



**Montana Child Care**  
Resource and Referral Network

**HOME CHILD CARE PROVIDER  
BUSINESS TOOLKIT**



# CARING FOR MONTANA'S

*future*

## **Have you Considered Starting a Home Child Care Business?**

Do you love working with children? Does it excite you to see the “ah-ha” moment when a child learns something new? Have you been told you are great working with children?

Becoming a home child care provider is not for everyone. It is not an easy job. When you welcome children into your home and provide a nurturing, safe environment supporting their development, you are not “babysitting,” you are providing early childhood education. Providing early childhood education is an important job and can be a fulfilling career choice.

Owning your own business gives you the freedom to follow your passion, be your own boss, and have a meaningful impact in the lives of children and families in your community.

The following information and resources are designed to help you think through the process and open a successful child care program. All information shared in this toolkit is for broad educational purposes only. It is not and does not take the place of legal advice for any specific situation nor is it offered as such.

# Is Opening a Home Child Care Program Right for You?

Montana families are in desperate need of more quality child care providers. While parents are working, they are looking for early childhood educators who will teach, nurture, and keep their children safe. Is this you?

This checklist will help you think about the reasons why you want to become a child care provider, and how this decision might impact you and your family.

- **Are you passionate about helping children and families?**
- **Do you enjoy spending time with young children for extended hours?**
- **Do you get along well with multiple types of parents and children, even if their parenting is different than yours?**
- **If you have children or other people in your life who may need you during your hours of operation, have you identified someone else able to care for them if they become sick or need something?**
- **Are you considering using your home for the child care business? Have you thought about which areas you might use?**
- **If your own children are old enough, have you talked to them about the possibility of a child care business in your home?**
- **Are you at least 18 years old?**

If you answered “Unsure” to some of these items, contact your local Child Care Resource and Referral (R&R) office. Experts are available to answer questions.

If you said “Yes” to these items, you are ready for the next step in becoming a home child care provider, but you should also contact the experts at your local R&R.



## Location, Location, Location

Location is important to determine the feasibility of your child care business. In some areas, zoning laws prohibit home-based child care businesses. To have a registered, legal business, child care providers must meet state requirements to ensure safety, including space requirements.

Our experts at local R&R agencies often see concerns about space delay the licensing process. Contact your local R&R for help assessing your space. It's important to remember these requirements are considered to be in the best interest of children, even if they feel inconvenient.

### Examples of space requirements include:

- **35 square feet of space inside per child, not including hallways, bathrooms, kitchens, and space not used for child care.**
- **75 square feet per child of outdoor space, surrounded by a 4-foot fence.**
- **Subsidized housing prohibits running a personal business on their property.**
- **Child care cannot be provided in a basement or upstairs without a door and windows to outside access for fire safety.**

# Child Care Licensing

You must apply for a child care license to operate your home child care, and you must comply with the licensing rules governing family and group child care programs. You should review these [licensing rules](#) to determine your ability to be in compliance.

You can find this information on our website, [mtchildcare.org](http://mtchildcare.org).

**Depending on how many children you want to care for (capacity) you will need to apply for registration as:**

## Group Home Child Care:

Two adults providing care for 7-12 children, with a limit of six under the age of 2.

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## Family Home Child Care:

One adult caregiver for up to six children at a time, with no more than three under the age of 2.

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You will need to register your business with the Montana Secretary of State, purchase business liability and fire insurance, and complete some initial training. Contact your local R&R agency early on to receive more information and support.



# NO ONE WILL DO MORE IMPORTANT work

## Let's Get Down to Business

Your child care business is just that — a business — and should operate as such. For specific advice, contact the Montana Small Business Development Network, Montana Women's Business Center, or local R&R agency.

You will need a business plan, an understanding of the regulations you need to meet on the state and local level, and an awareness of the support services available to you.

Don't let the idea of a business plan scare you. It's really just looking at questions that pertain to what you hope your business will be and honestly answering them. You can find a business planning tool on our website, [mtchildcare.org](http://mtchildcare.org).

