

## Money Matters

An important skill for a child care professional is to be able to make sound financial decisions regarding a business. A child care center owner or director must manage the income and expenses of the program in order to run a business successfully. In this project, you will use your research and the information in the chapters in this unit to create a monthly program budget for a child care center.



### My Journal

If you completed the journal entry from page 204, refer to it to see what kinds of expenses are involved in managing a child care program. Add any additional notes about expenses that you have after reading this unit.



### English Language Arts Standards

**NCTE 7** Conduct research and gather, evaluate, and synthesize data to communicate discoveries.

**NCTE 8** Use information resources to gather information and create and communicate knowledge.

**NCTE 12** Use language to accomplish individual purposes.

## Project Assignment

### In this project, you will do the following:

- Set a financial goal for a child care center
- Determine child care program income and expenses
- Create a sample monthly budget with estimated income and expenses for a child care center
- Analyze your sample budget in relation to your financial goal for the child care center
- Present your financial goal, budget, and budget analysis to your teacher for evaluation

### Applied Child Care Professional Skills Behind the Project

A business like a child care center needs to create a budget in order to manage expenses and to meet financial goals. Skills you will use in this project include the following:

- ▶ Researching the income a child care center receives for tuition and fees per child enrolled in the program
- ▶ Identifying monthly child care program expenses such as rent, staff salaries, and art supplies
- ▶ Creating a monthly budget for a child care center.
- ▶ Analyzing income and expenses in order to make business decisions about the program's financial goals

### English Language Arts Skills Behind the Project

The English Language Arts skills you will use for this project are research and writing skills. Remember these key concepts:

#### Research Skills

- ▶ Perform research using a variety of print and nonprint resources
- ▶ Discriminate between reliable and unreliable sources
- ▶ Take clear notes on your research, and keep them organized for future reference
- ▶ Use the information you gathered to narrow your choices and make reasonable estimates

#### Writing Skills

- ▶ Write in complete sentences
- ▶ Use correct spelling, grammar, and punctuation
- ▶ Consider your audience
- ▶ Organize your information in an easy-to-understand format

**STEP 1** Set a Financial Goal

Imagine that you own a child care center. Set a financial goal for your business. For example, your financial goal might be to make a profit or to purchase a van for field trips. Write a summary of your financial goal that

- describes your goal and reasons for setting this goal. Is the goal short- or long-term?
- outlines a plan for reaching the goal. How much money will you need to earn or save?

**STEP 2** Calculate Your Monthly Income

A child care center's primary source of income is the tuition collected per child enrolled in the program. Research how much programs in your area typically charge per child per week. Decide on the number of children and age groups your program will serve. How much tuition will you charge per child per week?

**STEP 3** Estimate Your Monthly Expenses

Estimate your program's expenses for the following:

- **Staff.** Based on the number of children in your program, how many staff members will you need? Total all staff's monthly salaries.
- **Building Costs.** List estimated monthly costs for rent, utilities, and building maintenance.
- **Equipment.** List estimated monthly costs for program equipment such as art supplies.
- **Marketing.** Determine how much you will spend per month marketing your program.

**STEP 4** Prepare Your Monthly Budget

Use your income and expense estimates to create your budget. Create a table with four columns labeled as follows and complete the table.

**Plan**

- ✓ Create a financial goal for a child care program.
- ✓ Research child care tuition income.
- ✓ List of all income and expenses.
- ✓ Determine the actual cost of each item.

**Present**

- ✓ Create a table for your budget in a format that is easy to understand.
- ✓ Analyze monthly budget variance.
- ✓ Make recommendations for any changes needed to meet your financial goal.

- **Income/Expense.** Add a line item for your program's income and each expense.
- **Budget.** Enter your estimates for each income and expense line item. Enter expenses as negative numbers.
- **Actual.** Enter the actual income and expenses for each item. If you do not know the actual numbers, enter reasonable estimates.
- **Difference.** Subtract the actual amount from the budgeted amount.

**STEP 5** Analyze Your Monthly Budget

Analyze your budget to determine if you can reach your financial goal. Consider the following:

- Subtract total expenses from total income. Is your business breaking even or operating at a loss? How could you adjust your budget to make a profit?
- Look at the Difference column. Did you budget too much or too little for a particular line item? How would you adjust your budget estimates for the next month?
- Does your monthly budget help you meet your financial goal? If it does not, what changes can you make to reach your goal?

**STEP 6** Evaluate Your Child Care Professional and Academic Skills

Your project will be evaluated based on:

- Thoroughness of income and expenses list
- Clarity of budget table and calculation accuracy
- Depth and detail of your budget analysis



**CLICK TO IT • Project Worksheet** Go to this book's Online Learning Center at [glencoe.com](http://glencoe.com) for a worksheet you can use to complete your portfolio project.

