The Business of Child Care: Why is the Math so Hard?

Adrienne Briggs, M.Ed., Family Child Care Specialist

Zakiyyah Boone, CEO, Wonderspring Early Education

Moderator: Zaina Cahill, Early Childhood Education Policy Director, Children First

Center-Based Example 1

Keystone Star 4

Hours of operation: 6 am – 6pm

Total staff: 28

Max capacity of 238 children, 9520 sq. ft. available for care (40 Sq. Ft. per child)

Children aged 6 weeks to 12 years – infant, toddler and after-school care

7 classrooms

Roughly 25% of families are enrolled in Child Care Works

Part of a multi-site nonprofit

	100% capacity	Current FTEs	Vacancies
Infants	12	12	0
Walkers	20	16.4	3.6
Toddlers	24	15	3
Preschool	30	12.2	17.8
Pre K	40	25.2	14.8
School age	36	27.24	8.76
Total	162	108.04	47.96

Expenses	Monthly	Annual
Personnel - Wages	98282	995340
Personnel - Benefits	13670	80000
Payroll Taxes		
Owner/Director Compensation	15000	144000
Rent/Mortgage	21700	213000
Utilities	2200	30000
Maintenance, Cleaning	4000	40000
Insurance	2220	22000
Food	12331	115000
Curriculum, Supplies, Technology, Activities	1753	30000
Admin - Accounting, banking, marketing, professional services		244640
Licensing Fees		5000
Professional Development		5000
TOTAL	171156	1923980

Income	Monthly	Annual
Private/ Family Pay tuition	140000	1353553
Child Care Works Payments	43700	488947
Grants CQI		7000
Other Income- CACFP	4500	47690
TOTAL	188200	1897190

NET		-26790

Family Child Care Example

Keystone Star 4, Accredited NAFCC

Hours of operation: 6:45 am – 5:30 pm

Total staff: Owner/ teacher and intermittent/episodic helpers

Max capacity of 6 children, 980 Sq. ft. available for care.

Children aged 6 weeks to 5 years – infant, toddler care

100% of families are enrolled in Child Care Works or PhlPre-K

Expenses	Annual	
Helpers - Wages	$	4,760.00
Taxes	$	8,569.00
Business Utilities	$	2,647.00
Maintenance, Cleaning	$	3,365.00
Admin - Phone and technology, office equipment	$	4,574.00
Insurance	$	1,941.00
Food	$	8,408.00
Curriculum, Supplies, Technology, Activities	$	5,420.00
Professional Development	$	2,533.00
Other Business Expenses	$	2,192.00
Licensing Fees	$	51.00
Owner - Benefits	$	9,832.00
Owner - other non-business expenses	$	28,000.93
Owner/Director Compensation		See Net Income
TOTAL	$	82,292.93

Income	Annual	
Family Copays	$	6,716.00
Child Care Works Payments	$	34,426.00
Phl Pre-K	$	23,000.00
Grants	$	18,630.00
Other Income- Owner Consulting	$	3,986.00
TOTAL	$	86,758.00

NET	**$**	**4,465.07**

Center-Based Example 2

Keystone Star 4

Hours of operation: 7 am – 5pm

Total staff: 11

Max capacity of 151 Children, 11,250 Sq. ft. to provide care

Children aged 6 weeks to 5 years– infant, toddler care, Pre-K, 6 classrooms

100% of families are enrolled in Child Care Works or Pre-K

Part of a multi-site nonprofit

Expenditures	
Direct	
Administrative Overhead	181,528
Directors Discretionary	500
Classroom Supplies	6,000
Infant/Toddler Sanitary and Health Supplies	4,300
Enhancements	1,200
Training and Professional Development	2,800
Food - Children	57,000
Parent Participation	1,500
Personnel	
Compensation- Salary	591,601
Payroll Taxes	43,778
Workers Compensation, Unemployment Comp	9,300
Benefits	127,400
Occupancy	
Rent	116,000
General Insurance	18,500
Janitorial Services and Supplies	48,000
Utilities	4,500
Building Repair and Maint.	8,200
Office Expense	12,100
Travel Expenses	500
Total Expenditures	1,234,707

Operating Revenue	
Grant Revenues	
Grant Revenue - Other	
Early Headstart	162,960
PreK Counts	374,100
CACFP	57,000
Total Grant Revenues	594,060
Program Fees	
Private Fees	0
CCIS - Subsidized Fees	34,527
CCIS - Subsidized Reimbursement	493,246
Employee Discount	(2,400)
Total Program Fees	525,373
Total Operating Revenue	1,119,433

Revenue over (under) Expense	(115,274)

Why Age Mix Matters to the Child Care Business Model

In Pennsylvania, the cost to provide care — and the revenue available — varies significantly by age group.
Younger children require more intensive staffing and resources, while school-age care is less costly to operate.
A healthy mix of age groups helps providers cover the higher costs of infant and toddler care and build overall financial stability.

Infant Care
(0–23 months)

CURRENT PA REIMBURSEMENT / MARKET RATE (MCCA, 2025)
Average daily rate (full-time, center-based)

$51.13 per day *(Region 1)*	$72.05 per day *(Region 16)*

ESTIMATED STAFFING COST
Higher ratios and more intensive care

1:4
staff-to-child ratio
(infants, center-based)

KEY TAKEAWAY
Highest cost to serve
Infant care requires more staff, smaller group sizes and specialized support, making it the most expensive age group to operate.

Toddler Care
(2–4 years)

CURRENT PA REIMBURSEMENT / MARKET RATE (MCCA, 2025)
Average daily rate (full-time, center-based)

$46.38 per day *(Region 1)*	$66.85 per day *(Region 16)*

ESTIMATED STAFFING COST
Moderate ratios, still resource intensive

1:6
staff-to-child ratio
(toddlers, center-based)

Still relatively costly
Toddler care costs less than infant care, but staffing and supervision needs remain high.

School-Age Care
(5–12 years)

CURRENT PA REIMBURSEMENT / MARKET RATE (MCCA, 2025)
Average daily rate (full-time, center-based)

$38.45 per day *(Region 1)*	$58.77 per day *(Region 16)*

ESTIMATED STAFFING COST
Lower ratios, greater flexibility

1:10
staff-to-child ratio
(school-age, center-based)

Lower cost per child
School-age care requires fewer staff and less intensive supervision, resulting in a lower cost to operate and a stronger contribution margin for the overall program.

The Bottom Line

Infant and toddler care are higher-cost services, while school-age care is less expensive to operate.
Providers need a balanced mix of ages to generate enough revenue from lower-cost care to help cover the higher costs of serving the youngest children.

Key Pennsylvania Sources

- **Pennsylvania 2025 Market Rate Survey (MRS)** – Summary Report (April 2026)
  Provides current private-pay rates and MCCA reimbursement rates for all age groups, by region and provider type. https://www.pa.gov
- Pennsylvania's MCCA reimbursement rates (January 1, 2025) are set at the 75th percentile of the 2022 market-rate data, per PA's Child Care Works policy.

Additional Context

- The **2025 MRS** also collected cost-related information on staffing, enrollment, payments, fees and program operations. A full analysis of costs will be included in a forthcoming report.
- Pennsylvania Independent Fiscal Office (2025) found that average child-care industry wages increased 31% from 2019 to 2024, highlighting growing cost pressures for providers.

Note: Staffing ratios are based on Pennsylvania's licensing regulations (or 6:1 for school-age, per PA standards).
Dollar amounts are daily rates and are averages from the 2025 PA MRS and MCCA; costs and contribution margins vary by provider, region and program design.

Panel Discussion