

Coming To Terms: How to Effectively Use Contracts & Policies

How to Effectively Use Contracts and Policies

Presented by Tom Copeland
For Early Childhood Investigations

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Resources

- Redleaf Press www.redleafpress.org; 800-423-8309
 - Family Child Care Contracts & Policies
 - Redleaf Complete Forms Kit for Child Care Providers



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Class Objectives

- This class will enable you to better to –
 - Establish a business relationship with parents
 - Learn what should be put in a contract and policies
 - Enforce agreements with parents
 - End their contract with parents

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- “I am not rendering legal tax, or other professional advice. If you require this type of assistance, please consult a professional to represent you.”

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You May Set Own Rules

- Main benefit of being a director or family child care provider
 - Can run your own business as you want
 - Highly structured vs. informal program
 - Religious vs. non-religious activities
 - Cares for or excludes infants
 - Many field trips, dramatic play everyday, vegetarian food, etc.

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You Must Set Own Rules

- As owner of your own business, it is up to you to define your program
- No classes for parents: “How to Pay your Child Care Provider on Time”
- Parents are not your “friend”
- You do not need to listen to what I say!

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Parents as Clients

- Many parents have little experience with child care
 - Last generation of parents who were not in child care as children
- Parents may have difficulty understanding child care as a business

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Home vs. Center

- Center
 - Easier to relate to as a business
 - School for small children
- Home
 - Harder to understand as a business
 - Do not look like a business, no cashier, no checkout, private home (scary for some parents)

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You are Running a Business

- “Why do some parents not treat you like a business?”
“Because some caregivers do not act like a business”
- Hardest sentence to say to parents: “You owe me money”
 - Some caregivers don't like acting as a business
 - Need to change personal relationship to business one

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Use Props

- Props are physical items that can help communicate business rules
- Contract and policies are primary tool
- Other examples
 - Receipts
 - Bulletin board (post receipts)
 - Written notes (vs. verbal communication)
 - Newsletters/emails
 - Shoe box
 - Contract and policies

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Parent Enrollment

- You do not have to accept all parents
- References
- Can say “no” for no reason, or any reason (except illegal discrimination)
- Trial period

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How to Say “No”

- “I do not think this is the best place for your child at this time”
- Do not put reasons in writing
 - Parent will be insulted
 - Illegal discrimination danger

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Poll Question #1

Can you charge a higher rate to a parent who works at Walmart?

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Different Rules

- You can have different rules for different parents
 - Rates
 - Pickup times
 - Other
- Reasons for different treatment should be logical
 - Age of child, parent longevity, “special circumstances”

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Illegal Discrimination

- You can run your business however you want with this exception:
- It is illegal to discriminate against parents or children based on: race, color, gender, religion, age, disability, or national origin

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What is a Contract?

- Legally enforceable agreement between two parties
- Terms of time and money are enforceable in court
 - Hours of operation, open/close for holidays, vacations, sick days, etc.
 - Fees for care, terms of payment, other fees

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Verbal vs. Written Contract

- A verbal contract is enforceable: "I will promise to care for your child for \$150 a week." "I accept."
- But verbal contracts are hard to enforce
- Any change to a written contract should be in writing

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Basic Contract Terms

- Names of all parties to contract
- Hours of operation
- Terms of payment
- Termination procedure
- Signatures of all parties

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Two Key Rules

- To avoid problem of parents owing money when the leave –
 - “Client will pay at least one week in advance”
 - “Client will pay in advance for the last two weeks of care”

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Pay One Week in Advance

- Never provide care unless it has already been paid for
- You have expenses during the week (food, supplies)
- Payment can be on Monday or on Friday for the next week
- Parent can pay a little extra per week as a transition

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Pay Last Two Weeks in Advance

- Most common contract problem: Parents leave without paying
- Advance payment covers last two weeks even if rates have gone up
- Parent can pay a little extra per week as a transition
- You should offer refund if terminating parent immediately
- Easier to enforce other rules if paid in advance

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Holding Fees

- Provider promises to hold slot open until a future date
- You should not promise to hold slot without a parent payment
 - Payment can be flat fee, % of regular fee
 - Holding fee is nonrefundable
- You should not apply holding fee to care once child is enrolled

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What are Policies?

