CHILDCARE, TUTORING AND EDUCATION

A playbook for daycares, home childcare, tutoring, test prep and enrichment programs: licensing, safety, staffing and enrollment.

TYPE: PLAYBOOK REVIEWED: NOVEMBER 2026 TIME: 13 MINUTES LEVEL: INTERMEDIATE

AT A GLANCE

- Families pay for **trust, safety and results**. Your reputation is everything.
- **Childcare is heavily regulated**: licensing, staff-to-child ratios, background checks, facility and health rules.
- Tutoring and enrichment usually face fewer rules, but still need **background checks, policies and insurance** when working with children.

WATCH OUT

Childcare licensing rules, ratios and exemptions vary by state and sometimes by city. Contact your state childcare licensing agency before you start. Always run required background checks on anyone who works with children.

Business models

Model	Startup cost	Rules
Tutoring (one-on-one, in person or online)	Low	Usually light; background checks recommended
Small-group tutoring or test prep	Low to medium	Space rules if you rent a site
Enrichment classes (coding, art, music, sports, languages)	Low to medium	Often run in schools, community centers or rented space
Licensed family or home childcare	Medium	State license, home inspection, ratios, training
Childcare center or preschool	High	Full licensing, facility requirements, staff credentials
After-school and camps	Medium	Licensing rules vary; often seasonal

How the money works (illustrative)

Tutoring and enrichment

Line	Share of revenue
Tutor or instructor pay	40% to 60%
Space, materials and software	5% to 15%
Marketing and other costs	8% to 15%
Profit before owner pay	**Often 15% to 35%**

Childcare center

Line	Share of revenue
Staff (the largest cost because of ratio rules)	50% to 65%
Rent and facility	10% to 20%
Food, supplies, insurance, other	10% to 15%
Profit before owner pay	**Often thin, about 5% to 10%**

Childcare often has thin margins because ratios set staffing levels. Many providers rely partly on **public childcare assistance programs** and grants. Enrollment levels are critical.

> EXAMPLE
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> **Aisha** started tutoring math alone, then hired three college students as tutors at $22 an hour and charged families $55 an hour. She sold **10-session packages** paid upfront, which improved cash flow and attendance. Later, she partnered with two schools to run after-school math clubs, paid by the schools' enrichment budgets.

Numbers to track

KPI	What it tells you
Enrollment and occupancy (childcare)	How full you are, which drives profit
Waitlist	Demand
Student or family retention	Satisfaction
Results (grades, test scores, milestones)	Proof for marketing
Revenue per instructor hour	Pricing and scheduling
Staff turnover	Quality and stability

Safety and trust

- **Background checks** for everyone who works with children
- **Written policies**: safety, pick-up, emergencies, discipline, health, privacy
- **Insurance**: general liability and, where needed, abuse and molestation coverage
- **Parent communication**: regular updates and easy contact
- **Online safety rules** for virtual sessions

Funding

- Savings and microloans. See **R-05 Microloans and Community Lenders**.
- Grants for childcare providers and education programs. See **R-04 Grants and Pitch Competitions**.
- Public childcare assistance and food programs, if eligible
- Packages and tuition paid upfront. See **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**.

Ways to grow

- Partnerships with schools, libraries and community centers
- Online programs that reach more students
- Summer camps and holiday programs
- Training other instructors under your methods

Common mistakes

- **Starting childcare without checking licensing rules**
- **Skipping background checks**
- **Pricing too low for the staffing ratios required**
- **No written policies or parent agreements**
- **Relying only on word of mouth** when building enrollment

Launch checklist

- ☐ Contact your state licensing agency if you'll care for children
- ☐ Run background checks for every staff member
- ☐ Write safety, emergency and parent policies
- ☐ Get the right insurance
- ☐ Set pricing and packages that cover staffing costs
- ☐ Partner with one school or community group

Where to go next

- **B-05 Licenses and Permits: Finding What You Need**
- **B-06 Business Insurance Basics**
- **L-05 Marketing Basics: Reaching Your First 100 Customers**

IMPORTANT
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