CHILD CARE CENTERS

BASIC INFORMATION FOR POTENTIAL PROVIDERS

North Carolina
Department of Health and Human Services Division of Child Development and Early Education

April 2020
Thank you for your interest in providing quality child care. You have begun the complex project of planning a community wide service to children and families that will make a lasting impression. By starting a child care center, you are promoting early learning and development in young children and contributing to the economic growth of North Carolina. The materials in this packet have been designed to help you.

North Carolina’s child care law identifies two types of regulated Child Care Centers according to the maximum number of children that may be in care at one time. The term “home” is used for a smaller program usually located in a family residence. The term “center” is used for a larger program usually located in a separate building or a large “designated” space in the home. The two types of programs and the maximum number of children for each are as follows:

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<th>TYPE OF ARRANGEMENT</th>
<th>MAXIMUM NUMBER OF CHILDREN</th>
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<td>Child Care Centers</td>
<td>Determined based on measured space used by children</td>
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<tr>
<td>Center Located in Residence</td>
<td>Licensed for 3-12 children</td>
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*The maximum number of preschool children allowed in a Center Located in Residence is 12. If the facility only plans to enroll school age children, the maximum capacity can be 15. Local ordinances and zoning may further restrict the number of children allowed to be cared for in a residence.

**What is a Child Care Center?**

A Child Care Center (CCC) is a program where three or more children less than 13 years old receive care on a regular basis of at least once a week for more than four hours from persons not related to the children in care.

**What is a Center Located in Residence?**

A Center Located in Residence (CLIR) is a child care center located in a residence and licensed for 3 - 12 children unless space limits the number. A Center Located in Residence must comply with most of the Child Care Center requirements. The differences between a CLIR and a Child Care Center are:

- A CLIR must be in an occupied residence.
- An administrator is not required for a CLIR.
- A CLIR is not required to have defined activity areas.
- A CLIR has the Family Child Care Environmental Rating Scale conducted versus the other environment rating scales.

This packet is intended for those who are considering operating a child care center or a center located in residence. As in any other business, when deciding whether or not to open a child care center, the potential provider must determine the market for the service and consider if the resources are available to develop and operate the enterprise.
The first task is researching the need for service in your community which is critical to success. Having a “feeling” about what is needed cannot substitute for having the facts. Relevant information about your target population is the basis for deciding the number and ages of children for which to design the center, as well as the location. For the typical child care center, you will be looking for parents of preschool-age children who are working and can afford child care. City and county offices, the local Chamber of Commerce, and public schools can usually supply some of the data you will need.

Once you know about the potential customers for your center, you must then determine whether you will be able to put together everything that is needed to make the business work. Plan carefully. Expenses that are not anticipated or are underestimated can spell disaster. We have included a budget guide that lists all the usual expenditures one might encounter when opening a child care facility. Information about the licensing requirements is also included. Licensing requirements, such as staff qualifications, space requirements and equipment requirements can have a major impact on budgeting.

Attention should be given to the center site. Center site is a factor of primary importance to the success of the operation and is usually a major expense that involves a long-term commitment. Many consumer studies have found that convenience, in addition to the quality of care, is the basis for parents’ selection of a child care placement for their child. No matter how well you plan and provide the children’s program of care, you may have a very hard time keeping full enrollment. The location needs to be “good for business”. The best location is usually one near where your customer target group lives or one which is easily accessible on the parents’ way to work.

The site must also be suitable for child care and affordable. Never commit yourself to any site until you have worked out both your development and operating budgets. You should also be certain that the building is practical and will pass the required inspections. A copy of the inspection reports, which are completed on every child care center, is included to help you assess possible sites. Materials on site selection and obtaining a building are also included.

After completing the planning process, review the “Questionnaire for Potential Child Care Operators”, to help you decide if you are ready to open a child care center. You are also required to attend a pre-licensing workshop before receiving a license. In this workshop, you will have a chance to discuss the steps in both planning to open a center and obtaining a license. A list of scheduled workshops and a registration information is available on the DCDEE website.

Good luck to you in planning your child care operation. The Division of Child Development and Early Education will be happy to answer any questions about the materials in this packet and provide additional information you need along the way.
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Overview of Licensing Requirements for Child Care Centers

The information contained in this publication is not a complete description of the standards required for licensure of a child care center. It is intended to assist you in assessing the feasibility of operating a center by highlighting certain requirements which have a direct bearing on the resources needed. Refer to this information as you plan for personnel, building, equipment, supplies, etc.

Licensed Capacity/Attendance

- No center may be licensed for more children than the primary space, used by the children, can accommodate at 25 square feet per child. Local zoning ordinances may place more stringent limitations on capacity.
- Subject to the space limitation cited above, a center licensed for 3-12 children located in a residence may be licensed to provide care to no more than 12 children when any child present is of preschool age or no more than 15 children when all children are school age. All children in the center located in a residence are counted except the provider’s own school-age children.
- The number of children present in any center may not exceed the licensed capacity nor may the number of children present in any room exceed the number that room can accommodate at 25 square feet per child.

Staff/Child Ratios and Supervision

Children must be supervised at all times. Staff should hear or see children at all times in order to permit individuals with hearing and visual impairments to be counted in ratio. Additional stipulations outlining adequate supervision in Child Care 10A NCAC 09.1801(a) were added as follows:

1. Staff must be positioned in the indoor and outdoor environment to maximize their ability to hear or see the children at all times and render immediate assistance.
2. Staff must interact with the children while moving about the indoor or outdoor area.
3. Staff must know where each child is located and be aware of children’s activities at all times.
4. Staff must provide supervision appropriate to the individual age, needs, and capabilities of each child.
5. Staff must be able to see and hear children aged birth to five years old while the children are eating.

All of conditions in this Paragraph shall apply except when emergencies necessitate that direct supervision is impossible for brief periods of time. Documentation of emergencies shall be maintained and available for review by Division representatives upon request.

An emergency is defined as an unexpected, sudden, and urgent event that involves the need/s of a child or children in care that must be dealt with immediately. Nothing contained in this Rule shall be construed to prevent a qualified person with a disability from working in a licensed child care facility.

- Maximum group size will vary depending on the age of the child but will never exceed 25 children. (See ratios on the next page).
- If only one caregiver is required to meet the staff/child ratio, and children less than two years of age are in care, the caregiver must not concurrently perform food preparation or other duties which are not direct child care responsibilities.
- When children are taken off the premises, staff must take with them a list of all children in the group.
- When there is a multi-age group, the staff/child ratio for the youngest child in the group must be maintained for the entire group.
- Staff members and administrators counted in meeting the staff/child ratio must not concurrently perform food preparation or other duties which are not direct child care responsibilities unless only one caregiver is required to meet the staff/child ratio and no children less than two years of age are in care.
Ratios by center type and size:

For child care centers licensed for 3-12 children located in a residence, the ratios are as follows:

<table>
<thead>
<tr>
<th>Ages of Children</th>
<th>Minimum Staff Child Ratio</th>
<th>Additional Number of School-Aged Children Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 12 months</td>
<td>1/5</td>
<td>3</td>
</tr>
<tr>
<td>12 to 24 months</td>
<td>1/6</td>
<td>2</td>
</tr>
<tr>
<td>2 to 3 years</td>
<td>1/10</td>
<td>0</td>
</tr>
<tr>
<td>3 to 4 years</td>
<td>1/12</td>
<td>0</td>
</tr>
<tr>
<td>All school-aged</td>
<td>1/15</td>
<td>0</td>
</tr>
</tbody>
</table>

