

National Association of School Psychologists

# Considerations for Contract Services in School Psychology

October 2019

## Abstract

The use of contracted school psychological services has seemingly increased, in part due to shortages in school psychology coupled with an increasing need for school psychological services. However, school psychological services are most effective when provided by school-employed school psychologists. Therefore, school districts should strive to improve staffing ratios of school psychologists in order to meet this goal. At the same time, some districts face circumstances that necessitate contract services as a potential short-term or interim solution to meeting students' needs. NASP is providing the following information and guidance for districts and practitioners to assist in decision-making regarding the use of contract services (whether in person or via telehealth). This document will cover the context that has created the need for contracted services; a definition and description of such services, state credentialing considerations, logistical considerations for both the contractor and the contracting school district, and relevant ethical considerations.

# Considerations for Contract Services in School Psychology

## INTRODUCTION

School psychologists have a unique set of skills designed to support the complex learning, social, and mental and behavioral health needs of students, families, and schools. Furthermore, the profession and the role of school psychologists continues to expand on and evolve from its roots in special education to a comprehensive range of skills and services as defined in the National Association of School Psychologists *Model for Comprehensive and Integrated School Psychological Services* (NASP, 2010a), also known as the NASP Practice Model. Growing recognition of the myriad needs of students and families and the services school psychologists can provide, combined with changes to local, state, and federal legislation focusing on school psychological services, has created a renewed urgency for access to school psychological services.

The demand for school psychologists remains high, which is good news for those entering the field: Nearly all school psychology program graduates (99%; Gadke, Valley-Gray, & Rossen, 2019) find jobs within the first year of graduation. However, this demand also reflects a significant shortage of school psychologists amidst growing enrollment and need for services among students, families, and schools (NASP, 2017). In other words, supply continues to fall significantly short of demand, despite an estimated 2,708 school psychology graduates in the 2017–2018 academic year alone (Gadke et al., 2019).

Shortages have long impacted school psychology; in fact, “. . . there has never been a time when the supply of school psychologists was sufficient to meet the demand” (Fagan, 2004, p. 419). In 2015, the average ratio in the United States was an estimated 1,381 students per school psychologist (Walcott & Hyson, 2018), despite a recommended ratio of 1:500–700 (NASP, 2010a), suggesting both unmet demand for positions as well as unmet needs among students and schools. The shortages in school psychology also extend to not enough culturally and linguistically diverse school psychologists—an estimated 87% of the workforce identify as White, and 86% only speak English (Walcott & Hyson, 2018). While the extent of the problem differs by region, shortages represent the most critical issue facing the field of school psychology.

Despite shortages, schools maintain the responsibility of meeting the needs of students, families, and schools, along with meeting students’ rights to access services. Furthermore, timelines for students identified as requiring special education services do not change, regardless of whether the school district can hire a school psychologist. Unfortunately, some districts may have an opening posted for months or even years without a single applicant, particularly in rural or other high-need areas. NASP (2016) has provided a valuable set of tools and resources to address the shortages issue long-term, though districts must often identify a short-term solution to the pressing needs for that day, week, or month. In many instances, districts turn to contracting for specific services needed to maintain compliance, often hiring for just enough services to avoid noncompliance with state or federal law.

## CONTRACT SERVICES

Generally, contract services (within the context of school psychology) refer to school districts that hire an external agency or professional to carry out a specific assignment, such as a psychoeducational assessment or counseling, rather than using a full-time, salaried school psychologist employed by the school district or that district's special education cooperative<sup>1</sup>. However, there is variability in the way these services are utilized and in the state and local regulations that govern them; in fact, most states do not explicitly regulate delivery of contract services in schools. While contract services present a short-term solution for school districts to mitigate shortages and maintain compliance, those districts must consider various implications in order to implement contract services responsibly.