## Budget

For home child care providers, the goal is to figure out how to run a quality program that parents in the community can afford to use and that provides the salary needed to support your family.

Work with your local R&R to determine the market rate for child care in your community. Try the budgeting tool available at [mtchildcare.org](http://mtchildcare.org) to determine feasibility.

# Potential Business Income

**CACFP:** Child and Adult Care Food Program provides reimbursement to providers who provide healthy meals within USDA guidelines.

**Best Beginnings Scholarship:** A state subsidy program that helps low-income families pay for child care. The child care provider receives the payment for reimbursement for child care fees.

**Tuition:** As the business owner, you will decide how much you will charge per child. This rate often differs based on the child's age, the hours you are providing care, and the size of your facility.

**Grants:** Check with your local R&R to see whether there are any startup or expansion grants available.

**Best Beginnings STARS to Quality Program:** Once established, you may consider participating in the quality rating and improvement system that provides support and financial incentives to participating early childhood programs.

Contact your local R&R for more information on these potential funding sources.

## Have You Thought About ...?

Don't forget to include a pre-opening budget in your plan. This includes startup costs, capital expenses related to meeting licensing requirements, and financial coverage for the period before you reach your minimum capacity of children attending the program.

Minimum capacity is the fewest number of children enrolled in your program that will provide you a living wage.

Being your own boss means remembering to pay yourself first! Too often providers just take what is left. You are working to support your family. Pay yourself first!

**Tip:** Work your operating budget without a need to be at full capacity. That relieves you from ongoing financial stress, as well as provides a built-in contingency fund when you are at maximum capacity.

Think about the additional food costs if you are providing snacks and meals.

You might see an increase in utilities due to operating a business full time within your home.

**Tip:** Equipment/supply costs can be kept low by thinking outside the box – books from the local library, used toys from yard sales/thrift stores, DIY toys and equipment from recycled/repurposed materials, and natural materials. Everything does not need to be new.



# Opening a Business

All businesses in Montana should register with the Montana Secretary of State's Office. Visit [sosmt.gov/business](https://sosmt.gov/business).

To complete registration, determine your business's organizational structure. All companies operate under one of four broad legal classifications:

- **Sole proprietorship**
- **Partnership**
- **Corporation**
- **Limited Liability Company (LLC)**

Many home-based child care programs find "single member LLC" provides the best amount of personal and business protection. The fee to register as single member LLC is \$70 and subject to change.

You will also need to choose a name for your child care business. Your name will identify you for many years and will represent your philosophy of your care for children and families in your community.

Next, you will need to apply for federal and state tax identification numbers. You can do this online at [irs.gov](https://irs.gov). An EIN number is important to protect you. An EIN number identifies your business instead of using your Social Security number and will be used to open a business bank account, submit end-of-year statements to parents, and other business transactions.

Businesses must also use a consistent accounting method, which is a set of rules that determine when to report income and expenses. The most common are the cash method and the accrual method of accounting. Under the cash method, you typically report income in the year that you receive it and deduct expenses in the year that you pay them. Under the accrual method, you typically report income in the year that you earn it and deduct expenses in the year that you incur them. This is true even if you receive the income or pay the expenses in a future year.

You will also need to **register your business with the Montana Department of Revenue** and, if you have staff, register for **Unemployment Insurance**.

Links are available at [mtchildcare.org](https://mtchildcare.org).



## Taxes

As a small business, you will need to file business income tax information with local, state, and federal agencies unless your business is tax-exempt. Taxes should be a part of any budget for a child care business. You may want to consult with a tax professional, such as an accountant or a lawyer who specializes in business practices, to help you.

Family child care providers can take advantage of tax benefits and employment benefits such as:

- Home business tax write-offs to offset expenses.
- Direct expenses such as food, toys, equipment, and insurance that are 100% tax deductible.
- Indirect expenses such as real estate taxes, mortgage interest, rent, utilities, etc.

