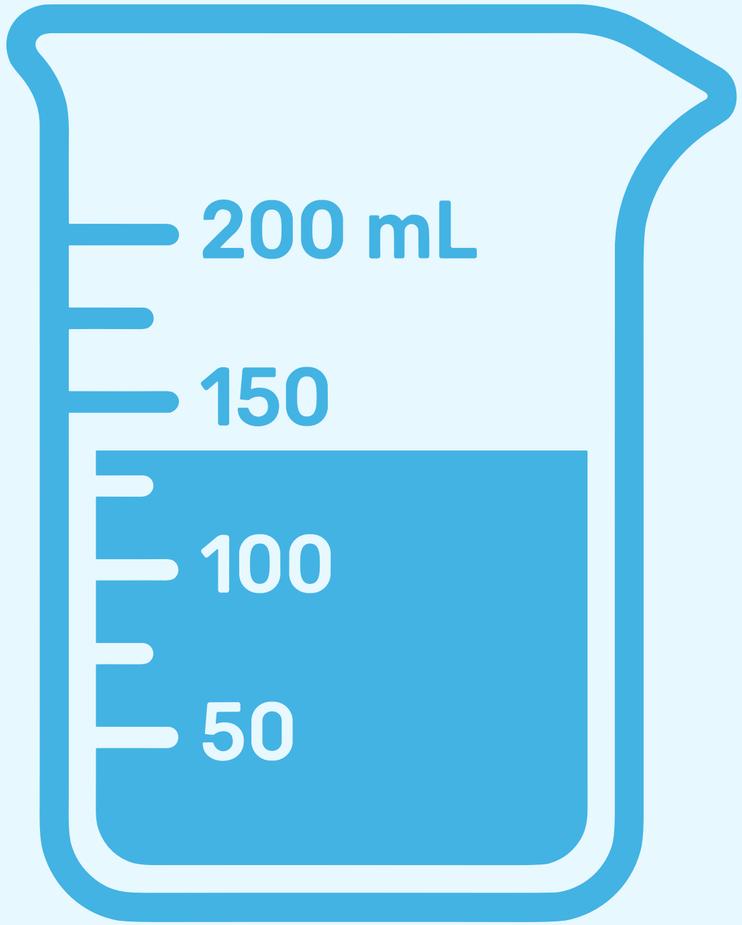


IV. WHAT'S IN IT?

The Four Levers: Price | Volume | Variable Costs | Fixed Costs

Volume (aka: Quantity)

- Predictable Enrollment Matters More Than Max Enrollment
- 20 slots vs 15 consistent children (% OF CAPACITY)
- Volume can mean ADA vs. ADE
- Diversifying earned income sources
- Diversifying Payers