- Rules that spell out "how" care will be provided
- Policy rules are not enforceable in court
 - Parent does not bring extra change of clothes
 - Provider does not take scheduled field trip
- Provider policies can be simple or extensive

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Key Policy Terms

- Provider information
 - Client responsibilities
 - Child care program description
 - Illness, health, and safety policies
 - Policies for transporting children
- No requirements for any policies

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Contract/Policy Negotiation

- * You can set your own rules
 - * You can negotiate with parents to change them
- * Parent wants to renegotiate late fee
 - * Response: No, Raise regular rate, Make exception
- * Parent cannot afford to make weekly payment
 - * Response: Repayment plan, Forgive debt, Terminate

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Poll Question #2

Any change to a written contract must be in writing

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Two Separate Documents

- Contract and policies should be two separate documents
- Contract can only be changed with parent signature
- You can change your policies at will

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Collecting Parent Payments

- Common time of stress
- “I forgot my checkbook”
 - Go home and get it (late fee will be due)
 - Use blank check obtained earlier from parent
- Some caregivers use electronic payment plans such as Reliafund (www.reliafund.com)
 - Minute Menu Kids Pro

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Enforcing Agreements

- You are always responsible for enforcing your contract and policies
- You can enforce your rules, renegotiate them, or ignore them
- If you decide not to enforce a rule you should take it out of your contract or policies

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Consequences

- * To enforce the agreement you must set a consequence
- * Consequences to parents are usually
 - * Money
 - * Termination of the agreement

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Late Pick-Up

- Parent is regularly late in picking up child
- Possible consequences:
 - Late fee
 - No late fee if notified by phone within 1 hour
 - 15 minute grace period, then \$.50 minute
 - \$1 minute
 - Termination
 - 2 late pick-up in a month, then termination
 - Immediate termination

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What is the Worst Thing That Can Happen?

- Caregivers are often worried that parents will leave if they put their foot down and enforce their rules
- Sometimes parents do leave – but not often
- Caregivers rarely regret it when they do enforce their rules

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Before Ending the Agreement

- Clearly state the problem and its consequences
 - “Pay me on time or I will terminate the contract”
- Give the parent a written warning
 - “The next time you pay me late I will terminate the contract”
- Give the parent a termination notice

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Ending the Contract

- Reasons for terminating the contract
 - Disruptive behavior
 - Violation of the contract
 - High anxiety
 - Any reason
- Before terminating, you should ask yourself – “Is there anything the parent could do that would change my mind?”

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Termination Procedure

- “Parent must give a two-week written notice. Payment is due for this notice period even if child is not brought to care.”
- “Child care center or family child care provider may terminate at will.”
 - You may give a notice

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Poll Question #3

It's best to give reasons for terminating a parent in writing

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Termination Notice

- “Your last day of care will be _____. Under our agreement you are required to pay for my services until then, whether your child attends my program or not.”
- Do not explain reasons for termination in the notice
 - Parent will not agree
 - Parent may believe you are illegally discriminating

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Conflict Resolution

- Caregivers often feel stuck in trying to resolve conflicts with parents
- Find a coach to help you deal with parent conflicts (spouse, another provider, etc.)
- Job of coach is to get you to choose one of the 3 Choices of Life to resolve the conflict

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3 Choices of Life

- Choice #1: “I am happy”
- Choice #2: “I am not happy. This is what the parent must do to make me happy. If the parent doesn't do it, I will terminate the parent”
- Choice #3: “I quit my job (center) or my business (home)”

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3 Choices of Life Explained

- Choice #1: "I am happy"
 - Life is too short to worry about it. Let the parent do what they want.
- Choice #2: "I am not happy"
 - If the parent won't follow the rules, end the agreement
- Choice #3: "I quit my job/business"
 - I am not happy and I cannot deal with the stress, so I am going out of business

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Deciding What to Do

- It's acceptable for you to choose any one of the 3 Choices of Life
- Many caregivers bend their rules and remain happy
- Some caregivers are better off moving on to another job – why be unhappy and make a small amount of money?
- If you are not happy you need to take action

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Summary

- You are your own boss – design your program to meet your needs
- Use a written contract and policies
- Adopt two key contract rules
- Enforce your rules with consequences

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Contact Tom for Help

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Good luck!

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