## Child Care Licensing

The role of the Child Care Licensing Program CCL is to regulate and monitor child care facilities. Additionally, CCL establishes guidelines for the health, safety, and well-being of the children in these facilities.

It is important to be familiar with the rules and requirements that must be met by Family and Group Child Care Facilities, available online.

On the Montana Child Care Licensing website, you will find the application, forms, and templates to simplify the process.

## **Information and Materials Needed Before Submitting Your Child Care License Application**

**ALL information and materials MUST be submitted before the application is considered complete and will be reviewed.**

### **Insurance**

A copy of Insurance Verification of Liability and Fire Insurance signed by your insurance agent. Insurance protects you when emergencies or natural disasters occur. Not providing the correct proof of insurance is a common reason for a license to be delayed.

Check with your current home insurance provider or get quotes from other insurance carriers.

Business owner’s insurance generally is a combination of liability and property insurance. Buying the package is usually less expensive than buying two separate policies.

- General liability insurance covers bodily injury or property damage that occurs during the course or because of your business.
- Property insurance covers all of the business equipment inside and outside of your program.

Professional liability insurance insures you and your staff for losses due to negligence while performing your business. Coverage for sexual abuse and molestation is generally included in professional liability insurance but verify this with your insurance agent. Sexual or physical abuse coverage insures you for loss if one of your employees or others with access to children in your program abuses a child in your care.

If you have staff, workers’ compensation insurance is required in Montana. However, owners are exempt and do not need to be covered by workers’ compensation insurance. Workers’ compensation pays benefits when an employee is injured while working. Obtain it either through Montana Statefund at [montanastatefund.com](http://montanastatefund.com) or through your own insurance carrier.



## Facility Information

Before becoming licensed, your location will need to be inspected and approved by the state fire marshal and sanitation.

Check to see what water supply system is available to you. Testing must be conducted at least annually by a certified lab to ensure that the water supply remains safe.

Well water should be tested for:

- The total coliform bacteria and fecal coliform or E. coli bacteria.
- Nitrate / nitrite levels.

You will provide laboratory results during the licensing process.

You will also be asked to submit the following documents:

- Written fire/evacuation plan
- Activity schedule
- Menu
- Floor plan/square footage report

**Templates are available online.**

**Person Information** (Required for each staff and household member 18 years and older.)

- Person information form
- Release of information form
- Immunization Record: MMR (if born in 1957 or later) and TDAP (tetanus, diphtheria, and pertussis) - keep record in file.

**FBI Background Checks:** (Required for each staff of any age and household member every five years.)

**Please be aware that the fingerprinting process could take up to six weeks.**

To avoid processing delays, please follow the steps below:

1. Have your fingerprints scanned at your local Child Care Resource and Referral office.
  - a. You will need to provide two forms of government-issued ID. One must be a picture ID (ex. driver's license, passport, state ID, student ID, marriage license, birth certificate, Social Security card).
  - b. The cost of fingerprinting is \$30 per person. You will need to pay this to your local R&R.
2. If your local R&R office is not close by, you can have your fingerprints done at your local law enforcement agency. You will need to mail them to your local R&R with payment to be sent to the Department of Justice. You will also need to include the Applicant Rights and Consent to Fingerprint form and the NCPA/VCA Applicants (FBI) form.

**Professional Development** - The following training is required for anyone who is providing direct care to children. Please keep the appropriate certification/verifications of completion onsite.

- A current infant, child, and adult CPR and first aid certification.
  - Contact your local R&R or look up in-person courses by American Red Cross or the American Heart Association.
  - Ensure your certification card you receive states infant, child, and adult CPR and first aid.
- Infant safety essentials.
  - Free training at [ChildCareTraining.org](https://www.childcaring.org/child-care-training)
- Apply to the Montana ECP Practitioner Registry. Refer to [mtecp.org](https://www.mtecp.org) for more information.