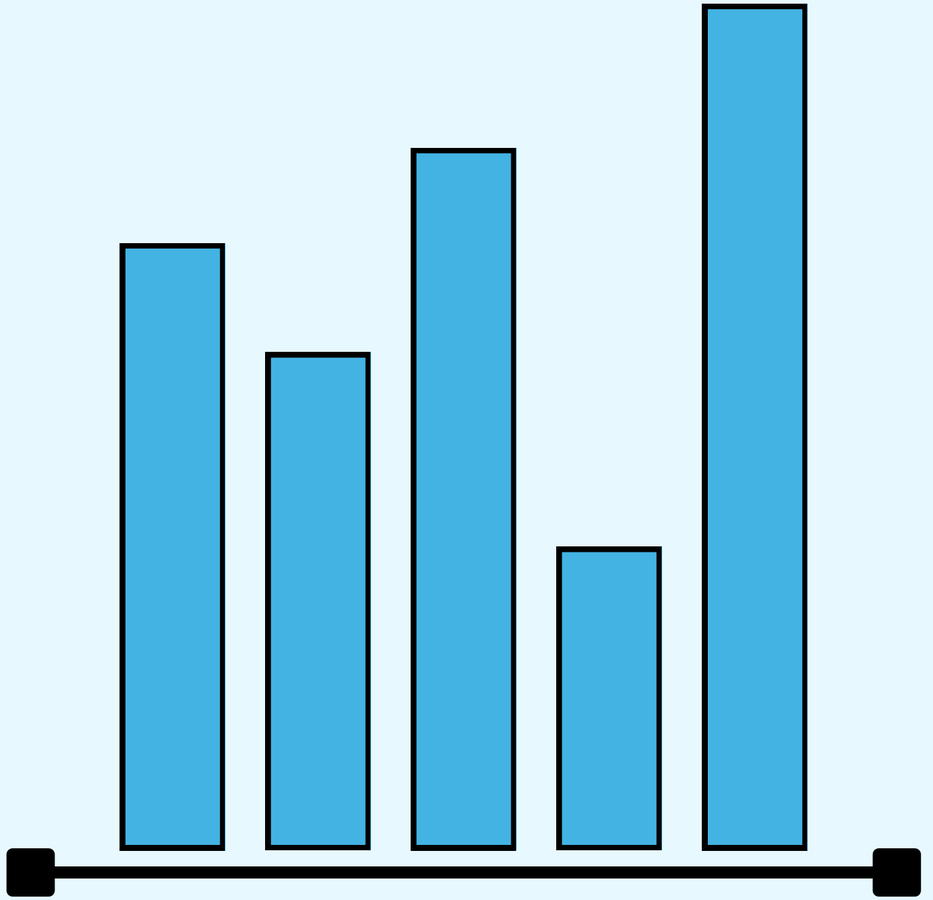


IV. WHAT'S IN IT?

The Four Levers: Price | Volume | Variable Costs | Fixed Costs

Variable Costs:
Costs directly linked to children and increase/decrease based on the number of children enrolled/attending per day

Know them
Plan for them
Analyze them
Manage them (aka: buy better)