For child care centers, the ratios and maximum group sizes are as follows:

<table>
<thead>
<tr>
<th>Ages of Children</th>
<th>Minimum Staff Child Ratio</th>
<th>Maximum Group Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 12 months</td>
<td>1/5</td>
<td>10</td>
</tr>
<tr>
<td>12 to 24 months</td>
<td>1/6</td>
<td>12</td>
</tr>
<tr>
<td>2 to 3 years</td>
<td>1/10</td>
<td>20</td>
</tr>
<tr>
<td>3 to 4 years</td>
<td>1/15</td>
<td>25</td>
</tr>
<tr>
<td>4 to 5 years</td>
<td>1/20</td>
<td>25</td>
</tr>
<tr>
<td>5 years and older</td>
<td>1/25</td>
<td>25</td>
</tr>
</tbody>
</table>

Preservice Requirements for Staff

All Staff

- Child Care providers and uncompensated providers who are not substitute providers or volunteers, including the director, must obtain medical exams, tests and/or screenings showing each to be free of active TB, annual medical statements or health questionnaires, and emergency medical information.

- North Carolina law requires that all persons must complete a criminal background check prior to the 1st day of employment. The potential operator as well as all employees must follow the preservice requirements and the comprehensive criminal background check process online at the Division's website.

On-Site Administrator (director)

If the on-site administrator has not yet obtained the NC Early Childhood Administration Credential or its equivalent, he/she must meet the following pre-service requirements regarding education/experience in early childhood education:

- They must be at least 21 years of age and have a high school diploma or its equivalent and have ONE of the following:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) two years of full-time child care experience in a child care center or early childhood work experience</td>
<td>B) an undergraduate, graduate, or associate degree, with at least 12 semester hours in child development, child psychology, early childhood education or a directly related field</td>
</tr>
<tr>
<td>C) a Child Development Associate Credential</td>
<td>D) completion of a community college curriculum program in the area of child care or early childhood</td>
</tr>
</tbody>
</table>

Revised April 2020
E) one year of full-time verifiable child care or early childhood work experience and a North Carolina Early Childhood Credential

The on-site administrator must also meet one of the following pre-service requirements regarding education/experience in administration:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) verification of having successfully completed two semester hours or 32 clock hours of training</td>
<td>B) verification of being currently enrolled in two semester hours or 32 clock hours of training</td>
</tr>
<tr>
<td>in the area of early childhood program administration</td>
<td>in the area of early childhood program administration</td>
</tr>
<tr>
<td>C) one-year experience performing administrative responsibilities</td>
<td>C) one-year experience performing administrative responsibilities</td>
</tr>
</tbody>
</table>

The on-site administrator must obtain the North Carolina Early Childhood Administration Credential or its equivalent. Child care administrators must begin working toward the completion of the North Carolina Early Childhood Administration Credential or its equivalent within six months after assuming administrative duties and must complete the credential or its equivalent within two years after beginning work.

A person meeting the qualifications for administrator must be on site at each center for a minimum number of hours (varying with center size) each week.

**Lead Teachers and Teachers**

Lead teachers and teachers without a NC Early Childhood Credential or its equivalent must meet the following pre-service requirements:

They must be 18 and have a HS diploma or its equivalent and have ONE of the following:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) One year of experience in a center or two years of experience in a family child care home</td>
<td>B) Completed a two-year high school program of Early Childhood Education in Family and Consumer Sciences Education.</td>
</tr>
</tbody>
</table>

In addition to the preservice requirements, all lead teachers must obtain at least a NCECC or its equivalent as determined by the Department. Lead teachers must be enrolled in the credential coursework or its equivalent within six months after becoming employed as a lead teacher and must complete the credential or its equivalent within eighteen months after enrollment.

There must be a lead teacher assigned to work with each group of children. A lead teacher can only be responsible for one group of children at a time. Each group of children must have a lead teacher present for 2/3 of the operating day.

**Teacher’s Aide or Aide**

This means a person who assists the lead teacher or the teacher in planning and implementing the daily program, is monetarily compensated, must be at least 16 years old and less than 18 years old, must be literate, and must not be counted in staff/child ratio or have unsupervised contact with children.

**Support Staff (drivers, food handlers, substitutes)**

These persons must meet basic requirements, such as age, license/certification, according to their responsibilities.
Staff Development/Training

- All staff who provide direct care or accompany children when they are off premises must have successfully complete certification in First Aid. At all times when children are in care at least one staff member present must have successfully completed First Aid training.

- All staff who provide direct care or accompany children when they are off premises must successfully complete certification in a cardiopulmonary resuscitation (CPR) course. At all times when children are in care one staff member present must have successfully completed CPR training.

- In centers licensed to care for infants 12 months and younger, the center director and any child care providers scheduled to work in the infant room, including volunteers counted in staff/child ratios, must complete the ITS-SIDS training. At all times, one child care provider who has completed ITS-SIDS training shall be present in the infant room while children are in care. Training must be completed within two months of the individual assuming responsibility. ITS-SIDS training must be retaken every three years.

- The child care administrator and all staff members must complete Recognizing and Responding to Suspicions of Child Maltreatment training within 90 days of employment.

- One person must complete the Emergency Preparedness and Response in Child Care training within one year of the initial license or within four months of the vacancy.

- All staff who will be in contact with children must receive at least sixteen hours of a prescribed course of orientation within the first six weeks of employment. A specific six of those hours of orientation must be completed within the first two weeks of employment.

- In addition to new the staff orientation, child care administrators and staff members must complete health and safety training within one year of employment. Health and safety training must be completed as part of on-going training so that every five years all of the topics have been covered.

All staff responsible for planning or supervising the program and all staff working directly with the children must receive on-going training. On-going training should be selected according to each person’s job-related needs. The amount of on-going training required varies with the person’s educational level, professional experience and prior training.

Building

- At least 25 square feet of indoor space per child is required.
- At least 75 square feet of fenced outdoor play space per child is required.
- The building must meet current building, sanitation, and fire code requirements and be located in an area free of hazards.
- Centers may use domestic kitchen equipment if it meets heating, cooling, and storing requirements as determined by the Division of Environment and Natural Resources.
- Plans and specifications for new construction or modifications to any existing or proposed child care centers must be submitted to the local health department and building inspector for review and approval prior to beginning construction.
A floor plan must also be submitted to the Division of Child Development and Early Education child care consultant. The Division shall calculate the total area of the Primary Space by measuring the Primary Space or by reviewing current drawings of the space that have been signed and sealed by an architect or engineer licensed to practice in the State of North Carolina.

- The outdoor play area must be free of equipment, litter, animals or other objects that may be hazardous to the children.
- Playground equipment must meet all applicable requirements.

**Equipment and Furnishings**

- An adequate supply of diapers, clean linens, and an individual bed, cot or mat for each child must be provided.
- Child-size furnishings must be provided and kept in good repair.
- The practice of specific safety precautions is required in the center.
- Hazardous items, materials, and equipment may be used by children only under adult supervision.
- Firearms and ammunition are prohibited in a licensed child care center unless carried by a law enforcement officer.
- There must be a working telephone on the premises, which is always accessible to caregiving staff.

