

Teaching Artist Shared Benefits Research Project

Phase One Results Report



Executive Summary

Project Overview

Next Step, a management consulting firm that helps organizations increase market awareness, community impact and sustainable growth, was engaged by Teaching Artist Guild (TAG) to conduct research regarding health insurance/benefit plans and work structure options available to teaching artists and other contract and part-time professionals working with multiple organizations. This report summarizes Phase One of the project as well as recommendations for further exploration and implementation in Phase Two, which begins in October 2013.

Methodology

- **Identification of Potential Benefit Models.** Next Step contacted 39 state and national organizations to survey the landscape of benefit models available to teaching artists. Six potential benefit models were identified for more in-depth research.
- **Focus Group of Teaching Artist Hiring Organizations (TAHOs).** Next Step and TAG met with representatives of 10 Bay Area TAHOs to brainstorm viability of the various possible benefit models and to gather information for Next Step to design the teaching artist and TAHO surveys.
- **Surveys of Teaching Artists and TAHOs.** 93 teaching artists and 39 TAHO representatives, primarily from the greater San Francisco Bay Area, participated in two separate but related online surveys regarding teaching artist compensation, benefits and the perceived value of TAHO organizations. Several preliminary conclusions were reached about teaching artists and TAHOs but that required validation.
- **Focus Group of Teaching Artists.** Next Step held a focus group with five teaching artists to validate the preliminary conclusions.

What We Learned

- The greatest concerns of teaching artists (and the reason many leave the profession) is lack of budget for their services and inadequate total compensation (not sufficient for living in the San Francisco Bay Area). A significant barrier to regular compensation is lack of compensation for all hours worked (i.e. prep-time and reviews).
- Tenured teaching artists today lack an incentive to continue to teach as their income reaches a stage of being 'topped out' and there are no additional financial incentives for remaining committed to the profession.
- A majority of teaching artists are independent contractors working on an hourly basis, though some may work on a W-2 basis depending on the entities for which they work. As a rule,

teaching artists work a small number of hours per week for each of multiple entities.

- Teaching artists do not have consistent, regular access to health care and related services primarily due to the limited number of hours they work for any one entity, or because of their contractor status.
- Teaching artists rate opportunities for regular work and competitive pay as top factors in a working relationship with a TAHO. A key area noted for improvement is “better benefits.”
- While health insurance benefits are important to teaching artists, a majority of teaching artists aren’t willing to trade compensation to have them. However, there is significant interest in a TAG or TAHO-sponsored group health insurance plan, provided the cost is perceived by teaching artists as affordable.
- TAHOs are often small with the management team comprised of current or prior teaching artists – with limited background or experience in ‘running a business’.
- There is a significant opportunity today for TAG (with support from the TAHO community) to support teaching artists by creating greater awareness of the services and contributions of teaching artists in the community.

Recommendations for Exploration in Phase Two

- Opportunities for individual health insurance coverage through the Covered California insurance exchange during the open enrollment period beginning October 1, 2013.
- TAG collaboration with the Freelancers’ Guild, or other similar entity, to obtain coverage under a group health insurance plan.
- A TAHO-sponsored benefits plan, with TAG as the administrator, which would offer coverage “tiers” based on achievement of certain performance milestones or professional development.
- TAG or TAHOs sponsoring value-added benefits, such as a 401(k) or IRA, dental and vision discounts, and liability insurance as a benefit to members (TAG) or through work for a TAHO.
- Interests and needs of other teaching artist communities outside of CA to participate with TAG in gaining awareness and exploring implementation of a group benefits program.

Additional Recommendations for Exploration

- Opportunities for TAG working with TAHOs to develop specific career paths and certification levels for teaching artists. This could allow for greater compensation levels, recognition and leverage of the more tenured teaching artists as mentors.
- Potential for expanding the market for teaching artists’ services to include community or corporate events which would create new and non-traditional work opportunities for teaching



artists (generally at higher compensation levels).

Introduction

This report marks the conclusion of Phase One of the Teaching Artist Shared Benefits research project. Here, Next Step will recap the Phase One project milestones and accomplishments, share what we've learned about teaching artists and teaching artist hiring organizations, and outline our recommendations for further research as we enter into Phase Two.

