

**TEACHER, INC.****A Private-Practice Option for Educators**

by

Janet R. Beales  
October 1994**I. INTRODUCTION****A. Background**

Across the nation, schools and communities are looking at new ways of delivering education to students. Charter-school legislation, which enables public schools to innovate free from many state and local regulations, has been passed by eleven states, with many more considering the idea. Districts in at least five states have contracted with private, for-profit companies to manage their public schools. And a handful of public schools are experimenting with distance learning where a computer network links teachers to students who study in their homes.

This willingness to look for innovative solutions to our nation's education woes comes just at a time when more students than ever before are entering our public schools. Not only do these reforms hold out the promise of a better education system for the next generation of school children, they may also go a long way toward alleviating the budgetary burden that such enrollment growth can bring.

Student enrollment in the K-12 public schools is on the rise. The U.S. Department of Education projects that the number of students in school will grow 12 percent between 1994 and 2004, from roughly 44 million students to almost 50 million. With the surge in student enrollment will come an increase in the demand for teachers. Assuming no change in class size, to keep pace with enrollment public schools will have to hire 300,000 additional teachers by the year 2004 above the 2.5 million currently employed.

Meanwhile, state and local governments are trying to find ways to cut the cost of government services as budgets become more strained and resistance to higher taxes remains strong. Voter-approval rates of all municipal-bond issues, including education, have fallen sharply during the 1990s compared to the 1980s. (See Figure 1). Approval ratings for education bonds in recent years hover around 50 or 60 percent, as taxpayers express reluctance to spend more money on schools.

Against this backdrop, a new way of delivering education is taking root: private-practice teaching. Not only does private-practice teaching have the potential to transform the way education is delivered, it may also transform the careers of teachers.

**B. What is Private-Practice Teaching?**

Private-practice teachers are professional educators who provide their services to schools or other organizations on a contract basis. It is often said that all children are unique, that a one-size-fits-all approach doesn't work very well for students. Nor does it work well for teachers. Most teachers graduating from education schools are limited to a lifetime of public employment. They are not offered the variety of professional opportunities available to graduates of other disciplines. Nor are they

offered the same kinds of opportunities for career growth. Private practice changes that by broadening career options for teachers.

Instead of becoming an employee of the district—subject to all its rules and regulations—teachers can be owners of a professional practice or employed by a private business. They can contract with schools or parents to provide instructional services to students. Some teachers in private practice tutor students on a parent-pay basis; others contract with schools or school districts to provide specialized instruction in remedial education, science, or foreign language. Still others use private practice to tap the market for adult education, teacher training, or employee education.

Private practice opens up new opportunities for teachers. It provides greater choices for teachers who don't want to leave the classroom in order to grow professionally. Private practice is not for the risk adverse. In exchange for entrepreneurial freedom, private-practice educators forgo the safety net of district employment—and the protection that tenure and collective bargaining often affords.

But for many educators, the chance to chart their own course is worth the risk. For those teachers who are frustrated with status-quo employment opportunities, who want to drive their own careers, or who have a good idea and want to market it, private practice offers the means to do so.

## **II. ENTREPRENEURIAL EDUCATORS**

Private-practice teachers come in all shapes and sizes. Some provide instruction to one student at a time, others teach entire classrooms. Some of these educators run their own business, taking on the dual responsibilities of teacher and business manager. Others want to focus strictly on teaching by working for an established education company—an option that poses less risk and fewer entrepreneurial headaches.

The common thread linking these educators is their enthusiasm for teaching, learning, and helping children. What sets them apart from other teachers is their willingness to assume risk, their desire for independence, and their ability to meet the demands of the education marketplace. Private-practice teaching is an option that lets teachers exercise their entrepreneurial talents. (See Case Study #1)

In 1990, the American Association of Educators in Private Practice (AAEPP) was founded by a small group of enterprising educators in Wisconsin to network and support other like-minded teachers. The association now has over 250 members and has become the recognized authority on private practice. Chris Yelich, one of the founders of AAEPP and the president of Science Capsules, a private-practice science-education company, hopes to change the way teachers think about their careers.

"Why is the idea of private practice so foreign in the field of education? If you mention private practice to college students preparing for any other profession, you will find that many are interested in going into business for themselves....But mention this concept to students in a school of education and they will look at you with a blank stare."

### ***Case Study #1***

#### **Learning Styles**

#### ***Springfield, Massachusetts***

As a special-education teacher, Susan Fino is used to challenges. So when she decided to leave district employment and go into business for herself in 1986, she took the risks of entrepreneurship in stride. "I knew that the harder I worked, the more likely I was to see success," says Fino.

Fino provides consulting and teaching services to several public-school districts in the Springfield, Massachusetts area. "I was really drawn to strategies for finding ways to make a child successful in the classroom. Typically, in the public schools as special-education teachers, we taught and supported subjects like math and reading, but I wanted to teach children *how* to learn, not just what to learn," says Fino.

"My job is going into the classroom and working with the teacher and student, putting together a program that ensures success for the student and teacher."

By contracting, schools are able to tap the expertise of Fino when and where they need her. That kind of flexibility enables schools to match their special-education programs to the students who use them. And in some cases, Fino helps schools avoid the more costly alternative of private placement for the most difficult to educate students.

A number of learning-disabled students attend private schools paid by the school district because the school district doesn't have the programs to serve those students, says Fino. Many times parents will bring up Fino's name as an adjunct to supportive services within the school system, she says.

"Schools trust me because I have worked with them before and it's less costly than an outside placement," says Fino. Fino's hourly cost of \$30 per student for two-on-one instruction is considerably lower compared to the cost of private placement, which can run up to \$19,000 per year, says Fino.