**Nutrition**

- Nutritious meals and snacks which contain the food groups outlined in the Meal Patterns for Children in Child Care must be provided.
- The number and size of servings must be appropriate for the age and developmental level of the child.
- Arrangements must be made for special diets.
- Menus must be planned a week in advance and posted.
- Individual written feeding schedules must be followed and posted for children under 15 months of age.

**Caregiving Requirements**

**All Children**

- For each group of children, there must be a schedule posted for easy reference by staff and parents which shows the usual routine of care and the time periods assigned to different activities.
- The schedule must indicate a balance between active play and quiet times or rest.
- The activities and the times allotted for them must be appropriate for the ages of the children present.
- The activities must stimulate the following developmental domains, in accordance with North Carolina Foundations for Early Learning and Development:
  a) emotional and social development
  b) health and physical development
  c) approaches to play and learning
  d) language development and communication
  e) cognitive development
- The schedule must be followed in a way that allows flexibility to meet children’s individual needs.
- There must be a written plan, available to parents and caregivers, which shows the activities available to the children in care.
- Centers must have a plan for each group of children.
- The plan must reflect that the children have at least four different activities in which they may choose to participate on a daily basis.
- Each child must have the opportunity for outdoor play on a daily basis, weather conditions permitting.
Infants and Toddlers (children under 2 years of age)

- There must be developmentally appropriate toys and activities for each child in care.
- Each child must eat, sleep, play, and be diapered according to his own needs, and be toilet trained according to his individual readiness.
- The schedule must include regular daily events such as the arrival and departure of the children, free-choice times, outside time, and teacher-directed activities.
- A safe, clean, uncluttered area must be available for infants to crawl or creep and for toddlers to move around.
- The caregivers must interact in a positive manner with each child every day.
- A caregiver or team of caregivers must be assigned to each infant or toddler as the primary caregiver.
- Children must be held for bottle feeding until the child can hold his own bottle.
- Children twelve months of age and younger must have daily opportunities for “tummy-time” to play while on their stomachs.

For children under three years of age

- There must be developmentally appropriate toys and activities for each child including books, blocks, dolls, pretend play materials, and musical toys, sensory toys, and fine motor toys.
- Materials must be displayed in a prominent place and available to implement the scheduled activities.
- Four of the following activity areas must be available daily: art and other creative play, children’s books, blocks and block building, manipulatives, and family living and dramatic play.
- An open area that allows freedom of movement shall be available, both indoors and outdoors.
- Hands-on experiences must be provided to enable the infant or toddler to learn about himself and the world both indoors and outdoors.
- Screen time, including television, videos, video games, and computer usage, is prohibited for children under three years of age.

Preschool Children (children at least three years of age and older)

- Equipment and materials must be available in activity areas on a daily basis.
- Each activity area must contain enough materials for three related activities to occur at the same time. The materials must be in sufficient quantity to allow at least three children to use the area regardless of whether the children choose the same or different activities.
- Centers with a capacity of 30 or more children must have at least four activity areas available in the space occupied by each group of children.
- Centers with a capacity of less than 30 children must have at least four activity areas available, but they may be shared by different groups of children.
- Centers with a licensed capacity of 3 to 12 children located in a residence shall have at least four types of activities available.
- At least four of the following activity areas must be available every day to preschool children:
  a) Art and other creative play
  b) Children’s books
  c) Blocks and block building accessories
  d) Manipulative materials
  e) Family living and dramatic play

**The fifth activity area must be rotated in at least once per month**
• Equipment for music and rhythm activities, science and nature activities, and sand and water play must be available to the children weekly.
• When screen time is provided on any electronic media device with a visual display, it must be offered to stimulate a developmental domain in accordance with the North Carolina Foundations for Early Learning and Development. It must be limited to 30 minutes per day and no more than a total of 2 1/2 hours per week per child. Screen time must be documented on a cumulative log.

School-Age Children (children five years and older who are attending or have attended school or kindergarten)

• School-age components that operate for three or fewer hours a day must make at least three activities available daily; those operating for more than three hours per day must make at least four activities available daily.
• Age appropriate activities for school-age children include: outdoor play, reading, career development, community awareness, creative art, cultural activity, games or manipulatives, hands on academic, enrichment, health education wellness, homework assistance, sand and water play, social skills, life skills, or problem solving, physical activity, and technology skill building.

Transportation

• Written permission for transporting a child must be obtained from the parent or guardian.
• Vehicles used to transport children enrolled in child care centers must be free of hazards, including tire treads of less than 2/32 of an inch.
• Vehicles used to transport children must comply with all applicable state and federal laws and regulations.
• Liability insurance is required.
• Vehicles used to transport children in snowy, icy, and other hazardous weather conditions must be equipped with snow tires or chains as appropriate.
• A First Aid Kit and fire extinguisher must be located in each vehicle and frilly mounted or secured if kept in the passenger compartment.
• All persons in the vehicle must use seat belts or appropriate child passenger restraint devices.

1. The driver or other staff member on the vehicle must ensure that all children are transferred to an individual who is indicated on the child’s application.
2. For each child being transported, identifying information, including the child’s name, photograph, emergency contact information, and a copy of the emergency medical care information form must be in the vehicle.
3. Children must not be left in a vehicle unattended by an adult.
4. Parents may give standing permission, valid for up to 12 months, for transport of children to and from the center, not including off premise activities.
5. Staff in each vehicle must have a functioning cellular telephone or other functioning two-way voice communication device. Staff shall not use cellular telephones or other functioning two-way voice communication devices except in the case of an emergency.
6. Safe procedures for pickup and delivery of children must be followed.
7. The required staff/child ratio must be maintained in vehicles.
8. The driver must be 21 years of age and have a valid driver’s license of the type required for a vehicle of the size used to transport children.
9. Children may not occupy the front seat of a vehicle if there is an operational passenger side airbag.
Discipline
- No corporal punishment is allowed except in religious-sponsored centers operating under the provisions of G.S. 110-106.
- Discipline may in no way be related to food, rest, or toileting.
- Children may never be placed in a locked room, closet, or box, or be left alone in a room.
- Discipline may never be delegated to another child.
- Children may never be assigned chores that require contact with or use of hazardous materials.
- Physical activity must not be withheld or required as punishment.
- Children must never be yelled at, shamed, frightened, threatened, or bullied.
- Children must never be handled roughly.
- Children must never be restrained as a form of discipline.
- The center’s discipline policy must be provided in writing to parents.