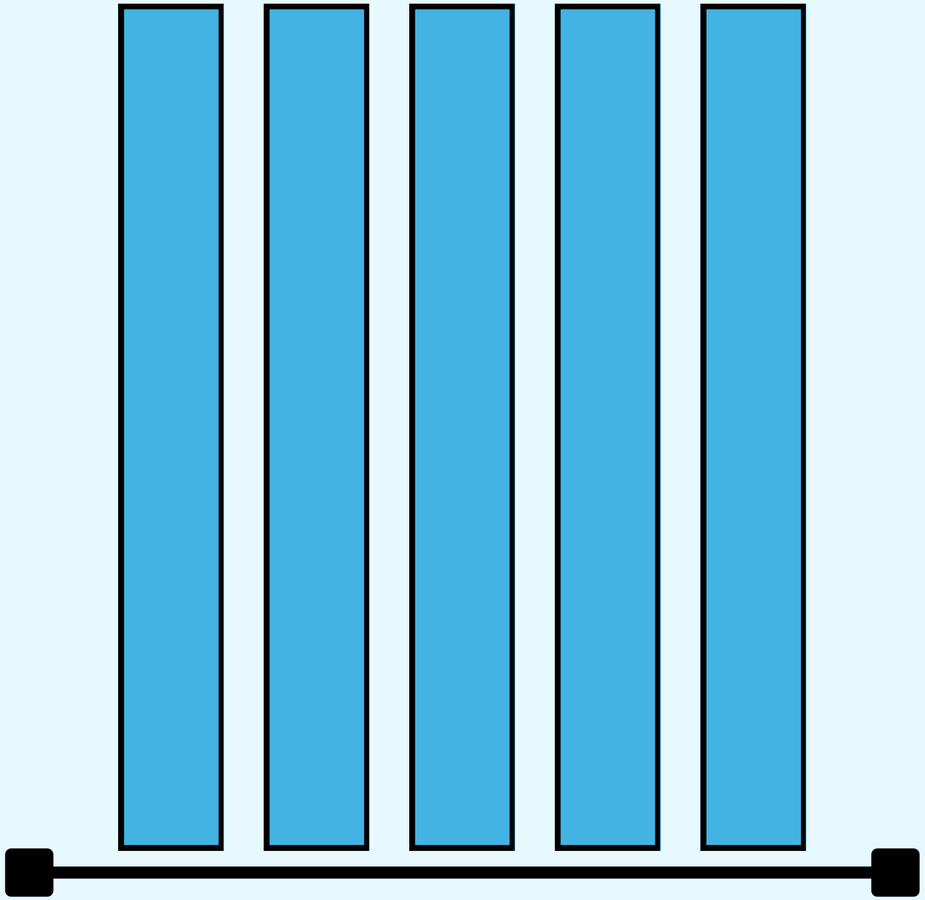


IV. WHAT'S IN IT?

The Four Levers: Price | Volume | Variable Costs | Fixed Costs

Fixed Costs:

- Costs not directly linked to or caused by an increased or decreased number of children enrolled/attending per day
  - Know them
  - Plan for them
  - Include potential (aka: be comprehensive)
  - Analyze them
  - Manage them (aka: buy better)



Key Point #1 – Mindset Shift

- **Beachhead Markets**
  - Tuition isn't only Earned Income Source
- **Innovation Equation**
  - Problem+Solution=Opportunity

Let's start with an explanation of how entrepreneurs identify business opportunities.

In entrepreneurship, there is a phrase the "Innovation Equation." What is it?

- Problem + Solution = Opportunity

Information of some kind tells us there is a **problem**: *Not enough I/T slots based on the indicated demand for care based detailed age group.*

Most new or expecting parents will tell you: *We've been on a waiting list for months. I still haven't had my baby and there aren't any openings.*

Therefore, the problem is that there are quantifiable and anecdotal indicators of a shortage of I/T care. The entrepreneurial mindset then thinks: *Is there a business opportunity here?*

By definition, businesses create **solutions** to problems faced by customers and capitalize on those solutions by selling products and services to those who face the problem and need a solution for it.

If we recognize the problem and create a solution, we are acting like businesses in a free market economy. To be a financially viable **opportunity**, the **solution** itself must indicate potential financial gain through the delivery of services that solve the problem.

Revenue Diversification
ECEs should also move toward additional types of earned income sources to ensure tuition is not the only type of revenue coming into the business.

Increasing Control & Reducing Uncertainty

All of these payer options are on the table.

The shift comes from thinking more broadly about who pays and how they pay.

Private pay, subsidy pay, and program participation are the primary sources of earned income. Donations, grants, and receiving philanthropy place too much speculation and uncertainty on an organization's operating budget.

Programs MUST work more closely with employers of enrolled families to address the affordability issue so that the true cost of care per child is covered. Who pays for the primary service? Individuals, subsidy sources, **and** every other source primarily and secondarily connected to the child and family. This approach gives the provider the greatest amount of control to manage earned income while dedicating time to program administration rather than being pulled away to something more speculative.

Key Point #2 – The Old Way vs. A New Way

- **Loss Leaders**
  - Not all services are profitable
- **Lifetime Value**
  - Profit is made up over total enrollment period

Projected Financial Performance by Age Group
These estimates assume typical Montana-based ratios and tuition patterns.

Age Group	Typical Annual Revenue	Typical Annual Cost	Annual Profit/Loss
Infant (0–12 mo)	$11,400	$13,500	–$2,100
Toddler (12–36 mo)	$10,800	$10,200	+$600
Preschool (3–5 years)	$9,600	$7,800	+$1,800

Five-Year Lifetime Value
If the child stays from birth through age five:

What T

Old Model – "I/T as a Loss Leader"

The intent with this section is not too de-personalize children in care. The goal is to look at
problem (and opportunity) of I/T care through the lens of business. To do this, let's conside
term Unit Economics.

Unit Economics in an ECE setting answers two core questions:

1. How much does it cost to serve one child?
2. How much revenue does one child generate?

By comparing revenue per child to cost per child, programs can determine:

- Whether an age group is profitable,
- How tuition should be set, and
- Whether the business model is sustainable.

