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Information Obtained Regarding Pre-Employment Contracts by Physical Therapists in Michigan

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INFORMATION OBTAINED REGARDING PRE-EMPLOYMENT CONTRACTS BY PHYSICAL THERAPISTS IN MICHIGAN

By
Cindy Clapp
Teri Culver
Pamela Thelen

THESIS

Submitted to the Department of Physical Therapy of Grand Valley State University Allendale, Michigan in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE IN PHYSICAL THERAPY

1993
INFORMATION OBTAINED REGARDING PRE-EMPLOYMENT CONTRACTS BY PHYSICAL THERAPISTS IN MICHIGAN

ABSTRACT

Pre-employment contracts, which offer financial assistance to students in exchange for a work commitment after graduation, are becoming a popular means of recruitment in physical therapy. Concerns about contracts include limited student knowledge and preparation prior to signing a contract. The purpose of this study was to examine physical therapy students' preparation prior to committing to a pre-employment contract. Questionnaires were mailed to 225 randomly selected Michigan healthcare facilities, surveying graduates of 1988 through 1992 about pre-employment contracts. Sixty questionnaires were analyzed representing 31 identified facilities. Thirty-three percent signed a contract. Prior to signing a contract most respondents did not consult a physical therapy advisor or seek legal counsel. Most respondents who signed had a prior relationship with the facility. Most contract clauses were met (90%). Further research is needed in the area of student preparation.
ACKNOWLEDGEMENTS

The researchers would like to extend their appreciation to Peter Kovacek and Ken Winters for their assistance in the literature review. The researchers wish to extend special thanks to Karen Ozga, committee chair and Marti Miller, George Sturm, and Andrea Bostrom for their invaluable assistance and continued guidance in the completion of this research project. Special thanks are also extended to Gary Culver, MacKenzie Culver, Charley Clapp III, Charley Clapp IV and Sarah Clapp for their support services.
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CHAPTER 1
INTRODUCTION

In 1979, the American Physical Therapy Association passed a policy to expand all accredited Physical Therapy programs in the United States to post-baccalaureate degree programs. In 1991, over half of the accredited physical therapy programs had made this transition. This transition, however, has resulted in increased program length and increased tuition costs. These factors may lead to financial strain on physical therapy students.

The literature regarding the occupational outlook in the field of Physical Therapy suggests that there are at least 2,300 new, unfilled physical therapist positions occurring annually. Health care facilities are forced to develop innovative and cost effective recruitment methods to fill vacant physical therapist positions.

In Physical Therapy, one recruitment method that is gaining popularity and utilization is the development of pre-employment contracts or pre-employment scholarships. Pre-employment contracts are scholarships or forgivable loans which are offered to physical therapy students, or prospective physical therapy students, to assist with educational costs in exchange for a commitment to work after graduation. Pre-employment contracts in the field of Physical Therapy serve two purposes: 1) they are a form of
financial assistance to the physical therapy student\textsuperscript{4-10} and 2) they are a relatively inexpensive recruitment method utilized by health care facilities to staff unfilled physical therapist positions.\textsuperscript{4-7,9}

The rapid expansion of these contracts in the field of Physical Therapy has brought with it many concerns and issues that have not been fully addressed by the physical therapy profession.\textsuperscript{4} Several issues include: 1) student preparation prior to entering into a contract\textsuperscript{4-7,9-11} 2) contracts offered to students not yet accepted into a physical therapy program\textsuperscript{4,7} and 3) inclusion and fulfillment of specific contract clauses by both signing parties.\textsuperscript{4,8,10,11}

The purpose of this research project was two fold. It first examined what information was obtained by physical therapy students prior to signing a pre-employment contract. Secondly, it examined contract clauses established within the respondents contracts and whether they were met by both signing parties.