The lack of regulation around contract services, along with varied needs among districts and communities, has led to inconsistencies in the credentials of the practitioners providing services, the range of services provided, and the extent to which services are integrated within the school system. In some cases, the district directly hires an individual practitioner for a one-time or finite set of services at a set fee. Alternatively, districts may contract with a third-party employment agency that will provide a practitioner to carry out the services required by the district on a time-limited or long-term basis. Regardless of the model, districts and professionals are responsible for ensuring that the school implements these services in a way that maintains the integrity of the NASP Practice Model (2010a) and follows NASP's *Principles for Professional Ethics* (NASP, 2010b). In fact, the NASP Practice Model (2010a, p. 9) states that "contractual school psychological services are not used as a means to decrease the type, amount, and quality of school psychological services provided by an employing agency. They may be used to augment and enhance programs."

### State Regulations and Credentialing Issues

The potential fit for contracting within a particular school district, or for a school psychologist, will depend on a variety of factors. These factors may vary from state to state, as well. What will work in one state may not work in another, particularly related to certification and licensing. Generally speaking, most psychology and school psychology professionals require a state-level credential in order to provide professional services in that state. These credentials describe the various requirements to obtain a credential as well as the title, settings, and services permitted. Both the school district and the contracting school psychologist must comply with the appropriate credentialing requirements in that state. More information about school psychology credentialing can be found on the NASP website, including state-level requirements and frequently asked questions (<https://www.nasponline.org/standards-and-certification/state-school-psychology-credentialing-requirements>).

Typically, the state education agency (SEA) or state department of education maintains oversight over practice in schools. SEAs generally only certify or license school psychologists to practice within the schools or related educational settings. This may include individuals employed by an independent educational services agency that provides a range of educational services to districts. There is a long-established history of such agencies providing services collaboratively with school districts, especially among small districts that have difficulty maintaining a full range of services and programs. Conversely, licensure for psychological services provided outside of schools (e.g., independent practice, clinical settings, hospitals) is typically governed by a state psychology or mental health licensing agency or

---

<sup>1</sup> For the purposes of this paper, we consider telehealth services as one possible modality of contracted service delivery. For information about telehealth, beyond issues related to contractual considerations, the reader is referred to NASP (2017).

board. These boards may be independent professional licensing boards, or they may be a part of the state human services agency.

Certainly, schools can contract with professionals who have had years of prior school psychology experience; however, there is a notable lack of uniformity in terms of regulations regarding the prior training, preparation, and degree that contract workers need to possess (Rossen, Arnold, & Ney, 2018). Furthermore, most SEAs do not address contract work directly or explicitly. Therefore, some states may allow schools to retain professionals for contract work with degrees outside of school psychology and who have had little or no experience working in school systems. It is possible that these professionals would lack knowledge of the specific disabilities and laws that are needed when working within such systems, or of system-level approaches in educational settings (e.g., multitiered systems of support [MTSS]).

Given that most SEAs do not provide regulatory guidance regarding contract services, a certified or licensed school psychologist often can contract independently with a school district to work within the schools. The critical factor is often the setting (i.e., the school) rather than the employer (i.e., school vs. third-party contracting agency). Providing the same services (e.g., psychoeducational evaluations, counseling) from a remote office may not be permitted, whereas those same services in a school building would fall within the scope of services allowed by the credential. Districts and individuals should always consult with the appropriate state agencies to determine any limitations.

## **Logistical Considerations for Contract Services**

Several logistical considerations for contract services have implications for both the school district and the service provider. These issues relate to the way in which services are provided and utilized and to the details negotiated in the contract. The success of a service contract can depend on how well these considerations are addressed prior to the initiation of services.