Records

Children
Each child in care must have a file containing the following information:
- A completed application for enrollment
- Medical action plan, if applicable
- A medical report
- Immunization record
- Signed statement that the parent or guardian received a copy of the center discipline policy
- Documentation of Receipt of Summary of Child Care Law
- Transportation Permission and/or Off-Premise Activity Form
- Incident report
- Instructions from the parent or physician when medicine is to be administered
- Infant feeding schedule for any child up to 15 months old (if applicable)
- Supplemental food opt-out form (if applicable)
- Documentation of the Receipt of Safe Sleep Policy on file on or before first day of enrollment of a child 12 months of age or younger.
- Documentation of the Receipt of Prevention of Shaken Baby Syndrome and Abusive Head Trauma policies

Staff
- An application for employment
- Criminal Background Check Information
- Medical report
- Health Questionnaire
- Evaluation of Emotional and Physical Fitness (as applicable)
- Negative TB test or screening result
- Emergency information on staff
- Documentation of staff orientation
- Documentation of on-going training
- Documentation of CPR/First Aid certification, EPR training, Recognizing and Responding to Suspicions of Child Maltreatment training, Playground Safety training (if applicable), ITS-SIDS training (if applicable) and BSAC training (if applicable)
- Copy of Criminal Background Check Qualification Letter
Center
- An evacuation plan and fire drill records.
- Emergency drill records
- Attendance records
- Daily schedule/Activity Plan
- Menu
- An incident report (completed when a child is injured while in the care of the center and must seek medical attention) and incident log
- Manufacturer’s instructions for equipment and furnishings
- Monthly playground inspections
- Safe Sleep policy if licensed for infants 12 months of age and younger.
- Prevention of Shaken Baby Syndrome and Abusive Head Trauma Policy for children 5 years old and younger
- Discipline Policy
- Aquatic activity policy (if applicable)
- Emergency Medical Care Plan
- List of and identifying information of children transported (if applicable)
- Schedule of off-premise activities (if applicable)

Annual Licensing Fees

Child care centers are required to pay an annual licensing fee, based on the permit capacity of the center. The fee applies to all centers except for those operating under the provisions of General Statute 110-106, which is a religiously operated center, and publicly operated centers. The license fee is an annual charge to maintain a child care license for providing child care. The amount of the fee is based on the licensed capacity indicated on the permit (child care license).

<table>
<thead>
<tr>
<th>Capacity of Center</th>
<th>Maximum Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 or fewer children</td>
<td>$52.00</td>
</tr>
<tr>
<td>13-50 children</td>
<td>$187.00</td>
</tr>
<tr>
<td>51-100 children</td>
<td>$375.00</td>
</tr>
<tr>
<td>101 or more children</td>
<td>$600.00</td>
</tr>
</tbody>
</table>

Licensing fee invoices are mailed out in October. The licensing fee is based on the licensed capacity of the center as of October 1st. Failure to pay the annual license fee may result in the revocation of your child care license.

Compliance History

Prior to the issuance of an initial license, a center shall comply with all minimum child care requirements. To maintain a license, a child care center must maintain a compliance history of 75% or higher as assessed by the Division. The Division shall assess compliance history of a child care center by evaluating the violations of requirements that have occurred over the previous 18 months or during the length of time the center has been operating, whichever is less.
Two through Five Star Rated License Standards
Child care centers that meet all the minimum requirements will receive a one-star license at the end of the six month temporary time period. Operators can apply for a two through five-star license if they choose to meet higher standards. Star licenses are determined based upon the number of points achieved in two separate components:

★ PROGRAM STANDARDS
★ EDUCATION STANDARDS

There is a range of 1 through 7 points available in each component. The more items the center has achieved, the higher number of points the center will receive in the component.

★ In program standards, a center would achieve more points if staff/child ratios were decreased, square footage available for each child was increased, operational policies were developed, and environment rating scale assessments were completed.
★ A center having an administrator and caregivers with higher educational levels would receive more points in education standards.
★ A program may also choose to meet the requirements of a quality point and receive one additional point toward their star-rated license.

The points achieved in each of the above areas would then be calculated to determine the number of stars that the center is eligible to receive on their license. Centers that only meet minimum licensing requirements and do not apply for a rated license will receive 1 star on their license. Centers meeting voluntarily higher standards will receive from 2 – 5 stars on their license, based on the number of points achieved in each of the areas described above.
Religious-Sponsored Centers

In North Carolina, religious-sponsored child care centers (those operated by a church or school of religious charter) that meet the definition of child care must be regulated by the Division of Child Development and Early Education. North Carolina General Statute 110-106 allows these types of centers the option of being issued a license or a notice of compliance. If a religious-sponsored child care center elects to be licensed, they must be in compliance with all of the child care licensing requirements. If the center elects to operate under the provisions of G.S. 110-106, they will meet all other child care requirements and be issued a “Notice of Compliance.”

How to apply to operate a religious-sponsored child care center:

1. At least 30 days prior to the first day of operation, the prospective operator shall send a “Letter of Intent” to the Regulatory Services Section of the Division of Child Development and Early Education. This letter shall include:
   - Name of Operation/Church Sponsor
   - Address of Operator/Church
   - Telephone Number of Operator/Church
   - Proposed Name of Center
   - Address of Center
   - Telephone Number of Center
   - Proposed Number of Children
   - Proposed Age Range of Children
   - Scheduled Opening Date of Center
   - Criminal Background Check qualifying letters

2. The Division shall send the prospective operator a Response Letter after the Letter of Intent is received. The Division will advise the operator of the applicable requirements, procedures, and date that they may begin operation. Also included with the Response Letter will be a contact name, address and phone number, and some of the forms that will need to be completed.

3. The pastor or his/her designee, such as a Board Member, Associate Pastor, or Youth Pastor who serves in an official church business capacity, must complete the two-day Pre-Licensing Workshop within 30 days of when the program begins operation. In addition to the pastor or his/her designee attending the Workshop, the Division recommends that the administrator of the program, also, complete the Workshop. The administrator of the child care program cannot be considered a pastor appointed designee.

A schedule of these workshops may be found online at:
https://ncchildcare.ncdhhs.gov/services/licensing/getting-a-license

4. A religious-sponsored center may begin operating as of the date listed in the Response Letter sent to the operator from the Division. Within 30 days after the facility opens, the Division will conduct an announced Pre-licensing visit.

Centers operating under the provisions of G.S. 110-106 must comply with all the child care licensing requirements except:

<table>
<thead>
<tr>
<th>Rule Numbers</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules: .0508 through .0510, .0513 through .0515 and .2508</td>
<td>Age appropriate activities</td>
</tr>
<tr>
<td>Administrative, Operational, Personnel Policies, and Parent Participation</td>
<td></td>
</tr>
<tr>
<td>Rules: .0703(c) through (e)(f), .0704, .0714(a) through (d)(e), .1101..1102(a), (b), (e), and (g), and .1103 through .1106</td>
<td>Staff qualifications and training requirements</td>
</tr>
<tr>
<td><strong>For programs accepting subsidy, the exemption of not having to meet the requirements in .1101 and .1103 would not be applicable.</strong></td>
<td></td>
</tr>
<tr>
<td>Rule .1803(a)</td>
<td>Corporal Punishment (only if notice and policy submitted to the Division for review prior to implementing as outlined in .2102)</td>
</tr>
<tr>
<td>Rule: .2510</td>
<td>Staff qualifications if working with school age children only</td>
</tr>
</tbody>
</table>
Change of Ownership Processing Timeline and Important Information

A Change of Ownership occurs when the person or entity held legally responsible for the child care business changes. An owner is defined as any person with a 5% or greater equity interest in a child care facility. Any change that involves 5% or greater equity interest in the facility is considered an ownership change. The following information outlines the steps that occur with an ownership change:

**Step 1. Notification**
- Change of Ownership form requested by the current owner (seller) from DCDEE Consultant
- Top half of the Change of Ownership form completed by seller, and signature notarized
- Bottom half of Change of Ownership form completed by new owner (buyer), and signature notarized
- Buyer sends Change of Ownership form in triplicate to DCDEE Consultant no less than 30 days prior to transfer of ownership

**Step 2. Application**
- Buyer contacted by DCDEE Consultant
- Application packet mailed to buyer by DCDEE Consultant
- Buyer completes Application-Facility Profile forms. Indicate type of business organization on the form. If the type of business operation requires registering with the N.C. Secretary of State’s office, move forward with that process. Being in “good standing” with that office will be verified by the DCDEE Consultant, prior to the issuance of a Temporary License.
- Buyer submits Application-Facility Profile forms in triplicate to DCDEE Consultant and if applicable, a copy of any building lease

**Step 3. Review**
- Application paperwork reviewed by DCDEE Consultant
- Education and Experience of the Administrator verified
- Business status with the Secretary of State’s Office checked by DCDEE Consultant, if applicable
- Buyer notified by DCDEE Consultant if any additional forms or information required

**Step 4. Issuance of a Temporary License**
- DCDEE Consultant schedules Rules Review with buyer and designees
- Temporary License issued to new owner (buyer); license of current owner (seller) terminated
Important Information Regarding a Change of Ownership

1) The Change of Owner form confirms the current operator’s intent to sell his/her business and the prospective buyer’s intent to purchase it. This is a legal document and should contain accurate information.