"I keep a low profile (as a teacher in private practice). I would run up against opposition from teachers otherwise. They don't see me as someone in business for myself, they see me as helping teachers solve whatever problems they happen to have."

Fino, who shares a suite of offices with her psychologist husband, started the business with a \$12,000 loan which she used to purchase equipment and create a brochure. Today, as a one-person business, she nets about the same as an experienced teacher, she says. Roughly half her revenues come from school districts; the remainder comes from parents who hire her to work with their learning-disabled children on an hourly basis.

Being in business for herself, Fino finds herself responding to certain incentives that were absent when she was employed by the district. "I have a great incentive to know what's going on in education. People are going to call on me for the information they don't have in the public schools. If I can get the information, I can share it with teachers and kids." Fino's independence enables her to attend conferences, workshops, and trade shows that enhance her professional development and her skills as a teacher. As a public-school teacher, professional opportunities were not as available to her, Fino says.

"In the public schools, given the economic climate of the times, it's difficult to go to conferences and especially to get equipment, such as computers and programs. Even though it's coming out of my own pocket, I know I need the equipment in order to survive. It's what makes me able to serve teachers and kids."

### **III. WHAT CAN PRIVATE PRACTICE BRING TO SCHOOLS?**

Contracting for instruction offers a number of potential benefits to public schools.

#### **A. Accountability**

Chief among the benefits of purchasing instruction is the accountability the contract arrangement provides to schools. The contract is an agreement between the private-practice educator and the school or school board to provide a certain service. The contract specifies what will be provided, in what amount, by whom, and under what circumstances. Such an agreement can be terminated at any time, usually without cause, or it can be renewed if the arrangement is satisfactory for all parties involved.

Private-practice educators who do a good job teaching students will likely have their contracts renewed, or find themselves in demand with more schools. Those that fail to deliver will have their contracts canceled, or unrenewed. With proper monitoring and a carefully designed contract, such a system protects the school and students alike by retaining the best educators, and forcing the worst out of business. (See Case Studies #2 and #3)

#### **B. Enrichment**

Schools with limited resources can use the contract option to provide their students with instruction in subjects that may not otherwise be available at the school. Science labs, music classes, and remedial tutoring are examples of the kinds of instruction private-practice educators can provide.

Private-practice educators can also be a source of alternative methodologies and teaching techniques in core subjects. For example, the Math Enrichment Research Center (MERC) uses a nontraditional approach to teaching elementary mathematics at a school in the St. Paul (Minnesota) School District. (See Case Study #4) Similarly, Sylvan Learning Centers uses a proprietary curriculum and a specially designed classroom to teach remedial reading and math.

Whether teaching enrichment courses or core subjects, private-practice educators offer more options to school administrators looking to provide the best instructional program possible on a limited budget.

#### **C. Cost Savings**

Contracting with a private-practice educator can be a more cost-effective way of providing instructional services for a number of reasons.

##### *1. Competition*

In private-practice teaching, there is no job security, there is no tenure, there is no collective bargaining. The way educators in private practice stay in business is to deliver a better product at a better price than their competitors. Competitors include not just other private-practice educators, but also the programs operated by the schools, for a school is unlikely to turn to contracting if it is satisfied with its in-house program.

The beneficiaries of this kind of competition are the schools and students themselves. Since the private-practice educator must compete to win the business, he or she is under pressure to keep prices low and service-quality high.

***Case Study #2***  
**Science Encounters**  
***Bethesda, Maryland***

When Robin Gross started Science Encounters in 1983, she did so for one reason. "All I wanted to do was to teach science. Since no single elementary school could hire me full time, I had to find another way. I decided to focus all my energy on teaching science and became a science specialist, which meant I had to go into practice for myself," she says.

Today, Gross does much more than teach science. As president and founder of Science Encounters, she employs 20 full and part-time teachers who provide hands-on learning programs to private and public elementary schools in Washington, D.C., Virginia, and Maryland. Science Encounters, in cooperation with another company called Discovering Science, started by one of Gross's former employees, also operates a science-oriented summer camp, after-school programs, and uses science to entertain children at birthday parties.

Science Encounters provides teacher-training workshops to improve the ability of regular classroom teachers to engage children in science. The company has trained teachers in the Washington, D.C. public schools under district contract.

Says Gross, the most rewarding part of her job is "seeing the utter delight of children building a bridge in our architecture class, or mixing chemicals together and watching the colors change and learning about chemical reactions."

As an educator with limited business experience, Gross sought out the expertise of a business-development consultant to help get Science Encounters off the ground. "I was very scared [about running the business]. And I was wise enough to know that I was ignorant in a lot of areas."

Some of the skills Gross learned from the consultant were how to run a staff meeting and supervise her employees, how to screen potential employees, and how to price her services.

"I have always spent a lot of money on accountants, lawyers, and consultants. I feel like it is money well spent, because I can't do this alone. I've found people I can trust and I've gotten good advice—that's worth a lot of money. It's helped me feel like I'm doing this carefully and making good decisions," says Gross.

Gross is keenly aware of the accountability involved as a private-practice educator. "Every day is a risk. The greatest risk is having my name and reputation hanging out in the world every day. I am totally accountable. If someone is upset about a class or a teacher-training session or camp, they know who to call, and it's me. There's no place to hide."

During the decade Gross has operated the company, a lot has changed for Science Encounters—the company reorganized as a partnership, expanded, obtained trademarks, and is now pursuing contracts to teach science at the public schools.

A lot has changed for Robin Gross too. When she started the business, she was single. Now she has a family and is raising two young children. Being her own boss is more important to Gross than ever before.