9

The Risk of Relying on LTV Today
The traditional LTV-based model for I/T care collapses if:

- The family leaves early
- The program loses a teacher and must reduce enrollment
- Costs, such as inflation-driven wage demands, increase faster than tuition
- Preschool-aged enrollment fluctuates due to market competition

Let's revisit the earlier scenario using these realities:

If the child leaves at age 4 (as many do today):

- You absorb the full –$2,100 loss from the infant year,
- You earn only one or two years of toddler and preschool profit,
- You never reach the breakeven point over the entire enrollment period of the child.

Outcome:
The program ends up in the negative/loss even though it was fully enrolled and operating "normally."

This is exactly why the model must modernize: I/T services must be profitable at the unit level from the outset of a child's enrollment. I/Ts simply cannot be subsidized by older ages.

Key Takeaway
LTV is a *helpful metric*, but it should not be used as the financial justification for offering I/T care.

Key Point #3 - Unit Profitability & Comprehensiveness

- **Budget Comprehensiveness**
- **Cost-Plus Pricing Methodology**

Break Even Analysis - Cost of Care Per Child		
Step #1 - Classify Costs		
Variable Costs in Dollars	$ 35,773	This amount is equal to the total Dire
Fixed Costs in Dollars	$ 357,251	This amount is equal to the total ope
Step #2 - Calculate Variable Costs as Percent of Sales		
Total Revenue	$ 393,024	This amount is equal to the total gros
Variable Costs in Dollars	$ 35,773	This amount is equal to the total Dire
Variable Cost Percentage	9%	This is the Direct Classroom Costs' r
Step #3 Calculate Contribution Margin		
Total Revenue as a Percentage	100%	This is total revenue represented as a
Variable Cost Percentage	9%	This is the Direct Classroom Costs' r
Contribution Margin Percentage	91%	This is the amount of revenue left ove
Step #4 Divide Fixed Costs by Contribution Margin		
Fixed Costs in Dollars	$ 357,251	This amount is equal to the total ope
Contribution Margin Percentage	91%	This is the amount of revenue left ove
Break-Even Point in Dollars	$ 393,024	This is the dollar amount at which th into the budget as a targeted expens
Step #5 - Break-Even by Unit - Cost of Care Per Child Per Day		
Break-Even Point in Dollars	$ 393,024	This is the dollar amount at which th
Days Open Per Year	260.00	Enter the total number days per year
Average Daily Enrollment (ADE)	20.00	Enter the total number of children pa
Cost of Care Per Child Per Day on Average	**$ 75.58**	**This is the amount, on average, a p expenses and classroom expense Revenue from other sources (fees, makes up the additional amount th**
	$ 67.90	Actual average tuition charged per ch days/year) / 260 days/year / 20 childre

The details matter.

True Cost Determination for Pricing Accuracy

The Pricing Formula will be used to estimate gross revenue from the sale of the service of care.

Now, let's change how we look at accurately calculating the pricing variable in that formula.

To do this, we need to comprehensively estimate all operating expenses. This can be tricky because there are the operating expenses a program is guaranteed to incur. But there are also operating expenses a program may potentially incur. Guaranteed and potential expenses will vary by the specific offerings of individual programs.

And by the way, the owner of the business should not work for free. The IRS has a term for this...it's called a hobby.

For example, some programs offer meals and snacks. Others don't. Some programs have families bring diapers and wipes. Others don't. Some programs operate out of a home in which they live. Others rent a home or a commercial space. One may have a time-space calculation to account for rent or a mortgage plus utilities. The other will have rent or a mortgage, telephone and internet, water and sewer, electricity, and gas bills that need to be paid individually.

