

Contracts & Policies 101: How to Establish and Maintain Effective Business Relationships with Parents

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Welcome !

- This class will help you –
 - Establish a business relationship with parents
 - Identify the 4 key elements of a contract
 - Include the 2 most important terms in your contract
 - Enforce your agreement with parents
 - Resolve common conflicts with parents
 - Handle late pickups & chemically impaired parents

Instructor

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Disclaimer

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

Child Care Centers and Family Child Care Homes

- ▶ This webinar is for both types of child care programs
- ▶ Basic principles of contracts & policies are the same
- ▶ Centers may have an easier time establishing a business relationship with parents than homes

You Are Your Own Boss

- One of the many benefits of running a child care program – you can run your business as you want
 - Highly structured vs. informal program
 - Religious vs. non-religious activities
 - Care for or exclude infants
 - Many field trips, dramatic play everyday, vegetarian food, etc.

Poll #1

Illegal Discrimination

- ▶ You can run your business however you want with this exception:
- ▶ It's illegal to discriminate against parents or children based on: race, color, gender, religion, age, disability, or national origin
- ▶ Local laws may add: sexual orientation and others

Different Rules

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

You Must Set Your Own Rules

- As owner of your own business, it's up to you to define your program
 - “Why do some parents not treat you like a business?”
 - “Because sometimes you don't act like a business”
- No classes for parents: “How to Pay your Child Care Program on Time”

From Personal to Business

- What's the hardest sentence to say to a parent: "You owe me money"
- Need to establish a business relationship rather than a personal relationship
- Parents are not your "friend"

Use Props

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

Poll #2

Parent Enrollment

- You don't have to accept all parents
- References
- Can say "no" for no reason, or any reason (except illegal discrimination)
- Trial period

How to Say “No”

- “I don’t think this is the best place for your child at this time”
- Don’t put reasons in writing
 - Parent will be insulted
 - Illegal discrimination danger

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

Basic Contract Terms

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

Before Signing the Contract

- ▶ Look to make a good match
- ▶ Screen parents
 - Parent interview
 - Parent references
 - “How long did you care for the child?”
 - “Would you do it again?”
 - Trial period

Two Key Contract Terms

- 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”

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

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

Holding Fees

- You promise to hold slot open until a future date
- If you do promise to hold slot it is reasonable to ask parent to pay
 - Payment can be flat fee, % of regular fee
 - Holding fee is nonrefundable
- It is reasonable not to apply holding fee to the first or last weeks of care

Poll #3

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 program may terminate at will.”
 - You may give a notice if you want
 - Don’t give written reason for termination
 - Parent will probably be insulted
 - Parent may think you are illegally discriminating

What are Policies?

- Rules that spell out “how” care will be provided
- Policy rules are not enforceable in court
 - Parent doesn’t bring extra change of clothes
 - Child care program doesn’t take scheduled field trip
- Your policies can be simple or extensive

Key Policy Terms

- ▶ Child care program information
- ▶ Client responsibilities
- ▶ Child care program description
- ▶ Illness, health, and safety policies
- ▶ Policies for transporting children

No requirements for any policies (unless mandated by your state)

Poll #4

Transportation Policy

- Parent shows without a car seat, drunk, or otherwise impaired
- Child care program faces two risks
 - Mandated reporter responsibility
 - Parent/child suing if child is injured
- Pickup policy
 - Others pick up, get car seat, cab, other
 - Call police if parent insists on taking child

Two Separate Documents

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

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

Consequences

- To enforce your agreement you must set a consequence
- Consequences to parents
 - Money
 - Termination of agreement

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

Time vs. Money

- ▶ In setting consequences, decide what is more important to you: time or money
- ▶ Time – You don't want to work late, so consequence should be high
- ▶ Money – You are willing to work late, so consequence should be lower

What's the Worse That Can Happen?

- You may worry that parents will leave if you put your foot down and enforce your rules
- Sometimes parents do leave – not the end of the world
- Caregivers rarely regret it when they do enforce their rules

Conflict Resolution

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

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/business”

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'm not happy and I can't deal with the stress, so I'm going out of business or quit my job

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

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

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?”

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.”
- ▶ Don’t explain reasons for termination in the notice
 - Parent will not agree
 - Parent may believe you are illegally discriminating

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

- ▶ Good luck!

Pretest/Posttest Answers

1) False

2) True

3) False

4) True

5) True

6) True

7) True

8) True

9) False

10) True

Business Resources

- Family Child Care Contracts and Policies by Tom Copeland (www.redleafpress.org)
- www.tomcopelandblog.com
 - Many articles on Contracts & Policies and other business issues
- 651-280-5991
- tomcopeland@live.com