"I have tremendous freedom. I set my own schedule. I'm able to be home with my children when they're sick, or bring them to my office. Even though things have been tough financially, certainly in

the beginning, there's a lot to be said for having the flexibility I have. I'll never trade the benefit of having the freedom to run my life."

Says Gross, "I just feel lucky and blessed that I get to work with curious, fascinated, and fascinating kids every day and earn money doing what I love."

### *Case Study #3*

#### **Sylvan Learning Systems**

#### ***Columbia, Maryland***

When the Baltimore and Washington, D.C. school districts decided to revamp their remedial-education programs, they hired Sylvan Learning Systems, a private tutorial company, to do the job. Within one year, Sylvan students in the Baltimore Public Schools were showing significant improvements on standardized tests in math and reading, prompting the district's director of student assessment, William Caritj to say, "We never see gains anywhere near that magnitude."

Sylvan has been brought into a total of ten Baltimore schools using federal Chapter 1 funding at some schools and state-school improvement grants at others. The Baltimore Public Schools spend the same amount of Chapter 1 funds as they would have had they operated their own remedial education program for disadvantaged students. Moreover, notes Donna Franks, spokeswoman for the Baltimore Public School District, "we're more cost effective because this program is year-round" compared to the traditional Chapter 1 program which operated only during the shorter academic year. For the first six elementary schools, Sylvan was paid \$1.4 million under the year-long contract.

In addition to its work in the public schools, Sylvan provides tutoring, testing, and test-preparation courses to students through more than 500 franchised and company-owned centers in the United States and Canada. Traditionally, Sylvan, which has been in operation since 1979, has operated on a parent-pay basis, but it now serves public schools under contract. All Sylvan programs use a three to one student-teacher ratio, and all Sylvan teachers are licensed by the state in which they provide instruction.

As a franchise operation, with individual learning centers requiring teachers, directors, and owners, Sylvan offers a range of career options to educators. One teacher who has moved up the ladder with Sylvan is Ellen Larkin Sternig.

Sternig started out as a public-school teacher but left after eight years because of the limited opportunities available to her there.

"I really felt stifled (in the public schools)," says Sternig. "I felt that a lot of my creative juices were not going anywhere. Teachers are treated like nonprofessionals. You punch in at eight, go through your education programs, and leave at three. It's an atmosphere of being taken care of, not being in charge."

The lack of a merit-based system of reward also discouraged Sternig, who says some teachers went the extra mile, staying late, creating interesting programs for children, while others put in minimum effort. "I worked hard as a teacher....It was really frustrating to see other teachers just punch in and punch out. I had a difficult time with that kind of system," recalls Sternig.

"I thought, there's got to be a better way of using my talents, and life was too short," she says. "I could better service children in some other capacity, though I didn't know what it was [at the time]," she recalls.

So Sternig began to explore her options in education. She coordinated test-preparation and study-skill programs for one company, and served as an academic advisor for another. Eventually, she became the director of a Sylvan Learning Center, and helped the company adapt its programs for its first public-school contract with the Baltimore Public Schools. Now she is considering taking on an ownership role by purchasing a Sylvan franchise.

"As a franchisee, you're on the front line, working with kids, counseling parents. The center will be as good as the person running it. Accountability? You bet. Parents come and pay. If the kid is not making it, they don't come back. You do whatever you need to do to make that kid successful. That's what it's all about, and that's not happening in the public schools."

Sternig thinks that efforts to transform public education will lead not just to more opportunities for students, but more opportunities for teachers as well.

Says she, "Teaching is not like other professions. If you go to medical school, you come out and you can work for a hospital or open your own practice. In teaching, you get out of education school and you go into the monopoly, or else you don't work. AAEP [private practice] opens up the door and lets people realize there are options."

Concludes Sternig, "I'll never go back now. I've seen other ways, other possibilities out there....I really want to be my own boss."

#### ***Case Study #4***

#### **Math Enrichment Research Center (MERC)**

#### ***St. Paul, Minnesota***

Bob Hazen is used to the puzzled stares he gets when he tells people he teaches algebra and calculus to six-year-olds. As a private-practice educator, Hazen uses a methodology called Mortensen Math, which incorporates music, colored blocks, and higher concepts like algebra and calculus to teach elementary mathematics in a way that is fun and easy to grasp.

Hazen first came across Mortensen Math in 1989 when he received a flyer in his school mailbox promoting an upcoming seminar on the method. Intrigued by the claims the company made about teaching advanced mathematical concepts to young children, Hazen brought his own five-year old son to the Saturday seminar hoping some of Mortensen Math's teaching methods would be demonstrated.

"Sure enough, Jerry Mortensen was the presenter and 45 minutes later, [my son] Brandon was doing algebraic factoring. I was so impressed, I purchased the materials myself and began using them in my classroom."

Soon after, Hazen, who also teaches junior-high school math full-time in the St. Paul public schools, turned his enthusiasm for the methodology into a business. He established the Math Enrichment Research Center (MERC) to provide teacher training and student instruction using Mortensen Math on a contract basis.

Through MERC, Hazen has provided services under contract to private schools, home-schooling parent groups, charter schools, and community centers in the Twin Cities area. Under a pilot project with the St. Paul Public Schools, Hazen directed a year-long mathematics program at the Chelsea Heights Elementary School. There, he provided both instruction and teacher training for two first-grade classrooms. Funding for the project was provided for one year by a private donor. Hazen hopes to raise additional funds to continue the work at Chelsea.

"There's a growing awareness in my field of mathematics education that what we're doing isn't good enough. It's a real exciting time to be a math teacher—there's an openness to trying new things that have shown to be effective," says Hazen.