The results of this study may provide information regarding pre-employment contracts to physical therapy students who are considering entering this type of contract. It may become a useful resource to reinforce what the student should investigate before signing a contract.
CHAPTER 2

LITERATURE REVIEW

Physical Therapy Education

In 1979, the American Physical Therapy Association passed a policy to expand all accredited physical therapy programs in the United States to post-baccalaureate degree programs. In the 1990-91 academic year, there were 75 entry level master's degree programs, and 54 baccalaureate degree programs in the United States. This transition to entry level master's degree programs increased the average length of a program from 81.2 weeks for baccalaureate degrees to 91.6 weeks for entry level master's degree. The mean number of credit hours required for students to obtain a master's degree in physical therapy is 200.9, as compared to 157.8 hours to obtain a baccalaureate degree. A telephone survey (July 1992) of universities in the state of Michigan offering entry level graduate degrees in Physical Therapy indicated an increase in graduate tuition costs of between 9% and 40% per credit hour, as compared to undergraduate tuition. Since an increasing number of physical therapy schools are converting from baccalaureate degree programs to entry level master's degree programs, there are increased tuition costs incurred by students. Increased tuition coupled with increased program length may cause financial strain on physical therapy students. This strain may cause
students to seek financial sources other than traditional financial aid.

**Pre-employment Contracts**

Monetary inducements from prospective employers to physical therapy students are becoming an increasingly popular recruitment tool. A scholarship or forgivable loan is offered to students in exchange for a commitment to work for the employer after graduation. This is commonly known as a pre-employment contract. A pre-employment contract offers tuition money and sign-up bonuses in exchange for employment commitments ranging from one to three years. The length of the commitment is based on the amount of monetary assistance offered by the employer.\(^5\)

In conversations with the personnel departments of several Michigan physical therapy facilities (November 1992), the following information was obtained. In the Lansing area, pre-employment contracts have been available since approximately 1987 at two of the four hospitals surveyed. One of the four hospitals surveyed has had pre-employment contracts available since 1986. Eight facilities were surveyed in the Grand Rapids area with four offering pre-employment contracts. Two facilities have had pre-employment contracts available since 1992; one facility since 1990; and one facility for an undeterminable number of years. Two of four facilities surveyed in the Ann Arbor area offer pre-employment contracts. One of these facilities has had pre-employment contracts available since
1990 and the other since 1992. Based on the researchers' limited survey of Michigan hospitals, graduates from 1986 and on may have had these contracts available to sign. The researchers selected graduates of the years 1988 through 1992 to survey.

Pre-employment contracts have been used in areas other than physical therapy as a recruitment tool. Pre-employment contracts have as their background the military's expenditure for education, which was used to increase recruitment of military personnel. Nursing has a history of similar programs. Pre-employment contracts may decrease the cost of recruiting prospective employees. Through pre-employment contracts, the employer has a long term supply of labor and can reduce expenses for recruitment programs and advertising.

Various clauses may be included in a pre-employment contract. A key to being satisfied with the contract is to understand the stipulations or clauses included in it. The purpose of clauses is to specify the conditions of the contract. Common clauses will be defined in the following paragraphs.

The non-compete clause allows the employer to restrict the time frame in which an employee may seek other employment in a certain competitive geographic location.
When the employee leaves a contracted job, especially if the employee chooses not to fulfill the original contract, options for other job opportunities may be limited in the designated geographic area.\textsuperscript{7,9}

The grade point average clause states the minimum grade point average that students must maintain during their student career.\textsuperscript{5} The minimum grade point average may be for one semester or an overall grade point average. The grade point average clause details the consequences if the grade point average is not maintained. The loan may need to be repaid immediately or upon completion of college studies.\textsuperscript{5}

A starting salary clause specifies the salary the therapist will receive upon beginning employment. Starting salaries, in 1990, ranged from $25,500 to $35,000 per year.\textsuperscript{5} Starting salaries tend to be higher for those physical therapists for whom pre-employment contracts state salary figures\textsuperscript{5} as compared to those physical therapists whose contract does not include starting salary figures. The state of the economy and time remaining before employment starts are factors that influence the average starting salary.\textsuperscript{5,9}

The hardship clause allows the student to leave the contract if a catastrophic event should occur. This clause specifies that a student who has entered the contract is not required to reimburse the facility if a catastrophic event
should befall them or a close family member. The definition of a catastrophic event is at the discretion of the facility.\textsuperscript{7}

