



Setting Rates

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

The responsibility for setting and raising rates will always rest with the provider. Today the trend is toward charging by the week, charging higher fees for infants and charging for absences and some paid vacations and holidays. Check with your local Child Care Aware® of North Dakota office for current rates for your area.

Clients are less likely to pay attention to rates when the following circumstances are true:

- Charging within an expected price range
- Offering a service that is valuable
- Service you are offering is desperately needed
- Difficult for parents to compare their other options with your service
- Hard to find substitutes to your service
- Your care seems inexpensive to clients

Considering Rate Changes

- Give clients a one month advance notice
- Don't raise rates in April or December (September is a good time)
- You can raise your rates only for new clients and keep rates steady for current clients (as long as you have justification for the different rate)
- Don't raise everyone's rates at the same time (risk of losing more than one parent at a time)
- Instead of raising rates charge annual fees for liability insurance, accreditation fees, etc.
- Don't over-justify your rate increase
- Parents don't realize all the expenses you have to run your business. Prepare a brief income/expense chart
- Don't argue with clients who say your rates are too high
- Best way of communicating your rates is to talk about the value of your services
- Parents are reluctant to change their child care provider and are more likely to pay you an additional amount rather than search for another provider.