"One appeal of private practice is having more control over what I'm doing. I can spend my time dealing with issues and concerns that make a difference, to provide people with the tools and training that I know are going to help them succeed. I don't always feel that way with the current situation I'm in."

Hazen describes many of the students he works with as having been "contaminated with bad ideas and bad methods about what math is." As a result, he sees students—and teachers—who are afraid of numbers, who are reluctant to tackle mathematical problems.

At the secondary-school level, says Hazen, "I'm getting them six or seven years after they've been contaminated. What I'm so excited about is getting them right in the beginning, by going down into the first grade, whether I'm dealing with students or teacher training. I think the timing is right to elevate and broaden how elementary math is taught while still achieving a mastery of basic arithmetic."

## *2. Private-sector Efficiencies*

Studies comparing the public and private sector find that the private sector generally tends to use resources—be they financial, human, or temporal—more efficiently. Researcher Louis De Alessi, Ph.D., compared the operations of the public and private sectors for various industries and found that the private sector was generally more efficient than publicly operated organizations. Says De Alessi, compared to the public sector, private-sector organizations tend to minimize the costs of providing a given service or product, are more likely to respond to consumer preferences, are quicker to adopt cost-saving innovations, spend less on facilities construction, and are more likely to compensate employees based on their individual performance.

In addition, private-sector compensation tends to be based on market-rates. Since the cost of labor is often lower in the private sector, overall efficiency is enhanced by using the private sector, particularly for labor-intensive organizations, such as education. A parallel comparison is the cost of teachers in public and private K–12 schools. The Department of Education reports that average-base salaries for private-school teachers are 37 percent lower than that of teachers in the public sector.

The Illinois-based Ombudsman Educational Services provides a good example of these kinds of private-sector efficiencies. Providing education programs under contract with the public schools, Ombudsman serves, on any given day, roughly 2,000 at-risk students in seven states.

Administrators at Ombudsman are few, with just one administrator for every 400 students. By comparison, the Chicago Public Schools, one of the districts with whom Ombudsman contracts, has nearly four times the proportion of administrators, employing one administrator for every 124 students.

Operating as it does in the private sector, Ombudsman has greater latitude when it comes to scheduling, curriculum, and instruction. Ombudsman focuses exclusively on core subjects such as math, English, and social-studies, providing students with an intensive course of study. Doing so keeps costs to a minimum. Its locations are modest too—most Ombudsman classrooms are located in store fronts or business parks.

Students attend the Ombudsman program for four hours a day, working at computers independently and at their own pace. Some students graduate from Ombudsman with a high-school diploma, other

students use the program to catch up on their studies before making the transition back to a regular public high school.

Teacher-staffing costs are also lower at Ombudsman. Compensation for Ombudsman teachers, as for teachers in private schools, is based on market rates, which tend to be lower than in the public sector. All Ombudsman teachers are licensed by the state in which they teach.

Instead of paying more for instructors, school buildings, and administration, Ombudsman puts its focus on teaching. Student-teacher ratios in an Ombudsman classroom are no more than ten to one. With between eight and ten students per teacher, Ombudsman is able to give greater individualized attention to students.

The bottom line? Such efficiencies are passed along to the customer. The cost to the public schools of enrolling a student in an Ombudsman program for a year (between \$3,000 to \$4,000) is about half the cost of most district-operated programs for at-risk youth. Moreover, Ombudsman boasts a retention rate of 85 percent among this difficult-to-educate population.

### *3. Known Costs*

In most cases, the cost of contracting with a private provider is straightforward. Contractors may charge an hourly rate or a program rate. In either case, all the costs of the contractor are usually boiled down into a single rate or price. This includes, for example, the costs of benefits, insurance, and transportation for the teacher-contractor. The cost of supplies are also often included.

Because the provider's cost is clear from the outset, school administrators work with more certainty in the budgeting and decision-making process when it comes to planning instructional programs.

Moreover, schools usually pay only for contact hours between the contractor and the student(s). Companies such as Learning Styles and Ready Go, for example, (see Case Study #5) base their fee schedule on an hourly basis. Under such a scenario, schools do not pay for "downtime" such as prep-periods, lunch and coffee breaks, and vacation periods, but only for the time the instructor(s) spends with students. In other words, schools pay only for the services they actually receive, and they know in advance exactly what those services will cost.

#### ***Case Study #5***

##### **Ready Go, Inc.**

##### ***New Berlin, Wisconsin***

For 25 years, Greg Genal taught and directed health and physical-education programs in the Waukesha, Wisconsin public schools. Although employment with the public schools provided him with the kind of financial security he wanted in order to raise a family, something was missing.

"I was not getting a lot of satisfaction in the public sector," says Genal. "I would come up with a lot of different ideas, but I'd have to wait to take it to the [school] board or curriculum committee, and they'd just get lost in the bureaucracy. I still have good ideas, but now I have the freedom to execute them."

When his youngest son left for college, Genal and his wife, Diane, an accountant, decided to set their dreams in motion by founding Ready Go, a physical-education teaching business.

Ready Go now serves K– grade students in over 40 private schools and employs 12 full-time and two part-time teachers. The company provides certified instructors to teach physical education programs, using Ready Go's curriculum. The program stresses physical fitness, team building, and good

sportsmanship. Ready Go also offers "wellness programs" for students and staff such as nutrition, First Aid, stress management, and drug prevention.

Most of the teachers Genal employs are either retired public-school teachers or recent graduates from education schools in the Wisconsin area. Genal acknowledges that financial compensation is lower for both himself and his teachers compared with the public sector, but says that is one of the reasons Ready Go is a cost-effective alternative for schools.