The buy-out clause provides the option of repaying the balance of the money received to the originator of the contract if the student is unable or unwilling to fulfill the contract as written. A buy-out clause describes the terms by which the student may pay back the amount loaned to them, in order to be relieved of their employment agreement. The student may be required to repay the amount loaned to them along with high interest accrued since the student accepted the pre-employment contract. This clause may be the most important clause in the contract because it allows students an exit from the contract if their interests change upon graduation.\textsuperscript{5,6,9}

Benefits of and Concerns Regarding Pre-employment Contracts

There are benefits for both the student and the employer when a pre-employment contract is signed. Benefits for the student include partial payment of school expenses, ability to focus on studies without having to work, less pressure on family to support the student financially, less worry about a job after graduation, the potential to develop a professional or mentor relationship while a student, and the possibility for quality part-time clinical work during school.\textsuperscript{4,6} Benefits for the employer include the ability to attract staff, planned staffing levels, lower recruitment
costs, pride in helping a struggling student, potential for improved relations with student and academic programs, and the ability to promote an image to current staff of "doing something" to decrease the shortage of physical therapists at their facility.4

Despite the benefits of pre-employment contracts for both the employer and student, there are many concerns. Physical therapy facilities are becoming increasingly aggressive in their recruitment process and students are being offered pre-employment contracts earlier in the educational process than in the past.5,9 Many students enter into a pre-employment contract with a facility at the beginning of their educational program and before internships.6,8,9 Due to limited exposure to physical therapy both educationally and clinically, students may not be aware of personal areas of clinical interest. New graduates may end up working in a clinical setting that is no longer their primary area of interest. New graduates may also end up working in a situation different from what they thought they agreed to when they signed the pre-employment contract.6 The company with which a student signs a pre-employment contract may undergo changes during the time the student takes to complete school, clinical rotations and the licensure process.7 As a result of these changes, the new graduate may work at a satellite, or at a building not physically connected to the original facility. If this
occurs, a new graduate may not have the benefit of experienced physical therapists as resources. The addition of new staff and the loss of veteran staff may also lead to a lack of experienced physical therapists.

Pre-employment contracts may have an impact on student clinical education. Choice of clinical affiliation sites available to students may be limited if university policy prevents students from completing a clinical affiliation at the site with which they entered into a pre-employment contract. If students affiliate at a facility in which they entered into a pre-employment contract, the ability of the clinical staff to fairly evaluate the student may be questioned. Clinical staff may score an unskilled student higher than the score the student earned in order to have another staff member.6,8

Another issue of concern about pre-employment contracts is that some students sign more than one contract.4,6,8,13 In order to lessen financial strain while in school, students may enter into multiple agreements, with the intention to buy-out one of the contracts when they begin employment.9 The facilities assume that the student signed the contract in good faith. These students are not signing pre-employment contracts in good faith because they do not intend to fulfill their contractual agreement with all the facilities with which they signed a pre-employment contract. By invoking the buy-out clause included in a pre-
employment contract, students are able to release themselves from the unwanted contract.9

Students should be aware that money received through a pre-employment contract may be taxable income.5,9,11,13 Whether the money received is taxable income depends on the design of the contract and the type of institution offering the contract.14,15

Many sources recommend that students seek legal counsel before entering into any legally binding agreement.4,6-11 Students that do not seek legal counsel may sign an agreement that is not realistic or possible to fulfill because they do not understand all the conditions of the agreement.6

The concerns about pre-employment contracts resulted in the Michigan Physical Therapy Association appointing a task force in November of 1991 to study the current state of student-employer relationships in Michigan. This charge included, but was not limited to, employment scholarships.11 The task force made recommendations to the Michigan Physical Therapy Association’s Board of Directors. These recommendations were two-fold. The first was to have samples of contracts on file through the Michigan Physical Therapy Association and each physical therapist and physical therapist assistant academic program. In addition to having sample contracts on file, the task force recommended that the Michigan Physical Therapy Association have available a
list of factors for students and employers to consider before entering into an employment relationship. The factors the task force recommended for consideration were legal counsel, explanation of all aspects of contracts, and discussions with more experienced individuals before entering a contract. These guidelines were accepted by the Michigan Physical Therapy Association Board of Directors in December, 1992.11