Next Step is a management consulting firm that helps take organizations to the next step of their growth. Teaching Artist Guild (TAG) engaged Next Step to conduct research regarding health insurance, benefit plans and work structure options available to teaching artists and other part-time professionals working with multiple organizations.

Project Recap

Goals for Phase One

Next Step established the following working goals for the project:

1. To explore and identify the benefits and work structures available to teaching artists and other part-time, contract and freelance professionals
2. To understand the importance of these benefits and work structures to teaching artists
3. To establish a framework to guide additional research on health insurance solutions for teaching artists
4. To identify possible shared benefit models for further exploration

Review of Phase One Accomplishments

Identification of Potential Benefit Models

Next Step began Phase One with primary and secondary research on potential shared benefit models. We identified 39 national and California-based organizations from which we gathered data regarding benefits and work structures for teaching artists and other professionals working on a part-time and contingent basis. See **Appendix 1** for the complete list of organizations and the research report.

Through this research, we identified six potential shared benefit models for further consideration:

1. **Group Insurance:** Access to group insurance benefits through membership in a guild, union, alumni group, or professional association.

2. **Health Care Provider Discounts:** Eligibility for health care provider discounts through an affinity program, usually administered by a third party insurance company.
3. **Clearinghouse:** Referrals to insurance providers, discounted services; educational outreach on benefit options; discounts for wellness benefits; health screening as a service to the teaching artist community.
4. **Individual Coverage:** Obtaining insurance coverage directly as an individual, most likely through the health insurance exchanges that will be made available through the Affordable Care Act.
5. **Small Group Coverage:** Obtaining insurance coverage as a business entity with two or more employees, either directly or through the small business exchange (SHOP) that is part of the Affordable Care Act.
6. **Professional Employer Organization (PEO):** Small companies outsource HR and payroll functions to a third party for a fee, usually a percentage of covered payroll. Employees have access to several large-group health plans. A co-employer relationship is established between the company and the PEO.

Other Key Findings at the Initial Stage

- The Affordable Care Act has the potential to make health care more accessible for individuals and small businesses with two or more employees. However, the impact of the ACA on affordability of coverage and the cost of health care are unknown at this point, and subject to speculation.
- Teaching artists work as employees and/or independent contractors, based on the entity engaging their services and nature of their work. We found that a number of organizations who engage or support teaching artists are educating teaching artists about the legal and practical issues surrounding independent contractor classification.
- It is interesting to note that according to the Bureau of Labor Statistics, 92,570 teaching artists work in the profession (as contractors or employees within the profession) nationally, with 12,210 teaching artists in California as of May 2012. On a local level, BLS reports 1,530 teaching artists employed in the Oakland/Alameda County area and 1,360 teaching artists employed in the San Francisco/San Mateo County area. Data for Santa Clara County is not available.¹
- BLS also reports 10.1 million self-employed workers (including contract workers) nationally as of 2010. California's self-employment numbers are not readily available but could be the basis for secondary research, since a high percentage of teaching artists are contractors. This is relevant data in light of the high percentage of teaching artists who work as independent contractors.

Focus Group of Teaching Artist Hiring Organizations. Together with TAG, Next Step facilitated a

¹ The BLS derives its data from semi-annual surveys of organizations and state employment agencies. Data is updated annually and published in late March – early April.

focus group of ten San Francisco Bay Area TAHO representatives. The purpose of the focus group was to update the TAHOs on the project, our preliminary research findings and the online surveys that would be launched over the summer. The focus group also provided an ideal opportunity to generate interest and involvement in the project. The TAHO representatives also provided essential input on two key queries, which would form the basis of our survey questions.

- What do TAHOs want to know about other TAHOs' practices for engaging teaching artists regarding benefits and work structures?
- What types of questions and issues are being raised by the teaching artists themselves in terms of pay, benefits and work structures?

Surveys of Teaching Artists and TAHOs. After the initial phase of primary and secondary research, Next Step conducted two separate but related surveys: one of teaching artists and one of TAHO representatives. Survey questions covered teaching artist compensation, benefits eligibility and participation, how teaching artist work is structured, and perceptions of the value and importance of the TAHO organizations. See Appendix 3 for the complete list of questions.