**Considerations for Individual Providers.** School psychologists seeking to provide contract services often have the option either to work for an agency that contracts with school districts or to contract directly with the school district. When choosing between these options, school psychologists should first check with their state credentialing agency to verify that their credential permits them to provide contract services as a self-employed practitioner or as an employee of a private agency. It may be that an individual's SEA-conferred certification/licensure comes with the expectation of employment by a school district or special education cooperative within that state. This could preclude SEA-credentialed (not independently licensed) school psychologists from providing school services as employees of a third-party agency that contracts with a school district or cooperative. This has been the guidance from at least one state's Division of Special Education (Montana), and could be relevant in others.

Self-employed school psychologists arguably enjoy the highest degree of freedom but also the highest liability and responsibility. They are able to screen the assessments or other assignments they want to accept, to work more flexible hours, and often to work with less oversight. However, they are not guaranteed steady employment or access to test kits, materials, resources, and protocols. They are also potentially responsible for funding their own healthcare, professional development, liability insurance, and retirement, though they may receive tax benefits for their direct expenses. Self-employed school psychologists may consider working with an accountant to examine the viability of creating an S-Corp or LLC and to discuss tax implications.

School psychologists who work for agencies enjoy a degree of the same benefits as self-employed school psychologists but may not face as many of the responsibilities or liabilities (e.g., funding their own healthcare, building referral sources, purchasing test kits, liability insurance). Agencies also present the benefit that they help find work and negotiate fees, though they generally take a percentage of the fees as well. The benefits and liabilities are likely to vary from one agency to another, so school psychologists considering this route should carefully evaluate the terms of employment. Most agencies who hire psychologists as W-2 employees may pay at least part of the costs of liability insurance, 401k, and health benefits; however, they may not offer as much as school districts offer their full-time employees.

Many agencies are beginning to attract recent school psychology graduates, because the flexibility of the schedule is viewed more favorably than working for one school district, and because the agency may offer a small signing bonus. However, some agency contracts include noncompete agreements that preclude the school psychologist from obtaining employment from local school districts for a specified period of time after leaving the agency. School psychologists employed by a staffing agency must take care to understand their contractual, supervisory, legal, and ethical relationship with both their employer (agency) and the school or district in which they are assigned to work. While district-level administrators may have an understanding of the contractual relationship, administrators and others within the school need to be clear about any critical responsibilities and boundaries this relationship may entail.

**Considerations for School Districts.** There are a number of issues that school districts may wish to account for when entering into contracts with outside providers. In particular, school districts need to take measures to ensure the quality of service that is being provided to students. This may include evaluating the process by which contract service providers are chosen, training service providers on district policies, ensuring that sufficient supervision is provided, and determining the level of continuity in the relationship between the contract service provider and the school (i.e., ongoing relationship vs. contract for individual cases). In many cases it is advantageous to establish ongoing relationships with service providers who are familiar with school district policies as well as the team members at the school, enabling them to work more efficiently to meet student needs. However, there are times when a district wants a psychologist for individual cases who is perceived as completely unbiased; in these cases the district may choose to use a less familiar provider. Regardless, when hiring new service providers, it is beneficial to interview candidates and check references, as would be done for any new hire. Similarly, ongoing evaluation should be conducted for providers who maintain a relationship with the district. Wonderly and McLoughlin (1984) suggest that schools have an inherent interest in oversight and accountability concerning the services of those directly in their employ, and that this should be extended to those who work in their district in a contractual role. School personnel are responsible for monitoring contract workers' adherence to responsibilities as well as the quality of the services they provide (Mathis & Jimerson, 2008). This may include measuring student outcomes following the provision of services by contract workers. In addition to the school maintaining oversight of quality, there is likely no legal requirement for the contract organization to provide legal representation in due process or other legal proceedings (National Education Association, n.d.). These issues raise the additional need for districts to allocate adequate administrative time to develop and oversee these contracts and the services being provided.

