

Ways and means to collect outstanding school fees

Independent and fee-paying public schools are heavily reliant on parents to pay school fees. The reality, however, is that less than 60% of parents pay their school fees on time. This has a significant knock-on effect on a school's finances, severely impacting their ability to meet their operational costs.



Waldo Marcus, head of marketing at TPN Credit Bureau

Many schools were struggling with bad debt even prior to the pandemic. Post the pandemic, schools continue to report a significant struggle, the pandemic having worsened the level of outstanding school fees due.

Waldo Marcus, head of marketing at TPN Credit Bureau confirms that four of Johannesburg's most prominent public schools have more than R20m in outstanding fees to recover, with the highest close to R30m. "Our data indicates November and December as the most critical months for schools to collect outstanding fees in, before the payment cycle for the new school year kicks in."

TPN offers a solution which has been specifically designed to help schools collect outstanding fees. Each month parents receive a SMS from the credit bureau to thank them for paying their children's school fees and to notify them on how their most recent payment has impacted their credit profile. Marcus explains that this acts as a powerful motivator to encourage better payment behaviour for such a critical service.

Parents who are in arrears with their school fees are sent a Letter of Demand from TPN via registered post, email and SMS. Compliant with all legislation, these letters have proven to get parents to promptly pay what is due to the school, says Marcus.

“Schools have the ability to list non-paying parents on the credit bureau for free. These adverse listings remain on the credit bureau for 12 months. Parent payment profiles are updated with each payment cycle, prompting positive changes in payment behaviour.”

A Cape Town-based private school reveals that it managed to collect more than R3m in bad debt, simply by sending the TPN Letter of Demand to parents who had school fees in arrears. “Previously, parents ignored both our letters and letters from our attorneys. However, knowing that we have the ability to blacklist those not paying has been a powerful motivator to get parents to pay,” reports the school.

“Our Letters of Demand, if sent at the right time, improve collections by up to 82.59%,” says Marcus, adding that a new TPN client recently collected R6m in arrears by spending only R7,000 on sending out TPN Letters of Demand.

Amongst the many benefits of sending a TPN Letter of Demand is that schools have a full record of legal communication as well as having access to free legal advice, support and training from the TPN team.

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