Of the 93 teaching artists participating in the teaching artist survey, the overwhelming majority responded to the survey in two ways: via a web link in an email message from TAG or from their sponsoring TAHO, or through clicking through via a post on TAG's Facebook page. Teaching artists were offered a gift card incentive for early participation.

Teaching Artist Demographics

- **Location.** For the most part, the respondents were located in the greater San Francisco Bay Area (92%), with the remaining 8% located in Southern California and outside of California.
- **Experience/Academic Achievement.** 44% of respondents reported having over 10 years' experience as a teaching artist, with another 20% having 6 – 10 years' experience. 25% of respondents held an MFA (Master of Fine Arts) degree, with another 28% achieving a bachelor's degree as their highest academic achievement. Only 1% reported holding a Ph.D.
- **Age and Gender.** 25% of the respondents were age 55+, with only 2.6% of respondents between 22 – 26 years of age. The majority of respondents, 51%, were between 27-45. 80% of the respondents were female.

TAHO Organization Demographics

Invitations to participate in the TAHO survey were sent to 118 TAHO organizations located primarily in the greater San Francisco Bay Area, of which 39 participated in the survey. The invitation list was derived from TAG's database and outreach to other organizations that engage

teaching artists.

Respondents from TAHO organizations included executive directors or, where applicable, the head of human resources or administration. An executive summary of the results was offered to the TAHOs as an incentive to participate.

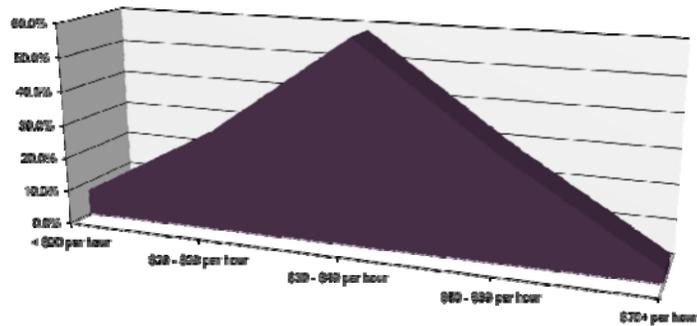
Data from both surveys was collected from June 5 through July 31, 2013. Both groups were given the opportunity to opt-in for further follow-up.

Key Data from the Surveys

Teaching Artist Compensation and Working Schedules

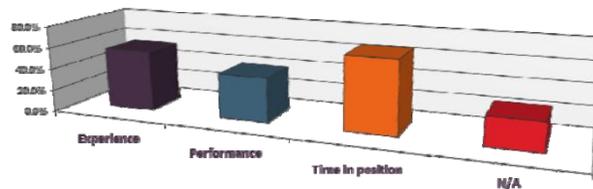
- While it is unknown how many teaching artists have dual status as contractors and employees, statistics strongly suggest that since teaching artists work with multiple organizations, a teaching artist working through a TAHO could be engaged by some entities as a contractor and other entities as an employee, depending on the nature of their work (ongoing project or one-time event, for example). 98% of the teaching artists said they are compensated as independent contractors, with 60% paid on an hourly basis and 38% on a project basis. However, 49% said they were classified as W-2 employees. Similarly, TAHOs said they compensate 74% of their teaching artists as independent contractors and 42% as W-2 employees, and pay nearly 80% of their total staff (both employees and contractors) on an hourly basis versus a project basis or flat fee.
- 23.1% of teaching artists reported their 2012 annual income from teaching artist work in the range of \$10,000 to \$20,000, which was the most frequent response. 17.9% reported earning less than \$5,000.
- 66.1% of teaching artists reported receiving other income from self-employment, while 48.4% reported receiving pay from one or more part-time jobs in other professions. Several respondents commented that the primary reason for working in another profession was to receive health insurance benefits.
- Teaching artists reported working at multiple entities each week; most frequently, for five or more K-12 public and private schools, averaging 21 hours per week. When asked about their ideal workweek, 65% of teaching artists said they would like to work 21-30 hours per week as a teaching artist.
- Nearly 60% of TAHOs have established a pay range of \$30 to \$39 per hour within which individual teaching artist pay rates are determined, irrespective of classification. The breakdown of independent contractors versus employees will be explored in the next phase of work.