**Considerations for Contract Negotiation.** For both school districts and service providers, the key to a successful contract experience may be effective contract negotiation. Details related to fees should be agreed upon in advance and included in the contract, including:

- whether fee schedules will be on an hourly or per service basis

- how hours will be tracked when hourly fees are paid
- whether specific details of the case (e.g., complexity of the case) affect fees
- whether fees will be adjusted if new issues arise during the service
- how and when the fee will be paid to the provider or third-party agency
- whether the district places a cap on how much they will pay for a given service

In addition to fees, other expectations should be spelled out in the contract, including

- what district resources (e.g., testing materials) are available to the service provider
- the extent of involvement that the service provider will have beyond conducting the assessment (e.g., attendance of IEP meetings, ongoing consultation, monitoring implementation of interventions, team or committee involvement)
- the expected time frame for completion of the service
- whether the provider provides feedback and/or a copy of the evaluation directly to the family

Agreeing upon these details during contract negotiation process helps avoid conflicts and accountability problems (i.e., who maintains responsibility and accepts liability for the work) down the road.

## Ethical Considerations for Contract Services

Lastly, it is imperative for professionals to consider ethical principles and standards when providing contract services. Though not exhaustive, the following NASP ethical principles (NASP, 2010b) may apply (note that only portions of standards are included here for brevity)—each followed by a relevant consideration:

- **Standard I.1.3** “School psychologists ensure that an individual providing consent for school psychological services is fully informed about the nature and scope of services offered, assessment/intervention goals and procedures, any foreseeable risks, the cost of services to the parent or student (if any), and the benefits that reasonably can be expected. . . . Available alternative services are identified, if appropriate.”
  - School psychologists must be clear who is providing the service and to whom they report. They must adequately describe the nature and scope of their services, including any limitations of their service delivery that may be brought about by their employment status and role as contracted employees. Furthermore, those offering contract services may need to also inform families of other services that may be available, perhaps by a school-employed school psychologist or other related professionals. This may also include informing families that the services potentially have a finite beginning and end, rather than participation in ongoing progress monitoring and support.
- **Standard I.2.4** “School psychologists respect the confidentiality of information obtained during their professional work. Information is not revealed to third parties without the agreement of a minor child’s parent or legal guardian (or an adult student), except in those situations in which failure to release information would result in danger to the student or others, or where otherwise required by law.”
  - School psychologists need to clearly inform families about who may have access to information, such as a direct supervisor with the contracted third-party agency. Furthermore, depending on the employment agreement, those engaging in contract services may need to (a) familiarize themselves with both the Family Educational Rights and Privacy Act (FERPA) and the Health Insurance Portability and Accountability Act (HIPAA), (b) understand the differences between FERPA and HIPAA, and (c) recognize which laws apply within the context of their employment.



- **Standard I.3.4** “School psychologists strive to ensure that all children have equal opportunity to participate in and benefit from school programs and that all students and families have access to and can benefit from school psychological services.”
  - In most cases, contract services are strictly limited to students identified as in need of direct services. School psychologists may in fact be prohibited from providing services to students who are otherwise viewed as needing them due to contract restrictions, creating barriers to meeting this ethical standard.
- **Standard II.2.2** “School psychologists actively monitor the impact of their recommendations and intervention plans.”
  - The contracting school psychologist must identify how they plan to follow-up and monitor response to their recommendations and subsequent treatment planning. This can often be achieved more successfully when a school building utilizes the same contract employee rather than hiring different contractors for each service need.
- **Standard II.3.10** “School psychologists encourage and promote parental participation in designing interventions for their children. When appropriate, this includes linking interventions between the school and the home, tailoring parental involvement to the skills of the family, and helping parents gain the skills needed to help their children. . . . Parents are informed of sources of support available at school and in the community.”
  - This requires school psychologist contractors to effectively engage with families and have knowledge of building, district, and community-level resources. However, contract service hours may be limited to working only with the student, or to engaging with families only during the assessment process rather than during intervention design and implementation.
- **Standard II.4.1** “School psychologists discuss with parents and adult students their rights regarding creation, modification, storage, and disposal of psychological and educational records that result from the provision of services. Parents and adult students are notified of the electronic storage and transmission of personally identifiable school psychological records and the associated risks to privacy.”
  - Contracting school psychologists, particularly those with third-party agencies, must clarify how records may be stored, including whether the agency maintains copies or records of services provided. They must also determine what access to files they may have within the school, and if or when that access gets revoked once the service period concludes.
- **Standard II.4.5** “School psychologists take steps to ensure that information in school psychological records is not released to persons or agencies outside of the school without the consent of the parent except as required and permitted by law.”
  - Contracting school psychologists should clarify the protections and responsibilities they have regarding records, including following relevant laws (i.e., FERPA and HIPAA).
- **Standard III.2.1** “School psychologists explain their professional competencies, roles, assignments, and working relationships to recipients of services and others in their work setting in a forthright and understandable manner.”
  - This standard may be particularly relevant when informed consent is obtained by someone in the school system rather than the contracted individual. The contracted service provider should provide clarity on the extent and limitations of the services they provide.
- **Standard III.2.2** “School psychologists make reasonable efforts to become integral members of the client service systems to which they are assigned.”
  - This presents a challenge, even when contracted individuals regularly provide services to the same school. The nature of the relationship often places the contract provider as an external member of the school team, and their lack of presence during the school day eliminates opportunities for relationship building. The contract employee may only receive remuneration for