In fact, before Genal approaches any potential client, he calculates the school's cost of operating its own in-house physical education program, and then prices Ready Go's at or under that amount. Schools contracting with Ready Go pay only for the teachers' contact time with the students. In addition, because the teachers are employees of Ready Go, the schools are not responsible for paying unemployment insurance, health insurance, retirement, and other benefits. Hourly rates for Ready Go programs typically range from \$13 to \$15 an hour.

Some schools regard Ready Go teachers so highly, they have hired them away from Genal. Even contract provisions designed to safeguard his investment in human capital have not been effective in stopping such "pirating," he says.

Yet despite the difficulties of small-business ownership, Genal finds the rewards are well worth the effort. Genal, who often team teaches with Ready Go instructors, says the main benefit of being a private-practice educator is the personal satisfaction he derives from seeing the results of his own work.

"I truly feel I am having an impact on children's learning. The physical fitness tests, the teaching, the curriculum were all set up by myself. All that we ask the children to do I am directly responsible for. I get a real sense of satisfaction from helping children to perform at their best," he says.

#### *4. Staffing Levels*

Schools may have greater flexibility in staffing using the contract option. A school district, for example, which expects enrollment to decline, can enter into short-term contracts with private-practice educators until enrollment stabilizes. Schools can negotiate the contract terms, renewal provisions, and severability clauses that meet their particular enrollment or program needs. The school can contract for as little or as much service-time required. Contracts can cover a period of several months or an entire year. And if the arrangement is a successful one for both parties, the contract can be renewed.

Schools may also wish to use the private-practice teaching option when the level of instruction needed is minimal, or so specialized, it applies only to a limited student population. For example, one public school in New Jersey turned to Berlitz Jr. to supply foreign-language instruction in Japanese to 60 students. Said school principal Karol Brancato, "What would we have done with a [full-time] Japanese teacher on staff the rest of the time?...Contracting out is a real viable option for small programs." (See Case Study #6.)

#### ***Case Study #6***

##### **Berlitz Jr.**

##### ***Westport, Connecticut***

Established in 1987 by Berlitz International to provide foreign-language instruction and curriculum to schools, Berlitz Jr. now operates in over 13 states throughout the United States. Berlitz Jr. programs can be found in both public and private schools offering instruction to children in languages as varied

as Japanese, Spanish, and Greek. Most Berlitz Jr. teachers are native-speakers of the language they teach.

Typically, a school will contract with Berlitz Jr. to provide instruction to several classrooms for two or three class periods a week. Through the contract arrangement, schools specify—and pay for—only the amount and type of instruction they need. For small schools or those with a small number of students desiring instruction in a particular language, this is an advantage of the contracting arrangement. Should the school wish to switch to another language at any time, it can easily do so without encountering the problems of teacher layoffs or recruitment.

The cost of a Berlitz program varies depending on such variables as frequency of service, length of program, language chosen, and number of different age levels served. The location of the client school may also be a factor. Most Berlitz Jr. programs run between \$2,000 and \$25,000. For example, a program offering instruction six periods a day, three times a week for 36 weeks (i.e. a nine-month school year) would run approximately \$25,000.

Teachers have many different reasons for wanting to work for Berlitz rather than working as employees of a school or district. Some are working toward teacher credentials in their home states and Berlitz gives them practical classroom experience and coaching, others appreciate the scheduling flexibility Berlitz offers its employees, some enjoy the variety of jobs—with different schools in a neighborhood, different age groups, or different education settings. Still others turn to Berlitz for the pleasure of teaching the language itself and sharing a country's heritage and culture with students.

Beatrice Mora-Diaz is one such teacher. A native of Columbia, she began teaching for Berlitz in 1992 in order to more fully share her culture with Americans. "I always think Americans have a false image of what people from Latin America are like," says Mora-Diaz who teaches both children and adults. "We have a lot of interesting things Americans can get from us. I try to go further than just the language and encourage students to learn about our culture."

With three young children at home, Mora-Diaz schedules her work hours in a way that lets her spend the most time with her family. "I try to accommodate early morning or very late after dinner, or Saturday mornings because I have to take my children to their activities," she says. In any given week, Mora-Diaz may be teaching between eight and 30 hours for Berlitz. She also teaches at a college two nights a week on her own time.

When her children are older, Mora-Diaz plans to teach full-time. As a private-practice educator, she is able to teach in a variety of settings, something she says is helping her decide what kind of teaching career to eventually pursue. But for now, Mora-Diaz finds that private practice enables her to balance work and family life, and gives her the satisfaction of sharing her culture with others.

#### **IV.COMPARING THE COST OF IN-HOUSE AND CONTRACTED SERVICES**

In some cases, the degree of specialization required is such that there are no suitable in-house providers for a particular service. In such a situation, the decision to contract for a particular service becomes one of selecting among various outside providers.

At other times, administrators may be choosing between contract and in-house service. Although cost is not the only factor in the decision of whether or not to contract for a given service, it is certainly a major one. Comparing the costs of using in-house versus contract providers is a difficult process. Most school-districts do not have an accounting process that enables them to easily identify the full costs

associated with a particular service. In trying to identify total costs, administrators should ask themselves the following question:

*If a school stops producing its own instructional service, and instead relies on a private provider, will a given cost continue?*

In addition to identifying the fully allocated cost of current services, administrators must also ask themselves what additional costs might be incurred as a result of the contract? Such costs could include the cost of bidding, monitoring and administering the contract.

Table 1 below, prepared by Gail Ostler, a school-finance consultant and former finance director for the Milwaukee Public Schools, shows how a hypothetical district might compute the hourly, fully allocated, cost of in-house instruction.