Nearly 60% of TAHOs have established an hourly rate range of \$30 - 39 per hour

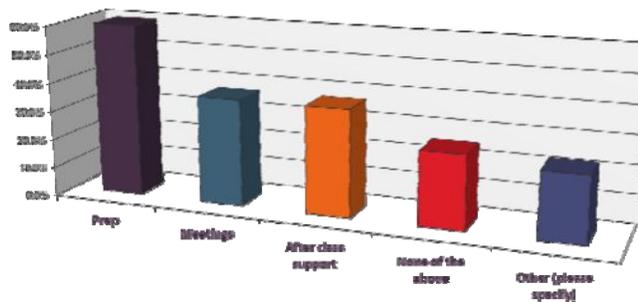


- TAHOs reported that “time in position” is the most common factor in determining individual pay rates for teaching artists.

Time in position is the most common factor in determining TA pay rate

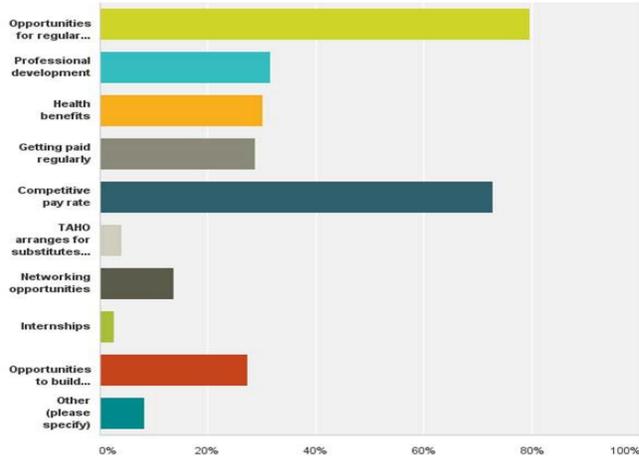


- In determining which teaching artist activities are included in a teaching hour, 60% of TAHOs include prep time in the definition of a teaching hour.



Perceptions of Teaching Artists Regarding Teaching Artist Hiring Organizations

- The most important factors for teaching artists in working with TAHOs are opportunities for regular work, competitive pay rates and professional development opportunities.



- When teaching artists were asked about the most important factors that influence their choice to work with a TAHO, the top three factors were opportunities for regular work, professional development/getting paid regularly (tie) and a competitive pay rate.
- We asked the TAHOs their perceptions about the top three advantages they bring to teaching artists, using the same factors.

Factor	What Teaching Artist Rate As Important	TAHOs Bringing This Advantage
Opportunities for regular work	79%	58%
Professional development	31%	48%
Getting paid regularly	28%	32%
Competitive pay rate	72%	48%

The responses suggest significant disconnects between the factors teaching artists view as important and TAHOs' delivery on these factors, particularly in terms of fair market pay rates. The data did not show significant differences in pay rates between TAHOs. Interestingly, teaching artists appear to place less value on professional development opportunities than do TAHOs.

- When we asked teaching artists about challenges or areas where TAHOs could improve, lack of benefits, lack of affordable health care and lack of regular work were the top three responses. "Other" top challenges included the following:
 - "So little of the work is paid, no pay for prep time"
 - "Not knowing if I will be rehired until the last moment"
 - "No room for advancement in pay or responsibility"

○“Lack of organizational support ; lack of support in the classroom”

- TAHOs were asked about the top three improvements they felt teaching artists would like to see. For the most part, TAHOs and TAs seemed to be aligned on the areas for improvement, although the teaching artists placed importance on having better benefits, whereas only 20% of TAHOs thought better benefits would be one of the most important factors for teaching artists.

