



Chapter 05: Flight School Operations

10. Billing and Payment Processing

Process student billing and payments to maintain accurate financial records and ensure timely collection of training fees while providing flexible payment options for students.

Purpose

Establish procedures for generating student invoices, processing payments, and managing accounts receivable to ensure accurate financial tracking, timely payment collection, and positive client relationships throughout the training process.

Roles and Responsibilities

Finance Leader:

- Review and approve billing policies and procedures
- Oversee invoice accuracy and accounts receivable
- Monitor financial performance and budgets
- Ensure compliance with financial regulations
- Coordinate with external accounting services

Chief Flight Instructor:

- Review student qualifications and training goals
- Assign appropriate flight instructors based on needs
- Conduct flight school orientation and safety briefings
- Approve training program selection and scheduling
- Ensure Part 61 compliance for all training operations

Process Steps

Invoice Generation Phase

- **Collect training activity data** - Gather flight time, ground instruction, and other billable training activities
- **Verify billing accuracy** - Confirm training records match instructor and student documentation

- **Calculate charges** - Apply current rates to training activities and add applicable taxes or fees
- **Generate student invoices** - Create detailed invoices with training activity breakdown and payment terms

Payment Processing Phase

- **Process payment transactions** - Handle cash, check, and credit card payments according to established procedures
- **Apply payments to accounts** - Credit payments to appropriate student accounts and update account balances
- **Issue payment receipts** - Provide payment confirmation and receipts to students
- **Reconcile payment records** - Verify payment processing accuracy and resolve any discrepancies

Account Management Phase

- **Monitor account status** - Track student account balances and identify overdue accounts
- **Send payment reminders** - Contact students with overdue balances and coordinate payment arrangements
- **Coordinate payment plans** - Establish payment schedules for students requiring extended payment terms
- **Review credit limits** - Monitor student account limits and coordinate training authorization decisions

Collections and Follow-up Phase

- **Coordinate collection activities** - Follow up on overdue accounts and coordinate collection procedures
- **Document collection efforts** - Maintain records of collection communications and payment arrangements
- **Coordinate training holds** - Suspend training activities for accounts with significant overdue balances
- **Process account adjustments** - Handle refunds, credits, and billing corrections as needed

Process Mapping

Flowchart showing billing workflow from training activity collection through payment processing and collections

Tools and Resources

Billing Systems:



- Student account management software
- Invoice generation and processing systems
- Payment processing equipment and software
- Financial reporting and analysis tools

Payment Methods:

- Cash handling procedures and security measures
- Check processing and verification systems
- Credit card processing equipment and merchant services
- Electronic payment and online billing options

Documentation:

- Student account files and payment history records
- Training activity logs and billing verification documents
- Payment receipts and transaction records
- Collection communication and payment arrangement documentation

Success Metrics

- **Completion Time:** Student invoices generated within 3 business days of training activity completion.
- **Quality Standard:** 99% billing accuracy with minimal adjustments or corrections required.
- **Safety Standard:** All payment processing complies with financial security and privacy regulations.
- **Client Satisfaction:** 95% of students satisfied with billing clarity and payment processing efficiency.

Common Issues and Solutions

- **Issue:** Billing discrepancies between training records and student accounts
- **Solution:** Implement daily reconciliation procedures between instructors, schedulers, and billing team to ensure accuracy

Issue: Student payment difficulties affecting training continuity

Solution: Offer flexible payment plan options and coordinate with students to establish manageable payment schedules

Issue: Overdue accounts affecting cash flow and training authorization decisions

Solution: Implement proactive collection procedures and clear training hold policies for delinquent accounts

Safety Considerations

- **⚠ WARNING:** Maintain strict confidentiality of student financial information and comply with privacy regulations
- **⚡ CAUTION:** Verify payment processing security measures to protect client financial data and prevent fraud
- **i NOTE:** Coordinate training authorization decisions with account status to ensure payment obligations are met
- **✅ BEST PRACTICE:** Provide clear billing information and multiple payment options to facilitate timely payment processing

Regulatory References

- Fair Credit Reporting Act (FCRA) - Credit and collection reporting requirements
- Payment Card Industry Data Security Standard (PCI DSS) - Credit card processing security
- Gramm-Leach-Bliley Act - Financial privacy and data protection requirements
- State and local consumer protection laws - Billing and collection practices
- Internal Revenue Service regulations - Tax reporting and documentation requirements