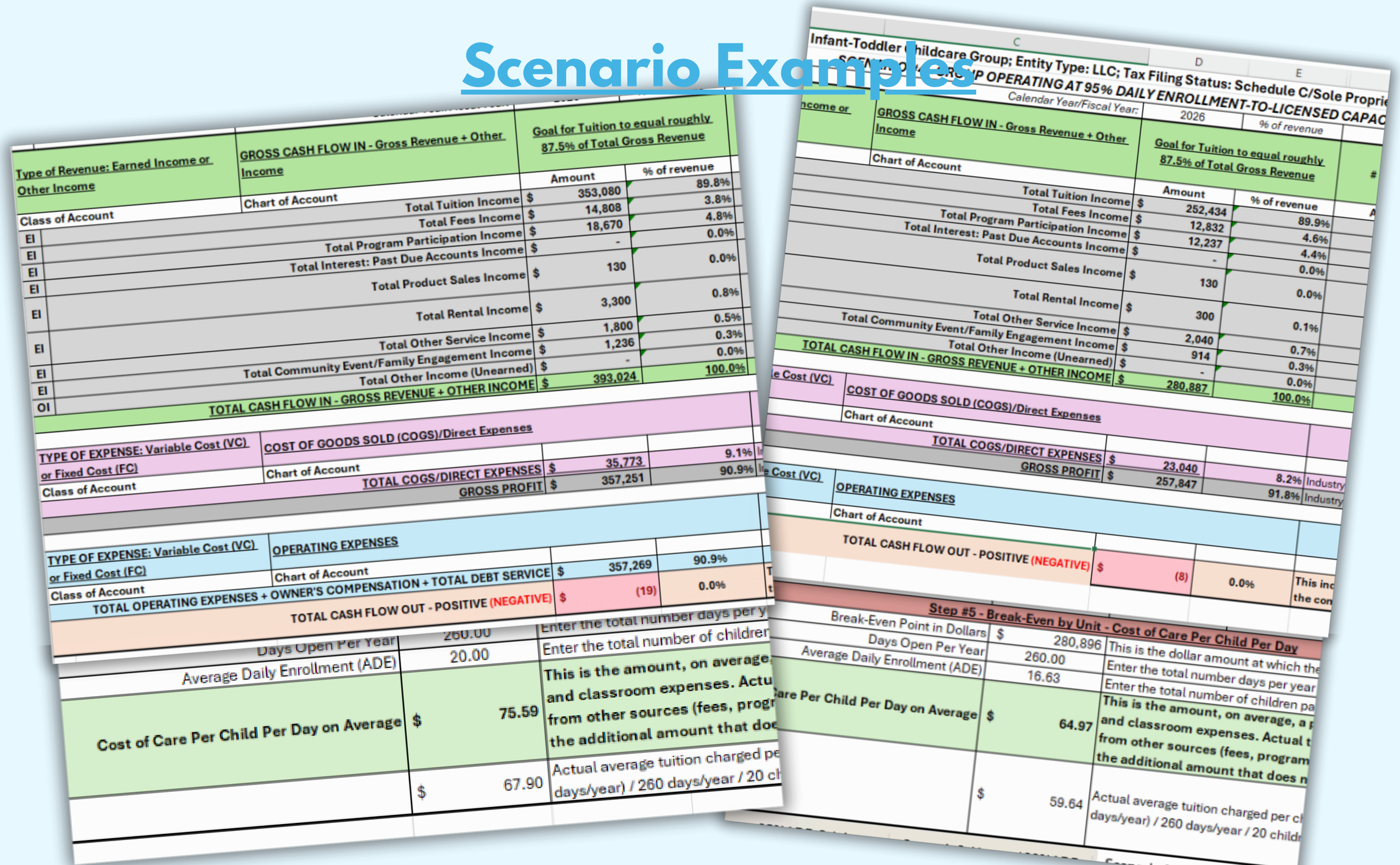
The point is none of the following examples will be 100% exactly representative of every program.

Guaranteed Expenses (In Most Cases)
Here is a list of the types of expenses most programs will almost certainly incur to operate a program.

Classes of Accounts are the primary headings. Charts of Accounts are the secondary headings adding additional detail to the primary expense types. In relation to the prior heading about the Four Ways to Increase Cash Flow, we've also included if these Classes and Charts are Variable Costs or Fixed Costs.