Teaching Artist Top Areas for Improvement	What Improvements TAHOs Think TAs Would Like to See
Better benefits	More regular work
Lack of affordable health care	Lack of affordable health care
Lack of regular work	Better pay

Teaching Artists and Health Insurance

- 74% of teaching artists say they have health insurance currently, with 48% belonging to an HMO plan.
- Only 9% of teaching artists are covered under a TAHO insurance plan. 31% are covered under a spouse’s plan, and 29% through an individual plan. Most common reasons for not being covered under a TAHO plan are having coverage through a spouse and not being eligible due to contractor status. Similarly, the most common reason for not being covered under a TAHO plan when it is available is having coverage elsewhere.
- The percentage of income teaching artists spend on health insurance is all across the board with no clear trends. 25% reported spending 6-10% percent of their income on health insurance, while 17% reported not paying for any portion of their health insurance. 13% reported spending one-quarter of their total income on coverage.
- When asked if they would be willing to take a pay cut in order to receive affordable insurance coverage, 61% said they would not be willing to take a reduction in pay. However, 21% said they would be willing to take up to a 5% reduction.
- When asked why dependents aren’t covered, only 4.5% reported cost as a factor. Approximately half of the respondents said that their dependents are eligible for coverage under their own insurance plan.

Other Benefits Used and Valued by Teaching Artists

- Outside of health insurance, teaching artists consider dental insurance, 401(k)/retirement plans and paid sick leave as the most important benefits.
- Dental insurance, vision coverage and paid sick leave are the most frequently used benefits when offered.

The following chart shows the percentage of TAHOs offering the benefits most used and valued by teaching artists:

Benefit Used/Valued by Teaching Artists	TAHOs Offering
Dental Insurance	8.8%
Vision Insurance	8.8%
401(k)/Retirement Plan	5.9%
Paid Sick Leave	32.4%

Initial Conclusions from the Surveys

- Teaching artists lack regular compensation, although we weren't sure how teaching artists defined "regular." We needed to validate this conclusion. What were the factors that contributed to lack of regular compensation – low pay, not being paid for all hours worked, not being paid at regular intervals, or something else altogether?
- Teaching artists do not have consistent, regular access to health care and related services.
- Health insurance benefits are one aspect that is important to teaching artists' work with TAHOs – but we suspected this may not be the most important factor.
- While health insurance benefits are important, a majority of teaching artists aren't willing to trade compensation to have them.
- A majority of teaching artists are independent contractors working on an hourly basis.
- Teaching artists work a small number of hours per week for each of multiple entities.

Validation of Initial Conclusions through a Teaching Artist Focus Group

In order to validate our initial conclusions, Next Step facilitated another focus group, this time with a subset of the teaching artists who responded to the survey and opted in for follow-up. Five teaching artists participated.

The teaching artists represented a cross-section of survey respondents in several key areas:

- Artistic Discipline: Theatre (2), Literature (2), Music (1)
- How Compensated: Independent contractor (3), W-2 or 1099 depending on where I work (2)
- Have Health Insurance: Yes (4), No (1)
- If Yes, Type of Insurance: HMO (3), PPO (1), Not sure (1)
- Affiliated with a TAHO: Yes (3), No (2)
- Location: Oakland (3), Berkeley (1), San Francisco (1)

As with the TAHO focus group, we gave the participants an overview of the project and the potential benefit options as identified in our initial research phase. We also led the group through a series of questions to help validate our initial conclusions. See **Appendix 2** for a summary and recap of the focus group.

Focus Group Questions

1. The Affordable Care Act becomes effective on January 1, 2014 and individuals will be able to sign up for coverage starting in October 2013. What do you know about the ACA and how do you think it will affect health insurance coverage for teaching artists?
2. What factors contribute to lack of regular compensation for teaching artists?
3. What do you think are the barriers to health insurance coverage for teaching artists?
4. How important is it that teaching artists have health insurance through their TAHO?
5. Would you be willing to accept any trade-offs for a health insurance plan sponsored by your TAHO? What would those trade-offs be, if any?

Key Focus Group Takeaways

- The Affordable Health Care Act/Covered California Exchange has created anticipation of accessible coverage for teaching artists. The focus group participants were anticipating the end of pre-existing condition clauses and other barriers that have prevented teaching artists from buying affordable insurance. That being said, the teaching artists stressed that for any plan to be

viable for teaching artists, it has to be affordable (very low priced) to enable teaching artists to have insurance and still meet their basic living needs. The concept of affordability may vary based on geographical location and other factors.