2) In the section that asks for the date of sale/purchase, both the seller and the buyer must list the same date. This date must be the date of actual transfer of ownership of the child care business (usually closing date with attorneys).

3) The Change of Owner form must be received at least 30 days prior to the official date of ownership transfer in order to complete the required process for a change of ownership. The DCDEE Consultant must be notified immediately if the date of ownership transfer changes.

4) If the current owner [seller] should close the center and/or relinquish financial responsibility prior to a license being issued to the new owner [buyer], the facility will no longer be eligible for processing as a Change of Ownership. The new owner will have to apply, and the Application-Facility Profile will be processed according to the Division’s procedures for new facilities.

5) The 30-day processing period will not begin until the Change of Owner form is received by the DCDEE Consultant.

6) Once the transfer of ownership occurs and all necessary paperwork is received by the DCDEE Consultant, the new owner [buyer] will be issued a Temporary License that will be effective for six (6) months.

7) During the six (6) month Temporary License Time Period, the new owner will be responsible for obtaining new Building, Fire, and Sanitation Inspections for the center. This may mean bringing the building into compliance with the current codes in each of these areas, regardless of the center’s current operational status. Failure of the new owner to submit the three (3) approved inspection reports by the end of the Temporary License Time Period could result in issuance of a Provisional License or Denial of a License.

8) Since a new license will be issued to the new owner of the child care facility, check with any funding agencies providing tuition assistance or child care subsidy for currently enrolled children for information on how their assistance may be affected. Financial assistance vouchers for currently enrolled children do not automatically transfer to the new owner.

9) At the end of the six (6) month Temporary License Time Period, the center may be issued a license, based on eligibility at that time and applying for a Star Rated License. The star rating that the facility held under the previous owner does not transfer to the new owner.
Planning for Success in Child Care

“Loving children” is not enough to guarantee success in operating a child care center. A businesslike approach to operating a center will enhance your likelihood of success. Outlined below are some major steps you can take which will help your child care business.

Assess Community Child Care Needs

How can you find out if more child care is needed in your area? Getting answers to these questions can help.

- How many children live in your community?
- Are there many families where both parents work?
- Are there a lot of single parents?
- How many child care facilities are already in operation?
- Where are they located?
- Do existing facilities have waiting lists?
- In what age groups is the demand for child care the greatest?
- What is the growth potential for child care services?

Determine What Kind of Center You Want

When deciding about the kind of center you will operate, consider the following:

- How large will the center be?
- Will the center be located in your home or in a separate location?
- Will you build a new building or renovate an existing structure?
- What are the ages of the children you will serve?
- How many people will be needed to staff the center?
- How and where will meals and snacks be prepared?
- Will you serve specialized groups such as infants and toddlers or children with special needs?

Explore One or More Potential Sites Suitable for Child Care

When comparing potential sites the following questions should be considered:

- What are the traffic patterns in the area?
- What would be the cost of renovations or improvements to meet inspection requirements?
- What is the potential for passing building, fire and sanitation inspections?
- Is there outdoor space available for a fenced playground?
- What is the moral environment of the neighborhood?
- What are the sizes of the rooms and where are the exits located?
- What are the zoning ordinances for the sites you are considering? (You may check zoning regulations by contacting city offices or town halls. In rural areas, contact the county administrative offices.)

Review Building, Fire and Sanitation Forms

Buildings used for child care must pass all inspections before a license can be issued. When looking at a building check the items on the forms to determine the potential for passing the inspections. Note the following considerations:
• Be sure to get answers to any questions regarding building a new center or renovating an existing structure from local building, fire and sanitation inspectors. There may be local requirements in addition to the state requirements.

• Not all buildings are suitable for child care. The interior layout of a building may prove to be poorly suited for use as child care space. Indoor space arrangements determine the size of groups and numbers of children in each room or “space”. This, in turn, determines the number of staff needed for each classroom. The layout or floor plan, position of exits, windows, bathrooms and kitchen determine the suitability of a building. If you are planning to build a center, you have the opportunity to design a building specifically for child care use.

• The licensed capacity, whether the building is newly constructed or renovated, and the ages of children in care determine the building and sanitation code requirements that must be met.

Consider the Major Child Care Licensing Requirements

Child care is a service business that is monitored by the Division of Child Development and Early Education. Before committing time, money, and energy to a child care business, it is important to understand the law and rules that apply. Consider the following:

• The owner/operator is responsible for compliance with all state laws, rules and local ordinances that apply to the operation of a child care center.
• Child development principles and developmentally appropriate programming are the basis for meeting the child care requirements.
• Managing children’s behavior in a positive way is an important component of a center’s program.
• Keeping a center safe and healthy for children requires continuous effort by staff and owners/operators.

Identify the Financial, Business and Human Resources Needed to Operate a Child Care Center

• You will need both start-up and operating capital. Are these funds available?
• Using a budget guide or a business plan will help give a realistic estimate of costs.
• Determine if potential child care staff are available for employment. Child care center operators and their staff must meet age, education and experience requirements. No one who has been convicted of child abuse or neglect may work in child care. Staff must be U. S. citizens or lawfully authorized alien workers.
• Determine the fees that must be charged to cover estimated operating expenses. Ask yourself the question: Could this center be competitive in my area?
• Explore program and equipment needs of various ages of children in group care.
• Determine type of liability insurance coverage recommended for your center.

Deciding Whether You Want to Proceed with Obtaining a License

• Have you done your homework?
• Have you carefully considered all the issues involved in establishing a center?
• Have you done the necessary preparations to arrive at the appropriate decision?
• Have you reviewed all pertinent materials?
### Child Care Budget Guide

#### Estimated Expenses

<table>
<thead>
<tr>
<th>TYPE</th>
<th>Monthly Operations</th>
<th>Start-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director, caregivers, cook, driver, bookkeeper, secretary, janitor substitutes</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>B) Fringe Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social security, federal unemployment, state unemployment, workman’s compensation, health insurance</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>C) Staff Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional journals, books, courses, workshops, orientation materials, travel</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>D) Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits, down payments, rent, mortgage payment, utility connections fee, utilities, renovation, fencing, maintenance, repair, janitorial supplies, furniture (children’s and adult), outdoor play equipment, kitchen appliances, annual license fee</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>E) Food Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food, kitchen equipment, small appliances, cups/plates</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>F) Program Supplies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>books, toys/equipment, music equipment, games, art supplies</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>G) Transportation of children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle payments, gas, maintenance, repairs, license fee, inspection fee</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>H) Administrative Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permits, licenses, audit, typing, office supplies, postage, printing, copying, advertising, property insurance, vehicle insurance, liability insurance, property tax, income tax, travel</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>I) Parent Involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parent handbook, meetings, newsletter</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>J) Miscellaneous Expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** $ | $ |