# WHAT IT MEANS TO BE A QUALITY CHILD CARE *provider*

## And Why you Want to be One!

The Best Beginnings STARS to Quality Program is a voluntary quality rating and improvement system that aligns quality indicators with support and financial incentives for early childhood programs and early childhood professionals. By participating in STARS for Quality, you are marketing your program as a quality program aligned with national best practices!



## What About Staff?

Determining whether you will need to hire staff is an important decision. If you plan to care for more than six children, two adults must be present. With two adults present, your program may provide care for 7-12 children, with a limit of six under the age of 2.

Just like you, your employee must have certain qualifications to work at your child care program. An early childhood teacher (ECT) must meet the same initial qualifications as the director (you).

## Recruiting Staff

When you are looking to hire an employee, keep in mind this person must be willing to do the initial training and maintain ongoing professional development and pass a background check. They should also love kids and be reliable! Connect with your local professional employment service to advertise your position. You might have success with word of mouth referrals from other child care providers in the community.

# Payroll, Employer Laws, Taxes

Owning a small business brings many responsibilities. Anyone who works for you will be considered your employee. In addition to being registered with the Montana Secretary of State, Montana Department of Revenue, having an EIN (Employer Identification Number), you will need an understanding and willingness to comply with various federal and state labor and employment laws.

As an employer you will:

- Ensure new employees return a completed W-4 form.
- Pay your employees properly and schedule pay periods to coordinate tax withholding for IRS.
- Notify your employees of their rights in the workplace.
- Create a compensation plan for holiday, vacation, and leave.
- Administer payroll.
- Know which records must stay on file and for how long.
- Report payroll taxes as needed on quarterly and annual basis.

The most accurate and up-to-date information regarding relevant labor laws can be found here: [www.dol.gov/agencies/whd/compliance-assistance/small-business](http://www.dol.gov/agencies/whd/compliance-assistance/small-business)

For additional information on employment taxes for small businesses, refer to [irs.gov](http://irs.gov).

As you begin to think about hiring employees, consider developing the following:

- Job descriptions.
- Staff handbook outlining your employee policies.
- An evaluation plan.
- An employee contract.
- An orientation/onboarding plan.

**Ask your local R&R experts for help and templates!**

## Ongoing Professional Development

In order to maintain compliance with your license, you and employees must receive 16 hours of approved ongoing professional development every year. Trainings are available online and in person. ([ChildCareTraining.org](https://www.childcaring.org), local R&R, Child Care Associations, conferences, ECP Statewide training calendar.)

## Program Practices and Family Handbook

As you develop your vision for your child care program, you will want to incorporate developmentally appropriate practices for the children in your care. Activities designed for 5-year-old children will not meet the needs of infants and vice versa.

Your curriculum should include these developmentally appropriate practices and will be your roadmap each day. Curriculum guides activities that teach skills, encourage social and emotional growth, and nurture physical health. Already developed curriculum is available to be purchased, but you can also design this yourself.

As your customers, parents and families will always be a key element in your child care business. By providing this service, you are partnering with parents to protect, nurture, and teach their children. Developing meaningful relationships while maintaining appropriate boundaries will be important. It will be important to develop a family handbook to give to the families to whom you provide care.

Family handbooks contain information about your program, enrollment process and fees, policies and procedures, curriculum overview, policy on discipline, meal availability and scheduling, expectations of parents, and information about health care and emergencies. Sample Family Handbooks are available at [mtchildcare.org](https://www.mtchildcare.org) to help get you started.



# Marketing

Once you are ready to begin accepting children, you will want your community to know! Effective marketing of your program can help ensure full enrollment.

Research indicates most parents find their child care provider through word of mouth. Reach out to people you already know (church, schools, family, friends) and ask for their help spreading the word. When a parent receives a recommendation from someone they trust, they are more likely to seek out more information. Even better, once you have happy customers, ask for their help in recommending you to their family and friends.

Don't forget to make sure you are connected with your local R&R and your profile is up to date. Your local R&R can connect you to parents seeking child care!