- There is interest among teaching artists in some form of TAHO-sponsored health care insurance plan, based upon existing models and possible new arrangements. Research was conducted regarding how guilds handle this situation. An insurance plan under TAG's new identity as a guild holds particular promise. One of the possibilities to be reviewed in the next phase is a relationship between TAG and the Freelancer's Guild, or similar entity.
- The most significant barrier to regular compensation for teaching artists is lack of compensation for all hours worked. According to some focus group participants, teaching artists take on additional tasks such as marketing of their services and grant-writing to help the schools in which they work to achieve funding (which clearly is not compensated).
- There are opportunities for TAHOs and TAG to play a larger role in supporting teaching artists in the following ways:
 - Increasing awareness of the availability and value of teaching artists
 - Marketing and promoting teaching artists beyond traditional channels in the community, including corporate sponsorships and arts programs for leadership development and teambuilding
 - Certification programs that provide greater visibility and career paths for teaching artists
 - Providing additional value-added services such as group liability insurance that might be difficult for teaching artists to obtain on their own

Validation – And a Paradigm Shift

While we validated our initial conclusions from the surveys, a new theme has emerged that goes beyond identifying health insurance options for teaching artists. Access to health insurance, while important, is only one element in the larger issue of overall compensation for teaching artists. The question remains: How can benefits become an integral part of professional development for teaching artists?

As TAG continues to promote the ongoing development of teaching artist work as a recognized profession, we see a real opportunity for TAG to take a leadership role in communicating the value that teaching artists bring to a community. These efforts can help raise the overall compensation level for teaching artists in two ways: one, the demand for teaching artists' services can increase; two, the customer base for teaching artists can expand over time to include corporate and other potential clients offering potentially greater income for teaching artists.

However, even with best efforts, teaching artist income may not improve significantly in the short term. Other incentives are needed to retain teaching artists in the profession.

TAG's new identity as a guild will set them up well for a number of career development programs that can provide not only greater financial benefits for teaching artists, but also the intrinsic rewards that are so important to retention. Examples of such programs include:

- Defined career paths
- Professional certification programs
- Apprenticeship programs that lead to journeyman and master levels

Recommendations and Opportunities

Based on the overall findings in Phase One, Next Step recommends further consideration of the following shared benefit models and related initiatives. This is in addition to the work that will be done in Phase Two by Next Step.

- TAG collaborating with the Freelancer's Guild, or similar entity, to offer a group health insurance plan
- A TAHO-sponsored benefits plan, with TAG as the administrator, which would offer coverage "tiers" based upon a teaching artist's achievement of certain professional development milestones. These milestones could include achievement of certification as part of a certified teaching artist program (to be developed) or movement along a defined career path.
- In addition to health insurance, other elements could be added to include the following:
 - A TAHO-sponsored retirement plan, like a self-employed 401(k) or SIMPLE IRA; this benefit was mentioned in the teaching artist survey as important
 - Dental and vision benefits through a group discount plan
 - Options for workers' compensation, liability coverage and other value-added services under a TAHO umbrella. This was mentioned in the teaching artist focus group as an opportunity for TAG
- Opportunities for individual health insurance coverage through the Covered California insurance exchange during the open enrollment period beginning October 1, 2013.
- TAG or TAHOs sponsoring value-added benefits, such as a 401(k) or IRA, dental and vision discounts, and liability insurance as a benefit to members (TAG) or through work for a TAHO.
- Interests and needs of other teaching artist communities outside of California to participate with TAG in gaining awareness and exploring implementation of a group benefits program.

Additional Recommendations for Exploration Outside of Phase Two

- Opportunities for TAG working with TAHOs to develop specific career paths and certification levels for teaching artists. This could allow for greater compensation levels, recognition and leverage of the more tenured teaching artists as mentors.
- Potential for expanding the market for teaching artists' services to include community or corporate events which would create new and non-traditional work opportunities for teaching artists (generally at higher compensation levels).

Respectfully submitted,

Next Step

Project Contacts:

Jennifer Vessels, CEO

Nancy Nelson, Consultant

Appendices

Appendix 1: Preliminary Research Findings

Appendix 2: Teaching Artist Focus Group Recap and Summary

Appendix 3: Survey Questions