#### Estimated Income

<table>
<thead>
<tr>
<th>TYPE</th>
<th>Monthly</th>
<th>Start-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Fees for caregiving/tuition</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>B) Fees for registration or enrollment</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>C) Fees for transportation</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>D) Fees for special lessons or services</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>E) Other income</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Child and Adult Care Food Program, donations, fund raising activities, grants, cash on hand, loans</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**TOTAL** $ | $ |

*estimates for fees should allow for slow initial enrollment and continuing under enrollment*
Taxes and Records

An important concern for the manager of any new business is setting up an appropriate record keeping system. Records of income, expense, assets, etc. are the basis for figuring profit or loss, making decisions about what fees to charge, and calculating allowable tax deductions. The advice that follows is based on 1989 federal tax requirements and is directed to persons who will be operating a child care home or center as a sole proprietorship (an individual). Partnerships and corporations require more complex bookkeeping systems and reports. Such organizations should obtain the services of a professional accountant to organize their systems. At the end of this article is a resource listing of services and publications provided by the Internal Revenue Service (IRS) in which the details of subjects only briefly addressed here are fully explained. We recommend that you take advantage of the publications and education programs available from the IRS.

Business Organization and Income Taxes

Whether your business is organized as a sole proprietorship, partnership or corporation determines the kind of income tax reporting that is required. A sole proprietorship is an arrangement in which you are “the business”. Almost all family child care homes and many centers are operated by individuals on this basis. In a sole proprietorship, business income is reported only by the individual on his/her personal income tax return (using Schedule C). In partnerships and corporations, the business files an income tax return of its own.

Identification Number

If you operate your child care business as a sole proprietorship and have no employees, you will use your own Social Security number on tax forms and receipts. If you employ anyone, or if the business is organized as a partnership or corporation, you will need to obtain an Employer Identification Number (EIN). The EIN is used in filing tax and information returns and on receipts you give parents for their fees. To apply for an EIN, use Form S S-4, available from Social Security Administration or Internal Revenue Service offices.

Records of Income

You will need to keep records to report income for taxes. Be sure to give receipts for cash and keep a copy of them in your file. Your receipts should include the date, the amount, and the source of payment. Receipts should also have: the name of the child, the period of care the payment covers, your name, and your social security or employer identification number. Parents must have this information on their receipts in order to claim the Dependent Care Tax Credit for their children’s cost of care. If you receive payments through the Child Care Feeding Program for the food you serve, you must also record and report this income. The Internal Revenue Service recommends that you have a separate checking account for the business. Keep on file the deposit slips for all money deposited in the business account. Keep a ledger in which you enter the daily sum of all receipts and summarize your child care income monthly.
**Records of Expenditures**

You will need records of your child care costs to calculate and document business profit or loss and tax deductions. Document the purpose of all business expenditures. Make all expenditures by check. Avoid writing checks to cash or to yourself, except when you withdraw money from the business as your personal income. Establish a petty cash fund for small expenses and document expenditures from it with store receipts. File receipts for all payments and bills. Make sure you record payments and file your canceled checks for all expenditures. Be sure to carefully separate costs of food for the child care operation from your own household food expense. Keep attendance records and menus to document the food served in child care. Enter expenditures in your ledger daily, as they are made, and summarize expenses monthly by categories such as food, wages, equipment, supplies, utilities, etc.

**Records of Capital Expenses**

Some business expenditures cannot be fully taken as tax deductions in the year they are made. Expenditures which are considered part of your investment in the business are called capital expenses. These costs, such as start-up costs (Examples: installing a fence or acquiring the required CPR training) or costs of business assets which will be used for more than one year (Examples: furniture and equipment), may be amortized or depreciated. This means each cost may be taken in partial tax deductions over the number of years established as the recovery period or useful life of the item. Allowable start-up costs may be amortized. Depreciation can be applied to business assets that have a useful life of more than one year and that naturally deteriorate or get used up, worn out or obsolete. You should keep a permanent record of such expenditures that includes: a description of the item, the date the item was purchased, the amount of expenditure, and the date the item is put to use in the business. You should also record the method and period of depreciation or amortization allowed for each expenditure. You should also record the amount of depreciation reported on each year’s tax return. Remember to record information about the sale or other disposition of these assets.

**Calculating the Business Costs of Using Your Home**

If you use part of your home to provide child care on a regular basis in compliance with state law, you may deduct some allowable expenses. These deductions may be subject to limits specified by the Internal Revenue Service (IRS). Allowable expenses may include: repairs and maintenance, property tax, mortgage interest, rent, utilities, insurance, and depreciation. You may not deduct the cost of basic local telephone service for the first telephone line you have in your home. To determine how much of these allowable expenses can be charged to the business, you will have to calculate the business percentage of your home. The following paragraphs explain how to do this.

For a part of your home that is used exclusively for child care, you may charge all expenses made directly in behalf of that part of the house to the child care business. For example, such expenses may include interior painting or repair of the particular room used for care. On the other hand, indirect expenses are expenses that benefit both the part of the house used for child care and the part you use personally, such as utilities, rent, and insurance. For indirect expenses you must calculate what percentage of the house’s area is used for child care. To do this, divide the square footage of the child care area by the total square footage of the house. You may charge to the child care business the resulting percentage of indirect costs.
Example: A provider uses the basement of his/her house only for child care. The area of the basement is 300 square feet and the total area of the house is 1,800 square feet. Divide 300 by 1,800 to obtain the business percentage of 16.7%. This is the percentage of indirect costs that she can allocate to the business.

\[
\frac{300}{1800} \times 100 = 16.7\%
\]

If part of the child care area of your house is also used by you personally at other times, you will have to make an additional calculation. More specifically, you will need to determine how much of both direct and indirect expenses can be charged as business expense. To do this, calculate the percentage of time the area is used for child care. You may do this by dividing the number of hours a week you are open for care by the total number of hours in a week (168). You may charge the resulting percentage of direct expenses of the child care portion of the house to the business. Keep a record of your advertised or attendance hours to support your charges.

Example: A provider uses the living room of his/her house for 55 hours per week for child care. Divide 55 by 168 to obtain the percent the area is used for child care.

\[
\frac{55}{168} \times 100 = 32.7\%
\]

The next step is to determine the portion of indirect expenses you can claim. In order to calculate this percentage, you will have to multiply the time percentage by the area percentage as calculated in the previous examples.

Example: A 300 square foot basement of a 1,800 square foot house (16.7% of the house) is used for child care. The provider is available to provide care on Mondays through Fridays from 7:00 a.m. to 6:00 p.m. That means the basement is allocated to child care use for 55 hours per week (5 days times 11 hours per day). Dividing 55 hours by 168 hours (the number of hours in a week) results in 32.7%. This provider may charge 32.7% of the direct expenses of maintenance and repair of the basement to the business. To determine the amount of indirect costs that may be charged as a child care expense, he/she must multiply the percentage of time the area is used (32.7%) by the percentage of space used for child care (16.7%). The resulting percentage, 5.5%, is the portion of indirect costs such as rent, insurance, electricity, etc. he/she may charge as a business expense.

