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

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Sponsored by Early Childhood Investigations

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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 defendable
  - 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  6) True
2) True    7) True
3) False   8) True
4) True    9) False
5) True    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
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