Concerns regarding pre-employment contracts have also reached the national level. In June 1992, at the annual American Physical Therapy Association conference, members of the House of Delegates proposed and passed a set of guidelines for pre-employment contracts. These guidelines were developed to help establish fair practices in offering student financial assistance in exchange for promise of future employment.7 The items the House of Delegates recommended be included in pre-employment contracts were: 1) notification by the employer if the place of employment may be in such a setting that the new graduate will not have access to resources for professional growth and development, 2) disclosure by the employer of ownership of practice, and notification to the student if the practice is involved in a referral-for-profit situation with a physician, 3) student awareness of future tax obligations as the result of deferred income, 4) an understanding that the agreement is
not to interfere with the student's professional education, 5) a clearly delineated, fair, and reasonable buy-out provision, and 6) no penalty bail-out provisions in the event of a change of ownership. The final recommendations of the House of Delegates were avoidance of, or a reasonable non-compete clause, and that the employer advise the student to seek legal counsel prior to signing the contract. These guidelines were developed to protect students considering such contractual agreements.

In summary, there are several concerns expressed in the literature regarding students committing to pre-employment contracts. These concerns include making a decision about a first job with limited academic and clinical experience, and signing of an agreement that is not realistic to fulfill secondary to a non-compete clause and/or lack of a buy-out clause. Other concerns include ultimately working at a location where there are no other physical therapists, and conflict of interest if a student is assigned a clinical affiliation with the employer with whom a pre-employment contract was made. Concerns for the employer include students misusing the buy-out clause by signing multiple pre-employment contracts or not fulfilling the employment length specified in the pre-employment contract.
Summary of Literature Review

Pre-employment contracts are a source of financial aid to physical therapy students as the length of physical therapy programs and the cost of programs increase. Even though pre-employment contracts can be beneficial for the student and the employer, concerns about misuse still exist.

There are many factors for physical therapy students to consider prior to signing a pre-employment contract because of the complexity of these contracts. These factors include: 1) seeking legal counsel before entering into a legally binding agreement, 2) awareness and understanding of the specific terms, clauses, and conditions of the pre-employment contract prior to signing and 3) deciding if one is adequately prepared both academically and clinically to evaluate the facility and evaluate the implications of entering into a pre-employment contract.

Research Question and Expected Results

Currently, there are no published studies that have examined the use of pre-employment contracts. The question to be answered by this research project was, what information was obtained regarding pre-employment contracts by physical therapists, employed in Michigan, who graduated between 1988 and 1992? Secondly, of those physical therapists who signed a pre-employment contract, were the contract clauses met by both parties? The expected results were that physical therapists, as physical therapy
students, did not consider the following in regard to pre-
employment contracts before signing a contract: legal
counsel, starting salary, starting date for employment, non-
compete clause, grade point average clause, hardship clause,
taxability of the money received, possible limitations in
clinical affiliation choices, advice of a school advisor,
the location of initial employment, a future job site visit,
personal clinical and educational experience adequate to
determine specialty interest, and the implication of
possible extension of educational completion. Secondly, in
regards to the contract clauses, it was expected that the
contract clauses were not met by both signing parties.
CHAPTER 3

METHODS

Subjects

A sample of health care facilities was chosen from the Directory of Hospitals, Nursing Care Facilities, Homes for the Aged, Mental Health Facilities, Health Care Programs prepared by the Bureau of the Health Systems, Michigan Department of Public Health. The following facilities were omitted from the random sample due to the low probability of obtaining the selected target population at these sites: mental health facilities, free-standing out-patient facilities, portable x-ray services and ambulatory surgical centers. Two hundred facilities were initially selected by computer generated uniform random numbers. Any numbers duplicated from this method were replaced by the number following the duplicate. Surveys were mailed to the sample of health care facilities and distributed by facility personnel to physical therapists who graduated from a physical therapy program between 1988 and 1992.

