



Contracts

Prepared by the Business Consultants at Child Care Aware® of North Dakota

Licensed child care programs in North Dakota are required to establish contracts and policies with the families they serve. While contracts and policies are two separate items, (policies are covered in the next section) you should include a clause in your contract that requires parents to abide by your policies.

Contracts are legally binding instruments and should not be approached haphazardly. If you have to go to court, it is the writer of the contract that shoulders the greatest burden. If you have concerns about your contract, have it reviewed by an attorney.

Child care contracts should include the following 5 elements at a minimum:

- **Identification of the child and parent(s)/guardian**
Include information on both parents when identifying the parent/guardian unless one parent can offer a court document showing sole custody.
- **Hours of Operation**
This is the time period covered by the contract. Include the starting date and the hours you will provide care each day. Clearly state what periods of time the family is paying for. If not stated clearly, the family may expect that you will provide care as long as you are open for business. Describe your payment terms and include the terms for any exceptions or absences (parent's vacation) that occur during those times. Do not put an ending date on your contract.
- **Payment Information**
Every time you change rates a new contract must be signed. Include tuition and when it is due, overtime rates, if advance payment is due, deposits required and in what amount. Also include payment regarding holidays, vacations, absences, registration fees, holding fees, special activity fees, late fees, bounced check fees and damage replacement rules in case a child breaks something.
- **Termination Procedure**
Two weeks should be an accepted length of time for the notice period. The contract should specifically state that the parents must pay for the last two weeks of care at time of enrollment and that the amount is non-refundable whether or not their child was present. The provider can terminate the contract without notice for failure to receive payment for care.
- **Signatures on the Contract**
It is very important that both parents or legal guardians sign the contract before you accept their child, and that you sign the contract only after they have signed. Give the parents/guardians a copy and you keep the original on file. If caring for the child of a minor, you will need a co-signer. Make sure the co-signer can cover the debt of the minor if the minor does not pay.

If you are in business with a partner, both of you should sign separate contracts with each parent unless one of you is working under the direction of the other.

Other items you may want to address in a contract

- **Vacation time**
It is becoming more common in the child care industry for providers to get a paid vacation. Most, if not all, of your parents do, so why shouldn't you? You need a break to re-energize and relax. Parents may complain they are paying double while you are gone and end the contract before you plan to leave. One solution is to build the cost of your vacation time into your rates. Divide the amount each client would pay for your vacation time by the number of weeks remaining in the year and increase the weekly rate by this amount for a full year.
- **Payment due dates**
Be specific when payments are due. Print out a schedule and give one to the payor(s). (e.g.--If weekly, will it be at pick-up on Fridays or drop-off on Mondays?)
- **Subsidized clients**
You may ask for written confirmation that a customer (parent/guardian) is eligible for financial assistance and has completed the required paperwork. Your contract should state that the subsidized customer is responsible for paying the full amount if, for some reason, the subsidy program doesn't pay. Know the deadlines of the subsidy program. If possible, try to get all parents/guardians to pay at least a week in advance. For subsidized parents, the subsidy program can pay them, instead of you having to wait for your payment from the subsidy program which can take 30-45 days.
- **Holding fees/deposits**
Typically an amount charged to hold a spot in your program. May be used for someone expecting a new child, extended illness, if someone has been laid off from work or for the gap between the time the parent signs the contract and the time the child actually starts. Set an expiration date but be willing to renegotiate if the date gets close. You can apply the fee/deposit to the first/last week of care.