

Child Care Business Tips

Tuition Collection

The collection of tuition fees is a constant challenge for most child care centers. However, the consistent, timely collection of tuition fees is critical to the cash flow and long-term success of a child care business. None payment and slow payment of tuition can be avoided, however, by developing an effective collections plan. Collections plan guidelines:

Unhappy parents are more prone to not pay or be slow paying. Make sure you are available to discuss parent's concerns and dissatisfaction. However, a parent's concern or complaint, whether warranted or not, does not negate the parent's responsibility for paying tuition in full and on time.

Make sure all invoices or tuition requests are accurate. All invoices should be in writing, detailed with dates of service, past payments made, and total remaining balance. Disorganized paperwork, and invoice errors, cause confusion, mistrust, concerns for accuracy, and increase the chances of no or slow payment.

Be diligent in tracking tuition balances. If payment has not been received within the week due, send a pleasant reminder. A standard preformatted email "tuition due reminder" is easy to setup and quick to send.

Know your parents and their personal employment and family situations. As we all know, "life happens" a parent loses a job, the car breaks down, or other unexpected expenses occur, making it necessary to work with a parent for a period of time to collect tuition balances. This should be a "one time" situation and not an ongoing issue. It's a good idea to setup a payment schedule, in writing, that you and the parent accept.

When tuition is past due by a couple of weeks or longer, it's time to get serious. You should address extended nonpayment with a series of letters and phone calls. And, you should have a written policy about the child's continued enrollment in your child care center if tuition is past due.

A final letter should be sent confirming payment terms and policies, written documentation supporting all payments due and stating if payment is not received by a certain date, the account will be turned over to a collection agency, which may adversely affect the parent's credit rating.

When repeated attempts to collect are unsuccessful, hire a collection agency. Receiving a letter from a collection agency often motivates a parent to pay. However, collection agency fees can be steep – agencies typically charge from 25 to 50 percent of the amount collected.