Table 1

Cost of In-House Services vs. Cost of Contracted Services	
<b>Cost of In-House Services</b>	
■ Teacher Salary, Insurances and Employee Benefits	
• School District's Annual Gross Payroll	\$1,000,000
• Annual Insurances and Fringe Benefits Paid By District	
· Social Security	75,000
· Unemployment Compensation	30,000
· Worker's Compensation	20,000
· Health & Dental Insurance	190,000
· Pension Contributions	<u>50,000</u>
■ Total Teacher Salary, Insurances, and Employee Benefits	\$1,365,000
Productive Hours	
• Total Classroom Hours Per Teacher Less:	1,100 Hours
• Average Off-Time (Sick and Personal Days) of 2%	(22) Hours
Total Productive Hours	1078 Hours

<b>■Hourly Cost of In-house Services</b>	
• Total Average Teacher Salary Plus Employee Benefits Divided By:	\$1,365,000/
• Total Productive Hours Divided By:	1078 Hours/
• Total Number of Teachers Employed By The District	35
Total Hourly Cost of In-House Services	\$36.18
<b>Cost of Contracted Services</b>	
<b>■Contractor's Hourly Rate for Contract Performance</b>	\$30.00/Hour
<b>District Savings</b>	
Hourly Cost of In-House Services Less:	\$36.18/Hour
Hourly Contractor's Rate	<u>\$30.00/Hour</u>
Total Hourly Savings (Loss)	\$6.18/Hour

Source: Gail Ostler, CPA

Depending on the particular circumstances of the school district and contractor, the figures presented above should be adjusted accordingly. In preparing Table 1, Ostler made the following assumptions:

- ×The annual salary for a teacher employed by the district averages \$28,600.
- ×The district will not incur any significant contract-related administrative costs as a result of this contract.
- ×Table 1 compares hourly costs of public and private providers. Some contractors may charge a lump sum for the entire instructional program, in which case the total program cost should be divided by the number of contract hours to obtain the cost-per-hour of a private provider.
- ×Equipment, supplies, and curriculum are usually provided by the private contractor and are included in the contract rate. These costs have not been included in the calculation of in-house service costs.
- ×The costs of in-house services also do not include the cost of teacher training, which is often avoided when private contractors are used.

## V.POLICY CONSIDERATIONS

Since private-practice teaching is an emerging and little-understood field, not much has been written about the subject, nor has much attention been paid to the concept of private-practice teaching among

education policy-makers. Private-practice teaching, and contracting for instruction in the public schools, raises a number of policy questions for consideration.

### A. Legal Authority of Public Schools to Contract for Instruction

With few exceptions, public schools have delivered instruction using only those teachers who are employees of the district. State regulations continue to reflect this traditional delivery model. Many state policies, while not prohibitive, nevertheless are ambiguous when it comes to the legal authority of school districts to contract for instruction.

Two surveys, both conducted in the Spring of 1994, sought information on the legal authority of school boards to contract with private providers for education services. The American Association of Educators in Private Practice (AAEPP) surveyed the state departments of education. Senn Brown, director of legislative services for the Wisconsin Association of School Boards, surveyed state associations of school boards. Table 2 shows the composite of responses to both surveys. A total of 44 states responded to one or both surveys.

Nearly every state responding to the survey had some provision for contracting with a private provider, although the contracting option frequently was limited to specific populations or programs such as special education, vocational education, or driver's training. Roughly a quarter of survey respondents indicated that their states grant broad powers to school boards—thus implying that school boards would have the authority to contract for instruction generally, as long as such an action would not conflict with other state or local rules and regulations. But again, further clarification is needed.

Brown advises readers to consult legal counsel for expert opinions regarding a state's laws and not depend solely on the survey results presented in Table 2.

**Table 2**

Authority of Public Schools to Contract for Instruction					
Composite results from surveys of state department of education and state school-board officials.					
State	School boards have broad powers	School boards have enumerated powers	Specific Statutory Authority		Unclear
			Permits contracts for instruction generally	Permits contracts for inst. in certain circumstances	
Alaska	–				
Arizona*		–		–	
Arkansas		–			
California*	–			–	
Colorado	–		–		
Connecticut		–			–
Delaware	–			–	
Georgia	–		–		
Idaho					–

Illinois		-			-
Indiana	-	-		-	
Iowa		-	-		
Kansas		-		-	
Kentucky		-			-
Louisiana		-			-
Maine		-			-
Maryland	-		-		
Michigan		-		-	
Minnesota*	-	-	-		
Mississippi		-			
Missouri	-				
Montana	-				
Nebraska		-		-	-
Nevada		-			
New Hampshire	-				-
New Jersey					-
New Mexico				-	
New York		-			
North Carolina		-		-	
North Dakota		-			
Ohio	-			-	-
Oklahoma					-
Oregon	-	-	-		
Pennsylvania		-		-	
Rhode Island		-		-	
South Carolina		-			
South Dakota		-			

Tennessee		-			
Utah	-		-		
Vermont	-	-	-		
Virginia		-			-
Washington	-			-	
West Virginia		-		-	-
Wisconsin		-		-	

\* States with charter-school legislation implicitly enabling charter schools to contract for instruction.

Source: American Association of Educators in Private Practice

Perhaps a better indication of the authority of school boards to contract with private providers is to look at the states where this activity is already occurring in the public schools. Berlitz Jr. has successfully negotiated contracts with public-school districts in the states of California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Wisconsin.

A number of survey respondents suggested that school boards indeed did have the authority to contract, but that no formal opinions had been issued by the state-education department, attorney general's office, or the courts. When the laws are silent or ambiguous on the authority of school districts to contract for instruction—as they often are—school decision-makers may want to seek clarification from legal counsel.