- Direct Classroom-Related Supplies (Variable Costs)
  - Food
  - Diapers and Wipes
  - Classroom Materials
  - Ongoing replacement of small toys
- Labor-related expenses (Fixed Costs)
  - Wages
  - Salaries
  - Employer-portion of payroll taxes
  - Benefits

Scenario Examples



Type of Revenue: Earned Income or Other Income	GROSS CASH FLOW IN - Gross Revenue + Other Income	Goal for Tuition to equal roughly 87.5% of Total Gross Revenue	
Class of Account	Chart of Account	Amount	% of revenue
EI	Total Tuition Income	$ 353,080	89.8%
EI	Total Fees Income	$ 14,808	3.8%
EI	Total Program Participation Income	$ 18,670	4.8%
EI	Total Interest: Past Due Accounts Income	$ -	0.0%
EI	Total Product Sales Income	$ 130	0.0%
EI	Total Rental Income	$ 3,300	0.8%
EI	Total Other Service Income	$ 1,800	0.5%
EI	Total Community Event/Family Engagement Income	$ 1,236	0.3%
EI	Total Other Income (Unearned)	$ -	0.0%
OI	TOTAL CASH FLOW IN - GROSS REVENUE + OTHER INCOME	$ 393,024	100.0%

TYPE OF EXPENSE: Variable Cost (VC) or Fixed Cost (FC)	COST OF GOODS SOLD (COGS)/Direct Expenses		
Class of Account	Chart of Account		
	TOTAL COGS/DIRECT EXPENSES	$ 35,773	9.1%
	GROSS PROFIT	$ 357,251	90.9%

TYPE OF EXPENSE: Variable Cost (VC) or Fixed Cost (FC)	OPERATING EXPENSES		
Class of Account	Chart of Account		
	TOTAL OPERATING EXPENSES + OWNER'S COMPENSATION + TOTAL DEBT SERVICE	$ 357,269	90.9%
	TOTAL CASH FLOW OUT - POSITIVE (NEGATIVE)	$ (19)	0.0%

Days Open Per Year	260.00	Enter the total number days per y
Average Daily Enrollment (ADE)	20.00	Enter the total number of children
Cost of Care Per Child Per Day on Average	$ 75.59	**This is the amount, on average, and classroom expenses. Actu from other sources (fees, progr the additional amount that doe**
	$ 67.90	Actual average tuition charged pe days/year) / 260 days/year / 20 cl

Infant-Toddler Childcare Group; Entity Type: LLC; Tax Filing Status: Schedule C/Sole Proprie

SCENARIO 2: STEP OPERATING AT 95% DAILY ENROLLMENT-TO-LICENSED CAPAC

Income or	GROSS CASH FLOW IN - Gross Revenue + Other Income	Calendar Year/Fiscal Year: 2026	% of revenue	
	Chart of Account	Goal for Tuition to equal roughly 87.5% of Total Gross Revenue		#
		Amount	% of revenue	
	Total Tuition Income	$ 252,434	89.9%	
	Total Fees Income	$ 12,832	4.6%	
	Total Program Participation Income	$ 12,237	4.4%	
	Total Interest: Past Due Accounts Income	$ -	0.0%	
	Total Product Sales Income	$ 130	0.0%	
	Total Rental Income	$ 300	0.1%	
	Total Other Service Income	$ 2,040	0.7%	
	Total Community Event/Family Engagement Income	$ 914	0.3%	
	Total Other Income (Unearned)	$ -	0.0%	
	TOTAL CASH FLOW IN - GROSS REVENUE + OTHER INCOME	$ 280,887	100.0%	

Cost (VC)	COST OF GOODS SOLD (COGS)/Direct Expenses			
	Chart of Account			
	TOTAL COGS/DIRECT EXPENSES	$ 23,040	8.2%	Industry
	GROSS PROFIT	$ 257,847	91.8%	Industry

Cost (VC)	OPERATING EXPENSES			
	Chart of Account			
	TOTAL CASH FLOW OUT - POSITIVE (NEGATIVE)	$ (8)	0.0%	This inc the con