Quarterly Estimated Tax Payments and Self Employment Tax

People are required to pay their income taxes as they earn money throughout the year, through either withholding money from regular paychecks or by making quarterly estimated tax payments. If you expect to owe $500 or more in federal income tax for the year, and if less than 90% of the total federal income tax you will owe will be withheld from your wages from another job, pension or other source of income, you will be required to make quarterly estimated income tax payments. If you do not pay enough tax for any calendar quarter, you may be assessed a penalty.

In addition, if you have net annual earnings of $400 or more from your own business, you must pay self-employment tax. Self-employment tax is a social security tax for persons who are self-employed. Your payments of self-employment tax contribute to your coverage under the retirement and medical insurance benefits of the social security system. If you employ another person in your child care business, you are required to withhold social security and income taxes from their regular pay. As an employer, you would also be required to pay the employer’s share of social security taxes. When you apply for your Employer Identification Number (EIN), the IRS will send you some of the information and forms you will need. You will have to issue a W-2 form, Wage and Tax Statement, to each employee. You will also have to file reports to the Internal Revenue Service regarding taxes you withhold or pay.
How Long to Keep Tax Returns and Records

Keep copies of your tax returns and all supporting documentation for three years after the return was due or for two years after the tax was paid, whichever is later. Keep permanent records of depreciable assets. Keep all records on employment taxes (income tax withholding, social security taxes, federal unemployment tax and advance earned income credit payments) for a minimum of four years after the due date of the return or after the tax was paid, whichever is later.

Internal Revenue Service Resources to Help You

- **Free Telephone Answer Service**: If you have a specific question about your tax requirements, you can call an Internal Revenue Service representative toll-free to receive an answer. In North Carolina, call 1-800-829-1040.

- **Small Business Tax Education Program**: IRS sponsors workshops, seminars and courses to help people in small businesses understand their responsibilities. Most are free; for some, there is a nominal charge. To obtain a listing of locally scheduled programs, write IRS Taxpayer Education Coordinator, 320 Federal Place, Room 128, Greensboro, NC 27401 or call toll-free 1-800-829-1040 or 615-834-9005.

- **Publications**: The following publications and others are available free by writing IRS Forms Distribution Center, P. O. Box 25866, Richmond, VA 23289 or by calling toll-free 1-(800)-Tax-Form (1-800-829-3676).

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<tr>
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<th>Name of Publication</th>
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</thead>
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<td>910</td>
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Considerations in Site Selection for a Child Care Center

Zoning
Zoning is a way for local governments to plan for growth in their area. Zoning is a way of ensuring that the land uses of the community are properly located in relation to each other and that adequate space is available for each type of development. Zoning ensures that land is reserved for its best use. Some communities are stricter than others about where certain businesses can be located. It is important to know zoning procedures in the area where you hope to operate a center. Local zoning restrictions may include additional requirements such as lot size, indoor and outdoor space, fencing, provisions for the handicapped and/or parking spaces. These requirements may influence the amount of fees necessary to charge to cover your costs. Zoning information may be obtained by contacting city, county, or town offices.

Number and Ages of Children to be served in the Center
The numbers and ages of children in a center affect how the building should be laid out. Will you serve infants? Are there plenty of outside exits? How many infants, toddlers, two-year olds, three-year olds, four-year olds and school-age children can the building accommodate using the staff/child ratios of the licensing requirements?

Size of Center
The capacity and size of the center affects both the building code requirements and fire code requirements. How large a center, are you comfortable running, and what are the numbers of children which will allow the center to support itself?

Health or Safety Hazards in Area
Surroundings of a child care center are important for the owner/operator and parents. You would not want a child care center near the city dump, a deep ditch or under a freeway overpass. Is there a safe area for parents and children to get in and out of their cars?

Traffic
Traffic patterns and parking affect site selection in that the center should be located on well-traveled roads with easy access. There must be a place for staff and parents to park. You want parents to come into the center when they leave children in the morning and pick them up in the evening. Some cities and towns have ordinances requiring adequate parking on the property before permits will be issued, e.g., beach communities and large cities.

Outdoor Space Available for Fenced Playground
There must be enough space around the building to fence a playground for children. For centers serving fewer than 30 children, there must be 75 square feet per child of outdoor play area. For facilities with 30 or more, there must be 75 square feet per child of outdoor play area for at least 1/2 of the total number for which the center is licensed. The area must accommodate at least 30 children with 75 square feet for each child.

Indoor Space Arrangements
Indoor space arrangements are one factor that helps to determine the size of groups and numbers of children in each room or “space.” This, in turn, determines the number of staff needed for each classroom. The layout or floor plan, position of exits, windows, bathrooms and kitchen help determine the suitability of an existing building. If you are going to build a center you have the opportunity to design a building specifically for child care use.
Potential for Passing Building, Fire and Sanitation Inspections

Before a child care center can operate, it must pass all building, fire and sanitation inspections. Renovations to existing buildings to make them suitable for child care can be very costly. Caution should be taken to avoid selecting a site before assessing costs of renovations or improvements. How much work would be needed to bring the building up to code?

Moral Environment of the Neighborhood

It is important to parents that the neighborhood in which a child care center is located be “a good place” for children. Check the neighborhood for such things as:

- drug dealing
- prostitution
- other illegal activities
- too many taverns or bars
- an atmosphere of violence

Important Issues in Securing, Building or Renovating a Building for Child Care

- Submit any renovation plans or new construction plans to local building inspector’s office and to the Environmental Health Specialist at the health department for approval. One copy should also be sent to the appropriate Division of Child Development and Early Education representative.
- Check with local inspectors to be sure the building will comply with fire, sanitation, and building codes and zoning requirements if you plan to rent, lease or purchase a building.
- Check with the local building inspector regarding the building code requirements for new ownership if you are planning to buy an existing child care center.
- Determine numbers and ages of children to be served, space requirements, and program considerations before constructing, renovating, leasing or renting a building. Staff/child ratios and group size are important. There must be one toilet per 15 children and one sink per 25 children.
- Estimate space requirements by measuring rooms to be used by children. Determine the total square footage and divide this number by 25 square feet.
- Check leases or rental arrangements carefully.
- Be aware of any renovations needed to meet codes and identify who will pay for them when negotiating leases or rental agreements.
- Consult an attorney to be sure that lease agreements are fair and that both parties are protected.
- Measure all hallways, doors and bathrooms for handicap accessibility as required by the North Carolina Building Code. Check with your local building inspector.
- Talk with other business resources including your banker, accountant or the small business center at the nearest community college.
- Review the layout of the building several times in relation to the numbers and ages of children to be served. After the lease is signed or the building is completed or renovated, it is too late!
- Consider the location of the director’s office, sinks, cooling and heating appliances, kitchen, driveways, storage areas and exits.
- Consult with the local Environmental Health Specialist regarding the installation of range and range hoods, three compartment sinks, commercial dishwasher, types of refrigerators or freezers, storage compartments and other items on the sanitation inspection.
- Review the fire inspection form to be sure the exits and fire alarm systems meet the fire regulations.
• Consider ease of cleaning and maintenance of a building in determining whether a building is suitable for child care.
• Obtain estimates of heating and cooling costs and include those costs in determining whether a building is a good choice for child care.
• Deal only with reputable businesses and keep accurate records on such things as estimates of building materials, labor charges and contracts.
• Compare costs on labor and building materials. Check to be sure they will meet building, sanitation and fire codes for child care.