Another way you might think to market your program is to make sure you are offering care for the greatest need. For example, there is far less available infant care than there is for older children. Another often overlooked market is children whose parents work during non-standard business hours (7 a.m.-6 p.m.). Parents who work second shifts or overnight also need child care and it can be hard to find. By offering care for infants or care during non-standard business hours, you will be offering a much-needed service in your community and reaching a new market.

# Stay Connected

It's important to stay connected!

- Sign up for your local R&R newsletter
- Like your local R&R on Facebook
- Join your local Chamber of Commerce, you are a small business now!
- Check out the Montana Women's Business Center
- Explore child care associations including:
  - MT Association for the Education of Young Children (MTAEYC)
  - Montana Child Care Association (MCCA)
  - Great Falls Early Education Association (GFEEA)
  - National Association of Family Child Care (NAFCC)

# Remember to contact your local R&R!

Your local R&R is your child care expert. They will assist you from the very beginning and throughout the life of your child care business experience.

R&Rs can offer:

- **Trainings**
- **Computer access and online training support**
- **Help completing and submitting licensing forms**
- **Fingerprinting**
- **Access to grant funding**
- **And so much more**

## Region 1

Flathead, Lake, Lincoln,  
and Sanders counties

### **The Nurturing Center**

146 3rd Ave. West  
Kalispell, MT 59901  
406.756.1414  
800.204.0644  
406.756.1410 (Fax)  
info@nurturingcenter.org  
**nurturingcenter.org**

## Region 3

Beaverhead, Deer Lodge,  
Granite, Madison, Powell,  
and Silver Bow counties

### **Butte 4-C's**

101 N. Main  
Butte, MT 59701  
406.723.4019  
800.794.4061  
406.723.6982 (Fax)  
**butte4cs.org**

## Region 2

Mineral, Missoula, and Ravalli  
counties

### **Child Care Resources**

500 N. Higgins Ave, Suite 202  
Missoula, MT 59802  
406.728.6446  
800.728.6446  
406.549.1189 (Fax)  
ccr@childcareresources.org  
**childcareresources.org**

## Region 4

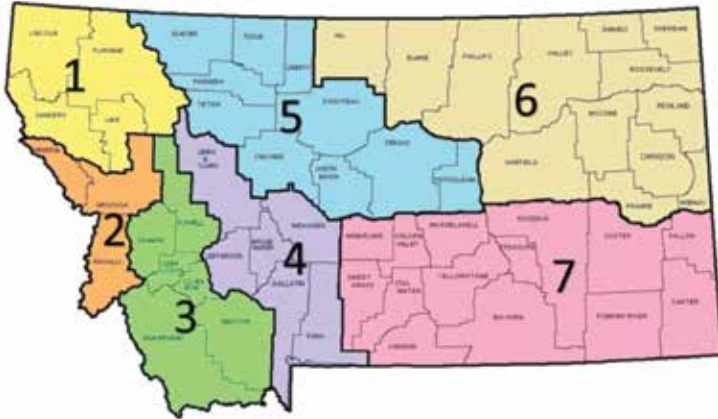
Broadwater, Gallatin, Jefferson,  
Lewis & Clark, Meagher, and  
Park counties

### **Child Care Connections**

Bozeman Office:  
1143 Stoneridge Drive, Suite 1  
Bozeman, MT 59718

### **Helena Office:**

901 North Benton Avenue  
Helena, MT 59601  
406.587.7786  
800.962.0418  
406.587.1682 (Fax)  
office@cccmontana.org  
**cccmontana.org**



## Region 5

Cascade, Chouteau, Glacier, Fergus, Judith Basin, Liberty, Petroleum, Pondera, Teton, and Toole counties

**Family Connections MT**  
 202 2nd Ave. South, Suite 201  
 Great Falls, MT 59405  
 406.761.6010  
 800.696.4503  
 406.453.8976 (Fax)  
[fcinfo@familyconnectionsmt.org](mailto:fcinfo@familyconnectionsmt.org)  
[familyconnectionsmt.org](http://familyconnectionsmt.org)