Procedure

The research was conducted as an exploratory study using a survey methodology. All facilities received a mailed package containing a cover letter addressed to the physical therapy supervisor (Appendix A) and an oversized, addressed, stamped envelope for the return of the completed
questionnaires. Also included were five questionnaires (Appendix B) with an attached legal size envelope and a cover letter addressed to the physical therapist (Appendix C). The purpose of the cover letters was to introduce the researchers and thesis project and to provide instruction for distribution and collection of the questionnaires. The purpose of the legal size envelope was to provide anonymity and confidentiality when the therapists returned the questionnaires to their supervisor.

The questionnaire was designed by the researchers as a two-sided, two-page survey to collect information regarding pre-employment contracts. The researchers conferred with thesis committee members to insure content and form validity of the questionnaire. The first eight questions pertained to demographics and the remaining 23 questions, both open and close-ended, were related to pre-employment contracts. This study was reviewed and approved by the Human Research Review Committee at Grand Valley State University on November 4, 1992. Initial distribution of research materials occurred on January 7, 1993. An additional 25 research packets were sent out to facilities, selected by computer generated uniform random numbers, as feedback was received from facilities that did not meet the criteria for the target population. The deadline date for the return of completed questionnaires was January 31, 1993. To encourage a higher response rate, a total of 171 reminder let-
letters were sent to all non-respondents on February 5, 1993.

Data Analysis

The information collected from the questionnaires was analyzed using descriptive analysis through the Statistical Analysis System. Means were calculated for the length of physical therapy programs and the ages of respondents. Percentages were calculated for all other questions regarding demographics and pre-employment contracts. The fulfillment of a pre-employment contract was determined by comparing year of graduation and responses to questions 18 and 19 regarding employment commitment. If the response to question 19 was greater than or equal to the response in question 18, the researchers determined that the respondent fulfilled the employment commitment. If the response to question 19 was less than the response in question 18, and the year in which the respondent graduated allowed enough time to fulfill contract, the researchers determined that the respondent did not fulfill the employment commitment. Chi-square analysis was performed to substantiate a relationship between age or degree granted versus the following factors: 1) seeking legal counsel prior to signing a pre-employment contract, 2) signing of a pre-employment contract, 3) number of changes made in the original contract, 4) awareness that money received from signing a pre-employment contract is considered taxable income, and 5)
fulfillment of the employment commitment stated in the pre-employment contract. Chi-square analysis was also performed on the following 1) comparing the signing of a pre-employment contract and recommendation to physical therapy students regarding signing of a pre-employment contract, 2) fulfillment of employment commitment and existence of prior relationship with the facility with which a pre-employment contract was signed, 3) year of graduation and whether a student signed a pre-employment contract, 4) year of graduation and whether the contract was fulfilled and, 5) when the contract was signed in the education process and whether the contract was fulfilled. A level of 0.05 was used to determine significance in all chi-square analyses.
CHAPTER 4

RESULTS

Return Rate

Responses were received from 69 identified facilities or 30.7% of the sample facilities. Fifty-five percent of the responding facilities did not have the target population of physical therapists who graduated between 1988 and 1992. Forty-five percent of the responding facilities (n=31) had the target population of physical therapists who graduated between 1988 and 1992. Sixty questionnaires were collected and analyzed. The number of physical therapists responding from a facility ranged from one to five. The average number of physical therapists responding per facility was two. The majority of respondents were currently employed by hospitals (72%). The remaining respondents worked in health care programs (17%), nursing care facilities (8%) and unidentified facilities (3%). Health care programs are specific health care services provided in a patient’s residence or in an ambulatory health care setting. In the following results, percentages that total less than 100% per question were not answered by all respondents.

Demographics

The mean age of respondents was 28 years. Sixty-three percent of the respondents were women. Thirty-seven percent of the respondents were men. Most respondents graduated
with baccalaureate degrees (73%), followed by master’s degrees (23%) and doctorate degrees (2%). Fifty-eight percent of respondents graduated from a Michigan university. The majority of respondents graduated from a state university (67%), followed by a private university (30%). Twenty-two percent of respondents graduated from a foreign university. The mean length of physical therapy programs for these respondents was 32 months.