****Sample building and fire inspections can be found on the DCDEE website. A sample sanitation inspection is noted on the page below****
### Sample Sanitation Form- DO NOT COPY

N.C. Department of Environment and Natural Resources  
Division of Environmental Health  
Sanitation Standards Evaluation  
Form for Child Care Centers

<table>
<thead>
<tr>
<th>Classification:</th>
<th>Superior</th>
<th>Approved</th>
<th>Provisional</th>
<th>Disapproved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply:</td>
<td>Community</td>
<td>Non-Community</td>
<td>Non-Public Water Supply</td>
<td></td>
</tr>
<tr>
<td>Wastewater System:</td>
<td>Community</td>
<td>On-Site Systems</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Demerits: 

| Health Department: | 
| Date of Insp/Chg: | 
| Status Code: | 
| Water sample taken today: | YES | NO |

**License ID No:**  
**Name of Facility:**  
**Street Address:**  
**Operator:**  
**State:**  
**Zip:**

**Demerits:** 

27. Free of storage; cleaning and disinfecting solutions labeled; diaper changing, and hand wash signs posted  

**STORAGE:**  

**Demerits:**  

28. Medications properly stored  
29. Hazardous products properly stored and locked  
30. Non-hazardous products properly stored  
31. Facilities provided for proper storage; kept clean  

**BEDS, COTS, MATS AND LINENS:**  

**Demerits:**  

32. Individual linen provided; adequate beds, cots, or mats provided, properly stored, labeled, spaced during use  
33. Linen, bedding, wash cloths, bibs, and burping cloths laundered, in good repair  

**TOYS, EQUIPMENT, FURNITURE:**  

**Demerits:**  

34. Clean and in good repair; water play centers cleaned, sanitized and maintained  
35. Mouth-contact surfaces cleaned and sanitized in rooms where children who are not toilet trained are cared for  

**PERSONNEL:**  

**Demerits:**  

36. Approved hygienic practices, clean clothes, hair restraints where required  

**FLOORS, WALLS & CEILINGS:**  

**Demerits:**  

37. Easily cleanable, good repair, clean, carpets vacuumed and maintained  
38. Washing and maintenance of floors and walls in good repair  

**LIGHTING AND THERMAL ENVIRONMENT:**  

**Demerits:**  

39. Equipment clean and in good repair; maintained as required  
40. Persons with a communicable disease or condition excluded in accordance with 15A NCAC 19A.0200  
41. Persons caring for sick or mildly ill children excluded from situations in which transmission can be expected to occur  
42. Designated area for sick children, maintained as required  

**WASTEWATER:**  

**Demerits:**  

43. Wastewater disposed of by approved methods in accordance with 15A NCAC 18A.1900  

**SOLID WASTE:**  

**Demerits:**  

44. Solid waste properly handled; containers and cleaning equipment kept clean, can cleaning facilities adequate  

**ANIMAL & VERMIN CONTROL, OUTDOOR LEARNING ENVIRONMENT & PREMISES:**  

**Demerits:**  

45. No animals in food preparation areas and no unrestrained or prohibited animals except as noted  
46. Effective control of rodents, insects, and other vermin; premises free of vermin harborage and breeding areas  
47. Premises clean and drained, equipment in good repair, sandboxes properly constructed and clean  

**SWIMMING & WADING POOLS:**  

**Demerits:**  

48. Designed, constructed, operated and maintained in accordance with 15A NCAC 18A.2500  

+ Indicates critical item (6-demerits)
Questionnaire for Potential Child Care Operators

After learning some of the issues involved in operating a child care center, you may wish to assess your commitment. Here are some important questions to help a potential child care operator decide whether to proceed with obtaining a license and operating a child care center.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>I Need More Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do I want to operate a child care center?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Do I have sufficient capital to finance opening my child care center</td>
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<tr>
<td>3. Am I willing to commit the time and energy to make my center a success?</td>
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<tr>
<td>4. What do I know about children of different ages?</td>
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<tr>
<td>5. Have I considered family and community commitments in relation to time demands of operating a child care center?</td>
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<tr>
<td>6. Have I looked at all the costs involved in operating a child care center--financial and personal?</td>
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<tr>
<td>7. Have I considered the business management skills necessary to operate a child care center?</td>
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<tr>
<td>8. Will I be able to find trained, qualified people to help in operating a center?</td>
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<tr>
<td>9. Do I really like working with children?</td>
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<tr>
<td>10. Do I really like working with parents of young children?</td>
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<tr>
<td>11. Can I talk with other people and solve problems without anger or rudeness</td>
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<td>12. Does the term &quot;willing to learn&quot; apply to me also?</td>
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<tr>
<td>13. Do I have the necessary education and experience to be the administrator of a center or can I locate a qualified person who can run a center for me?</td>
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<tr>
<td>14. Can I manage money?</td>
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<tr>
<td>15. Can I manage people?</td>
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<tr>
<td>16. Does responsibility for others' actions frighten me?</td>
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<tr>
<td>17. Do I really know the working families in my community and would they trust me with the care of their children?</td>
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<tr>
<td>18. Do I really understand the developmental needs of young children such as:</td>
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<tr>
<td>• the need for play and what it teaches?</td>
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<tr>
<td>• the social and emotional needs of young children?</td>
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<tr>
<td>• a positive environment for learning?</td>
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<tr>
<td>• a positive educational approach to behavior and guidance?</td>
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<tr>
<td>19. Do I know what I want the caregivers in my center to do with the children all day?</td>
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<tr>
<td>20. Is this what I really want to do?</td>
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</tbody>
</table>
The Next Step

So, you still want to open a child care center. Good! North Carolina is glad to have you as a potential provider. Please take a few minutes more to read over the list of things that you need to do now that you have decided to pursue the idea of opening a child care center. Keep in mind that this list is not all inclusive but will help you get started.

☐ Attend a “Pre-Licensing Workshop.”

The Pre-licensing schedule is available on the Division’s web site [http://ncchildcare.nc.gov/general/mb_customerservice.asp](http://ncchildcare.nc.gov/general/mb_customerservice.asp). The two-day workshop will give you an overview of the basic NC Child Care Requirements for child care centers. Attending both days of this workshop is required to operate a licensed child care program in North Carolina.

☐ Upon completion of the Workshop and would like to move forward with the licensing process, you will complete an Application- Facility Profile and floor plan diagram of your proposed child care facility. These items will be mailed to the Lead Child Care Consultant for the county where you plan to establish your program. The Application-Facility Profile, a sample floor plan diagram and a list of the lead consultants and the counties they serve will be provided on Day 2 of the Pre-licensing Workshop. Upon receipt of the application, the Lead Child Care Consultant may schedule a pre-licensing visit.

Things to Remember:

* Consultants work out of their homes. You will need to leave a message and have him/her return your call on his/her next scheduled office day (generally once per week).
* Consultants usually schedule visits at least one month in advance. Please remember to allow enough time for this when planning your opening date.

For more information about child care licensing requirements, call or access on our website:

**NC Division of Child Development and Early Education**

Mailing Address:
2201 Mail Service Center
Raleigh, NC 27699-2201

Location:
333 Six Forks Road
Raleigh, NC 27609

919-814-6300
1-800-859-0829
[www.ncchildcare.nc.gov](http://www.ncchildcare.nc.gov)

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