## Region 6

Blaine, Daniels, Dawson, Garfield, Hill, McCone, Phillips, Prairie, Richland, Roosevelt, Sheridan, Valley and Wibaux counties

**Family Connections MT**  
 2229 5th Ave.  
 Havre, MT 59501  
 406.265.6743  
 800.696.4503  
 406.265.1312 (Fax)  
[fcinfo@familyconnectionsmt.org](mailto:fcinfo@familyconnectionsmt.org)  
[familyconnectionsmt.org](http://familyconnectionsmt.org)

## Region 7

Big Horn, Carbon, Carter, Custer, Golden Valley, Fallon, Musselshell, Powder River, Rosebud, Stillwater, Sweet Grass, Treasure, Wheatland, and Yellowstone counties

**District 7 HRDC Billings Office:**  
 7 North 31st St.  
 Billings, MT 59101  
 406.247.4732  
 800.433.1411  
 406.248.2943 (Fax)

**DEAP Office:**  
 2200 Box Elder  
 Miles City, MT 59301  
 406.235.6034  
 800.224.6034  
 406.234.7018 (Fax)

**Hardin Office:**  
 501 North Center Avenue  
 Hardin, MT 59034  
 406.655.3500  
 800.433.1411  
 406.665.1395 (Fax)  
[hrdc7.org/how-we-help/child-care/](http://hrdc7.org/how-we-help/child-care/)



## Glossary

### **Accrual Method:**

Report income in the year that you earn it and deduct expenses in the year that you incur them. This is true even if you receive the income or pay the expenses in a future year.

### **Best Beginnings STARS to Quality Program:**

Montana's voluntary quality rating and improvement system that aligns quality indicators with support and financial incentives for early childhood programs and early childhood professionals.

### **Business Plan:**

A written description of your business's future. Business plans describe what the business is, how it operates, how it is managed, how it fits in the marketplace, and how it functions financially.

### **Cash Method:**

Report income in the year that you receive it and deduct expenses in the year that you pay them.

## **Child Care Licensing Program:**

Regulates and monitors child care facilities. Additionally, the program establishes guidelines for the health, safety and well-being of the children in these facilities.

## **Curriculum:**

A plan that outlines activities that teach skills, encourage social and emotional growth, and nurture physical health.

## **Family Home Child Care:**

One adult caregiver care for up to six children at a time, with no more than three under the age of 2.

## **Group Home Child Care:**

Two adults provide care for 7-12 children, with a limit of six under the age of 2.

## **Living Wage:**

A wage that is high enough to maintain a normal standard of living. For a single adult in Montana without children that wage is \$11.38 an hour. Visit [livingwage.mit.edu/states/30](http://livingwage.mit.edu/states/30) for more specific information.

## **Minimum Capacity:**

The fewest number of children enrolled in your program that will provide you a living wage.

## **R&R Agencies:**

Child Care Resource and Referral offices provide many different services depending on where you live, including child care referrals and other parenting supports, child care provider trainings and technical assistance, and other efforts to increase the quality and availability of child care.

## **Zoning:**

Relates to the division of an area into zones, as to restrict the number and types of buildings and their uses. For example, zoning laws in your town may prohibit a child care businesses in a residential area.

**MAKE A DIFFERENCE  
IN THE LIVES OF**

*children*

**IN OUR COMMUNITY!**



**WHAT** *you* **DO!**



**MONTANA**  
**DPHHS**  
Healthy People. Healthy Communities.  
Department of Public Health & Human Services



## Montana Child Care Resource and Referral Network

**LEARN MORE AT [MTChildCare.org](https://MTChildCare.org)**

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This publication was made possible by Grant Number 90TP0026-01-00 from the Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Office of Child Care, the Administration for Children and Families, or the U.S. Department of Health and Human Services.