direct services, potentially excluding other services such as team meetings (e.g., MTSS teams), professional development opportunities, or informal consultation.

- **Standard III.4.9** “School psychologists who provide school-based services and also engage in the provision of private practice services (dual setting practitioners) recognize the potential for conflicts of interests between their two roles and take steps to avoid such conflicts.”
  - This is particularly relevant for those who maintain an independent practice credential, yet occasionally provide contract services to local school districts. At a minimum, contracting school psychologists should disclose potential conflicts of interest early and often to all interested parties, and avoid situations that would undermine the quality of services. They may not provide private practice services to a student of a special program or school to which they are currently assigned.
- **Standard IV.1.1** “To provide effective services and systems consultation, school psychologists are knowledgeable about the organization, philosophy, goals, objectives, culture, and methodologies of the settings in which they provide services. In addition, school psychologists develop partnerships and networks with community service providers and agencies to provide seamless services to children and families.”
  - This may be particularly challenging for contracting employees who are unable to spend significant time in the setting or whose roles are significantly circumscribed (e.g., direct assessment services only).
- **Standard IV.1.2** “School psychologists use their professional expertise to promote changes in schools and community service systems that will benefit children and other clients. They advocate for school policies and practices that are in the best interests of children and that respect and protect the legal rights of students and parents.”
  - As with several other standards, this can prove more difficult for a professional who is not officially part of the system that directly serves students.

## CONCLUSION

With a rising need for school psychological services amidst national shortages, many school districts have begun contracting for services either to supplement or supplant a full-time, school-employed school psychologist. These practices include numerous potential benefits and risks or drawbacks.

### Potential Advantages

- Districts get improved access to practitioners with specific areas of expertise, such as bilingual or neuropsychological assessments.
- Districts gain supplemental services during peak periods or temporary vacancies.
- Full-time, salaried, school-employed school psychologists can continue providing a comprehensive range of prevention and intervention services despite increased demands for assessment.
- Qualified professionals can be identified and placed into hard-to-fill settings.
- Some agencies may offer signing bonuses to school psychologists.
- School psychological services may be provided in private or charter schools, where they might not otherwise be available.
- There may be opportunities for continued employment for school psychologists wishing to work a reduced number of hours (e.g., retirement or long-term leave).

