

PRICING STRATEGIES FOR CONTRACT EDUCATION

Fees are generally set as an instruction hour rate and vary in different parts of the state. Some considerations when establishing your hourly rate include:

- All the direct instructional costs, instructors' salaries, benefits, materials and indirect costs associated with running the program should be covered. This includes your staff salaries, benefits and office expenses.
- Other costs of doing business—such as incentives the program will be returning to the college—should be built in.
- Knowing the market price for similar services from private vendors of training will help in setting fees. Consulting with other community colleges in your region regarding fees should be useful to you.
- An accepted rate in many areas of the state is \$150-200/per hour (this is probably higher in the Bay Area). Most often the hourly rate is 2-3 times the direct instructional costs of delivering instruction (i.e., if you pay \$60/hour for instruction, you should charge \$120-180/hour minimum). For half- and one-day training a flat rate of \$1000 should be used. This is an industry standard for most training providers.
- Curriculum development is usually in addition to the hourly rate of instruction. Typically colleges have underestimated the time necessary to develop customized materials and content. Even when you are doing an “off the shelf” or for-credit course, some curriculum development and prep time for instructors should be included.
- It is advisable to contract for development up front. In charging for curriculum development, it is important to cover the program staff time in coordinating the curriculum development (meetings with client and instructor, instructor development, preparation and printing of materials).
- Some front-end analysis to validate the employer's stated need should be rolled into your hourly rate and considered a part of doing business. However, an in-depth needs analysis should be in addition to your hourly rate and sometimes a different contract that culminates in a proposal for training and other services.
- Performance interventions such as job aids, development or organizational development will have to be scoped out thoroughly to include all expenses and time required to accomplish goals. In most cases, you will present a project rate, or, in the case of consulting, a not-to-exceed projected amount.
- Counseling, testing, and tutorial services may have a set rate for each that covers direct costs and some coordination time.
- Books and other instructional materials are usually a per person charge when invoicing the company. Be sure to include shipping, handling, tax and a coordination fee.