

Holding Fees

Most family child care providers have faced at least one of the following situations:

- A pregnant parent wants to enroll her infant in your program four months in the future.
- A current parent will be staying home with her child during the summer and wants to bring her child back to your program in the fall.
- At an interview, a parent asks if she can start bringing her child in three weeks.

Because you set the rules for your business, you can make your own decision. Some providers promise to hold the opening but do not charge the parents; some charge a small fee; and some charge their regular rate during this time. Whether you apply the fee charged to the first few weeks of care delivered after the child returns is also up to you.

I have heard from many providers who held an opening for several months for a small fee or for free, only to find out days before the care was to begin that the parent was not bringing her child. During the holding period, these providers had turned down the opportunity to care for other children, and as a result they were very upset when they thought about all the money they had lost.

I strongly recommend that if you hold an opening for a parent, you ask them to pay for this promise. If the parent doesn't want to pay a holding fee, tell the parents that you will be happy to care for their child if you have an opening when they want to return. But don't promise to hold the opening. It's that simple. The only time, in my opinion, that you should consider not charging a fee for holding an opening is if you are not otherwise planning to fill the opening.

How much should a provider charge to hold an opening?

Before you do decide to charge a holding fee, you should consider what you are giving up. Let's say your normal rate is \$100 a week. By holding a space for a child for three months (12 weeks), you are giving up \$1,200 in income unless you charge a holding fee. If you can easily fill the opening during the holding period, then perhaps you should charge your full rate, or close to it. If the opening will be more difficult to fill, then perhaps you should charge less. But if it is hard for you to predict how easily it will be to fill your openings, then I believe you should consider charging at least half of your normal rate.

Should you apply the holding fee to the first weeks of care?

Not in my opinion. The holding fee is to compensate you for giving up the right to fill the opening. You are losing a lot of income during this holding period. If you apply

the holding fee to the weeks after you begin care, then the parents are really getting you to promise something that they don't have to pay for. This is not fair. Require the parent to pay the holding fee upfront, or have them pay you a set amount each week. If they fail to make their weekly payment you should notify them that you will no longer hold the opening. Don't call the holding fee a "deposit," because you don't want to imply that the fee will be applied to child care delivered at a later date. If you do decide to apply the holding fee to the first weeks of care, then put in writing that this holding fee is "non-refundable" if the parent does not return on the day that is agreed.

Many providers struggle with the issue of whether or not to charge a holding fee as well as what to charge. You deserve to be paid for any promise you make to hold an opening.

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