Nancy Lavelle, president of the Institute for the Redesign of Learning, a California company providing education, training, and counseling services to at-risk youth under contract with 30 public schools, discovered the pitfalls of unclear authority firsthand. Her company, in partnership with the California Department of Education, and the Department of Rehabilitation, spent one year planning a program to serve at-risk youth, which would have involved the use of some federal funds. Just before the program was to be implemented, the contract office of the Department of Rehabilitation said it would not authorize the contract because, according to one Department of Rehabilitation official, "while there are no restrictions, there is nothing in federal regulations that expressly permits state agencies to contract with private providers to implement the use of Vocational Rehabilitation funds."

Says Lavelle, "It is one of those Catch-22 situations. There's no restrictions, but there's nothing that actually allows it, so they [the Department of Rehabilitation] don't do anything about it."

States wanting to encourage contracting for instruction in the public schools should include statutory language in the state-education code expressly authorizing school boards, or other governing authorities, to do so. (See Appendix II for model statutory language.) In addition, local collective-bargaining agreements, discussed below, should make clear the authority to contract. In some states, certain issues relating to contracting-out for services may be a mandatory subject for negotiation by collective-bargaining units.

## **B. Charter Schools**

One policy reform that may open the door of the public schools to private-practice educators is the charter school. Charter schools are public schools freed from many state and local-education regulations. The U.S. Department of Education defines charter schools as, "publicly sponsored autonomous schools, substantially deregulated and free of direct administrative control by government." In many instances, charter schools have the authority to contract for instruction. As of September 1994, roughly a dozen states had passed some form of charter-school legislation. Those states which appear to enable charter schools to contract for instruction include: Minnesota, California, Colorado, Massachusetts, Michigan, and Arizona.

Charter schools may find the idea of private practice appealing because it enables them to contract for special services for which they don't need, or can't afford, permanent, full-time employees. Charter schools could be organized around a small core of teaching staff, for example, who then leverage their resources by contracting for specialized instruction.

Alternatively, a charter school could "contract" for its entire instructional program with a teacher cooperative of private-practice educators. The New Country School, a charter school in Minnesota, is implementing such a model where teachers, as members of the EdVisions cooperative provide instruction and consulting to the charter school, as well as to other schools on a contract basis.

Regardless of how the charter schools themselves are configured, the existence and widespread appeal of charter-school legislation indicates greater openness toward changing the way schools are organized and operated. Reforms, such as charter schools, which decentralize decision-making and encourage innovation, pave the way for more acceptance of the private-practice teaching concept.

### **C. Teacher-Certification Requirements**

With few exceptions, anyone teaching in a public school must be licensed by the state in which they are providing instruction. Typically, teachers obtain such a license by completing a state-approved teacher-education program at a college or university within the state. While the certification process helps to ensure that prospective teachers have completed a certain course of study, it does not guarantee that an individual is fit to teach.

It does, however, serve as an effective barrier-to-entry for many talented adults interested in teaching. For the most part, individuals lacking certification, such as accountants, scientists, engineers, or nurses who have accumulated a lifetime of experience, are not qualified to teach under the various state regulations that govern our public schools. (They may, however, teach in private schools, which do not necessarily require certification as a prerequisite for employment). Moreover, unless a state has a reciprocity agreement with other states, certification requirements also keep able teachers from teaching in a state other than the one in which they earned their certification.

Alternative certification can enhance education opportunities for students by encouraging other professionals to enter into teaching. Some educators in private practice may benefit from alternative-certification programs. In their "true" form, these alternative certification programs can significantly reduce the time and investment required to obtain a teacher license. A study titled *Alternative Teacher Certification: A State-by-State Analysis 1993-94* reports that just 14 states have "true" alternative certification programs. Programs meeting that criteria involve formal instruction and mentoring *while* teaching. An additional seven states have similar programs, but they are applicable only in cases of teacher shortages.

Alternative-certification programs do not go far enough in opening up the field of education to different service providers, or recruiting good teachers, however. Certification, in any of its forms, does not test that the teacher is fit for the job. But it does keep many educators out of the public-school job market. State-policy makers wanting to increase the pool of potential educators—and trying to invite new talent into the public schools—should make waivers to certification requirements available to otherwise qualified teachers.

The true test of teacher competence should be teacher performance, not teacher licensing. Private practice, using the contract arrangement, can help ensure that teachers are accountable for their performance. A contract with a private-practice teacher is an agreement for the provision of a service, and not a guarantee of employment. It is also usually for a limited time period. Because of these differences in the relationship between the school and the teacher, those private-practice educators who do not perform satisfactorily will have their contracts canceled or find that they are not renewed at the close of the term. Conversely, those teachers with very good performance records will likely see their contracts renewed, and may even generate new business as a result of their good record.

Certification requirements have other adverse consequences, as well. In some cases, they can penalize students, or increase school costs. For example, Berlitz Jr. provides foreign-language instruction to public schools in ten states. Even though Berlitz teachers may be very good at what they do, because most of them are not certified, high-school students learning a foreign language from a Berlitz Jr. teacher cannot earn credit for their coursework toward graduation. In some cases, high schools have had certified teachers—who serve no direct instructional purpose—sit in on the Berlitz Jr. classes solely for the purpose of assuring credit. Such a duplication of staff needlessly drives up the cost of public education.