## Potential Drawbacks or Risks

- Contracted service providers may offer a limited scope of services (e.g., prevention, early intervention, advocacy, family engagement, and crisis planning and response often are not included).
- Students and families not identified for specific services provided under contract may have reduced access to a broader range of services.
- School psychologists may lack integration within the school setting as temporary or itinerant employees.
- There is a lack of clarity regarding liability and responsibility for services, including potential conflicts in applicable laws based on the primary employer.
- The school psychologist faces a possibility of inconsistent employment and potentially higher personal costs related to healthcare, liability insurance, and retirement planning.
- Noncompete clauses in contracts may impede contracted school psychologists from quickly taking positions with other districts or agencies in the region.
- There is a lack of clarity regarding credentialing and prior training and experience needed to provide services as a contract employee.
- It is uncertain whether an SEA credential is legitimate when the professional is an employee of a third party agency and not a school district.
- Some providers eligible for school contract services, yet ineligible for a school psychologist credential, may lack sufficient skills and knowledge of the application of psychological services in school settings.
- The district may encounter high administrative expenses associated with maintaining the contracts (Martin, 1993; Mathis & Jimerson, 2008), even if the costs initially appear lower than hiring a salaried employee.

It is incumbent on both school psychologists and school districts to weigh the benefits and risks that contract work poses to themselves and to the students they serve prior to engaging in contractual school psychological services.

## REFERENCES

- Fagan, T. K. (2004). School psychology's significant discrepancy: Historical perspectives on personnel shortages. *Psychology in the Schools, 41*, 419–430. doi:10.1002/pits.10185
- Gadke, D. L., Valley-Gray, S., & Rossen, E. (2019). *NASP Report of Graduate Education in School Psychology: 2017–2018* [Research report]. Bethesda, MD: National Association of School Psychologists.
- Martin, L. L. (1993). A proposed methodology for comparing the costs of government versus contract service delivery. *The Municipal Yearbook*, Washington, DC: ICMA. Retrieved from <https://reason.org/wp-content/uploads/files/ba9b149031669883385db8c2ff63b9ef.pdf>
- Mathis, W. J., & Jimerson, L. (2008). A guide to contracting out school support services: Good for the school? Good for the community? Retrieved from <http://nepc.colorado.edu/publication/a-guide-contracting-out-school-support>
- National Association of School Psychologists. (2010a). *Model for comprehensive and integrated school psychological services*. Bethesda, MD: Author.
- National Association of School Psychologists. (2010b). *Principles for Professional Ethics*. Bethesda, MD: Author.
- National Association of School Psychologists. (2016). *Addressing shortages in school psychology: Resource guide*. Bethesda, MD: Author.
- National Association of School Psychologists. (2017). *Guidance for delivery of school psychological telehealth services* [Brief]. Bethesda, MD: National Association of School Psychologists.
- National Education Association. (n.d.). The case against privatizing school support services. Retrieved from: <http://www.nea.org/home/29420.htm>
- Rossen, E., Arnold, A., & Ney, E. (2018). Contracting for school psychological services. *Communiqué, 46*(7), 11–12. Retrieved from: <https://www.nasponline.org/publications/periodicals/communique/issues/volume-46-issue-7/contracting-for-school-psychological-services>
- Walcott, C. M., & Hyson, D. (2018). *Results from the NASP 2015 membership survey, part one: Demographics and employment conditions* [Research report]. Bethesda, MD: National Association of School Psychologists.
- Wonderly, D. M., & McLoughlin, C. S. (1984). Contractual services: A viable alternative? *School Psychology International, 5*(2), 107–113.

**Author Organization:** National Association of School Psychologists, [www.nasponline.org](http://www.nasponline.org)

**Contributors:** Emilie Ney; Greg Machek; Eric Rossen; Ashley Arnold; Barry Barbarasch; Molly Harrison; Jonas Taub

**Please cite as:** National Association of School Psychologists. (2019). *Considerations for contract services in school psychology* [Brief]. Bethesda, MD: National Association of School Psychologists.

© 2019, National Association of School Psychologists, 4340 East West Highway, Suite 402, Bethesda, MD 20814, 301-657-0270 [www.nasponline.org](http://www.nasponline.org)