Step #5 - Break-Even by Unit - Cost of Care Per Child Per Day		
Break-Even Point in Dollars	$ 280,896	This is the dollar amount at which the
Days Open Per Year	260.00	Enter the total number days per year
Average Daily Enrollment (ADE)	16.63	Enter the total number of children pa
are Per Child Per Day on Average	**$ 64.97**	**This is the amount, on average, a p and classroom expenses. Actual t from other sources (fees, program the additional amount that does n**
	$ 59.64	Actual average tuition charged per cl days/year) / 260 days/year / 20 childr

FINAL TAKEAWAYS

- *Infant-toddler care is expensive*
- *Losing money on it is not inevitable*
- *The problem is the model*
- *The solutions are:*
  - *true cost clarity*
  - *unit-level pricing*
  - *diversified revenue*
  - *diversified payers*
- *Innovation Equation:*
  - *Problem + Solution = Opportunity*
  - *<u>Localized</u> to the community, the business, the classroom, the teacher, the unit...the child*

WE ARE HERE TO HELP

COACH | COUNSEL | ADVISE | TRAIN

You are not alone!

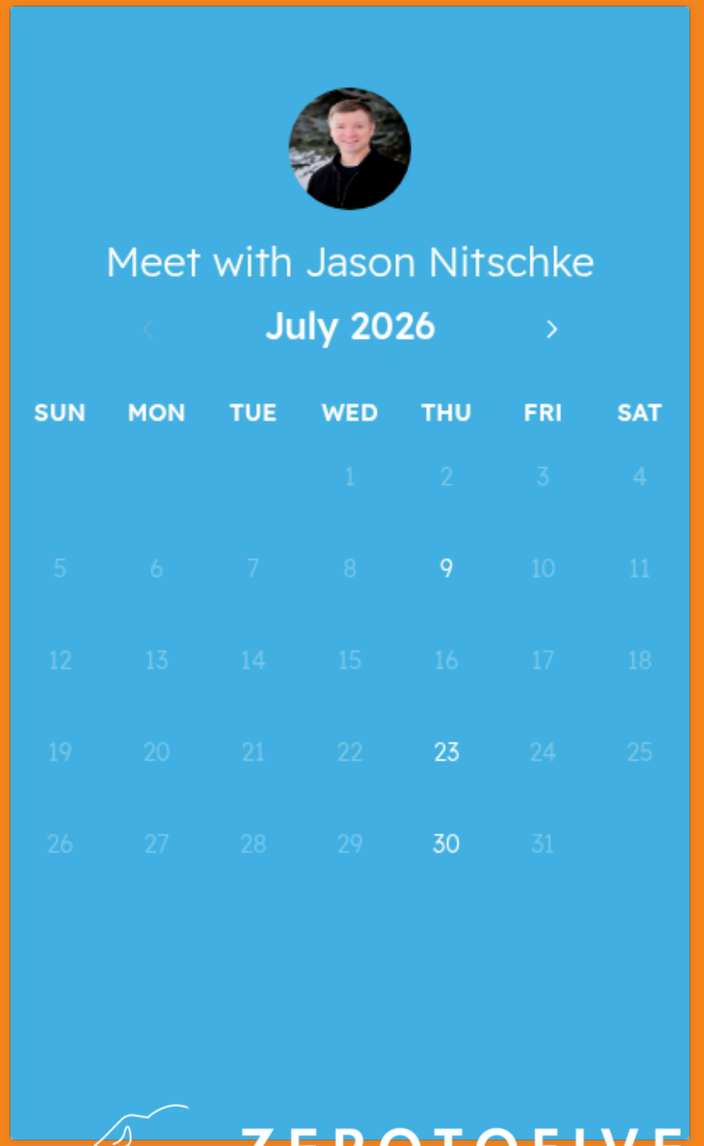
JasonN@ZerotoFive.org

https://zerotofive.org/

https://childcarebusinessconnect.com/

SCHEDULE ANYTIME

https://meetings.hubspot.com/nitschke



This program is funded under a contract with the Montana Department of Public Health and Human Services (DPHHS). The statements herein do not necessarily reflect the opinion of the department.

MONTANA CHILD CARE BUSINESS CONNECT

ZEROTOFIVE MONTANA


Questions?