#### **D. Teachers Unions**

Opposition to private-practice teaching and other contract arrangements with public schools has come chiefly from the National Education Association (NEA) and its state and local affiliates. Not only is the NEA the largest teachers union, it is also the largest union in the United States. With 2.2 million members, the NEA is a powerful and influential force in education policy, particularly as it concerns public education at the K–12 level. (The American Federation of Teachers, or AFT, which is expected to merge with the NEA, claims approximately 820,000 members.) Many attempts by public schools to contract with a private provider for instructional and noninstructional services have failed due to resistance from public employees and their unions. Given the incentives involved, it is unrealistic to expect to gain the full support of union leadership when it comes to contracting for instruction.

Even if state legislation allows public schools to contract for instruction, such an effort may be blocked at the local level by collective-bargaining agreements. School administrators may wish to include a provision in the collective-bargaining agreement explicitly allowing for contract instruction. Such a provision will make it easier for a public-school district to pursue this option should it wish to do so at some later date.

Despite union opposition, many private-practice educators have been successful in winning contracts with the public schools. Local school boards, principals, individual educators, and parents are usually open to the idea of exploring alternative ways of delivering education. Moreover, school boards tend to use the contracting option as a supplement, rather than a replacement, for the existing instructional arrangement. In such a case, union positions are not significantly threatened.

## VI. CONCLUSION

Increasingly, public schools are coming to acknowledge that new ways of doing business are necessary if students are to excel in the 21st Century. Contracting for instruction is a practical option for school boards and school administrators interested in strengthening accountability, cutting costs, increasing flexibility, or taking advantage of outside expertise and innovations. Instead of hiring an employee at a given rate, school administrators buy the performance and output of an educator for a given price, to paraphrase Ted Kolderie, one of the pioneers of the private-practice concept and director of the Center for Policy Studies in St. Paul. Such an arrangement, if properly monitored, makes the private-practice teacher accountable for results, not just for the process of teaching.

In turn, the contract arrangement elevates the professional status of teachers. Contracting with a private-practice teacher requires school administrators to deal with educators on a professional basis. Private practice enables teachers to take control of their own careers, negotiate their own compensation, and make their own decisions about how to use time, resources, and methodologies.

Ellen Larkin Sternig, an educator in private practice, says the "new breed" of teachers is demanding greater opportunities for autonomy and professional growth. Meanwhile, parents are demanding better educational outcomes for their children. These two crosscurrents in education are changing the way schools—and educators—deliver instruction. "Every major company is going through restructuring and so is education," says Larkin Sternig. "Either you're going to be part of it, and make it happen, or you're going to be pulled along."

## ACKNOWLEDGEMENTS

I would like to thank Senn Brown, Chris Yelich, Kurt Austin, Dick Meinhard, Ted Kolderie, Robin Gross, Margaret Sapir, Ellen Larkin Sternig, Greg Genal, Bob Hazen, Susan Fino, Nancy Lavelle, and Jim Boyle for their input and suggestions. My thanks to Raymond Ng who prepared this paper for publication. I would also like to extend my appreciation to the Cascade Policy Institute and other supporters of the Reason Foundation who made this research possible.

## ABOUT THE AUTHOR

Janet R. Beales is a policy analyst with the Education Studies Program of the Reason Foundation. Before earning her M.B.A. at the University of Washington, Ms. Beales was assistant editor for the Fortune Encyclopedia of Economics, and a project manager at the National Chamber Foundation in Washington, D.C.

## APPENDIX I: Recommendations for Policy Makers

×Specifically authorize school boards, or other school governing authority, in state statute to contract with private providers of instruction. (See sample statutory provision in Appendix II).

×Encourage alternative-certification policies and waivers to existing certification requirements.

×Encourage charter-school legislation which grants broad, local authority to educators and parents.

## **APPENDIX II: Model Legislation**

The American Association of Educators in Private Practice has proposed the following model legislation to clarify the authority of public schools to contract with a private-practice educator for instruction.

A school board may contract in writing with any partnership, corporation, sole proprietorship, cooperative, association or other legal entity for teaching or other educational services. Expenditures pursuant to such a contract will be aided under the state school-aid program.

In addition, state-policy makers may also wish to include a provision enabling schools to use noncertified teachers for the delivery of instruction provided such an individual is otherwise qualified to teach. With respect to the awarding of course credit and grades, such a teacher would have the same authority as his or her certified colleagues, and students receiving instruction from a noncertified teacher would be able to apply their coursework toward graduation requirements and the calculation of their Grade Point Averages (GPA).

## **APPENDIX III: Contacts**

American Association of  
Educators in Private Practice  
N7425 Switzke Rd.  
Watertown, WI 53094  
(800) 252-3280

Berlitz Jr.  
125 Main St.  
Westport, CT 06880  
(800) 528-7929

Ombudsman Educational Services  
1585 N. Milwaukee Ave.  
Libertyville, IL 60048  
(800) 833-9235

Institute for the Redesign of Learning  
1137 Huntington Dr.  
South Pasadena, CA 91030  
(213) 257-3006

Math Enrichment Research  
Center (MERC)  
1484 Canfield  
St. Paul, MN 55108  
(612) 645-2706  
Gail Ostler, CPA

## Consultant

2566 N. Farwell Ave.

Milwaukee, WI 53211

Ready Go, Inc.

1720 South Craftsman Dr.

New Berlin, WI 53151

(414) 542-8462

Science Capsule

N7425 Switzke Rd.

Watertown, WI 53094

(800) 252-3280

Science Encounters

4401 East West Hwy.

Suite 300

Bethesda, MD 20814

(301) 718-0808

Sylvan Learning Systems, Inc.

9135 Guilford Rd.

Columbia, MD 21046

(800) 627-4276

Learning Styles

125 Liberty St.

Springfield, MA 01103

(413) 736-4880

Ted Kolderie

Center for Policy Studies

59 West Fourth St.

St. Paul, MN 55102

(612) 224-9703