Prior to Signing Pre-Employment Contracts

Forty-five respondents were aware of pre-employment contracts during physical therapy school. Only the respondents aware of pre-employment contracts during physical therapy school (75%) continued the questionnaire. Therefore, the percentages calculated in this section are from those 45 who answered these questions.

Respondents’ most prevalent initial source of information about pre-employment contracts was a school posting (47%). School posting was followed in frequency by fellow student (44%), health fair or literature (each 16%), faculty (11%), guest lecturer (2%), and other sources (18%) including place of employment or volunteer experience, hospital recruiter, clinical affiliation, luncheon held by hospital and parents’ benefit program (Figure 1). The source of initial contact percentages total more than 100% because respondents could indicate more than one source of initial contact.
FIGURE 1

Initial Source of Information About Pre-employment Contracts

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<td>15</td>
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Most respondents did not consult with a physical therapy advisor regarding pre-employment contracts (80%); 20% consulted with an advisor. The majority did not seek legal counsel prior to signing a pre-employment contract (87%), while 7% sought legal counsel. Most respondents were not encouraged to seek legal counsel by the facility which offered a pre-employment contract (78%), while 4% were encouraged to seek legal counsel by the facility.

Some respondents interviewed with a facility regarding a pre-employment contract (42%), however, the remainder did not (58%). The bulk of those who interviewed with a facility regarding a pre-employment contract received a tour of the facility (89%), and most spoke with current employees other than management (68%).

Twenty-five respondents (56%) did not sign a pre-employment contract. Respondents stated many reasons for their decision not to sign a pre-employment contract. The most prevalent reason was not wanting to commit to a facility. Reasons for not wanting to commit included respondents being unsure of the location in which they would like to work or live after graduation, and not wanting to be "locked in" to a facility before clinical affiliations.

Twenty (44%) of those respondents who were aware of pre-employment contracts during physical therapy school signed a pre-employment contract.
Signed Pre-employment Contracts

The following results were calculated using responses from the 20 respondents who signed a contract, as the respondents who did not sign were instructed to go to question #22 (Appendix B).

An acute care hospital was the most prevalent type of facility with which a pre-employment contract was signed (75%), followed by a rehabilitation hospital (15%), nursing home (5%), and contracting service (5%) (Figure 2). Twelve respondents (60%) had a prior relationship with the facility with which they signed a pre-employment contract. The remaining eight (40%) did not indicate a prior relationship. Of those 12 respondents with a prior relationship, most relationships were in the form of a clinical affiliation (75%), and the remainder had an employment relationship (25%). The majority of the 20 respondents had some clinical affiliation experience prior to signing a pre-employment contract (70%), not necessarily with the facility with which they signed a contract. Thirty percent did not have a clinical affiliation with any facility before signing a contract.

Of those 14 respondents who received a baccalaureate degree, six (43%) signed during their second year of physical therapy school, five (36%) signed a contract during their first year, two (14%) signed during their third year of physical therapy school, and one (7%) signed prior to
FIGURE 2

Type of Facility in Which a Pre-employment Contract was Signed

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Facility Type</th>
</tr>
</thead>
<tbody>
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<td>13 +</td>
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<tr>
<td>1 +</td>
<td>*****</td>
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</table>

- acute care
- rehab. hospital
- contract service
- nursing home

**TYPE OF FACILITY**
employment. Of those six respondents who received a master’s degree, three (50%) signed during their third year, two (33%) signed during their second year, and one (17%) signed during their first year (Figure 3).

**Clauses**—Respondents indicated that the most prevalent clauses included in their pre-employment contracts were the buy-out (75%), starting date (55%) and initial location clauses (60%). The least prevalent clauses in their pre-employment contracts were the grade point average (5%) and hardship clauses (10%). A salary clause was included in 40% of the respondents’ contracts and was not included in 45% of the contracts (Figure 4).

Ninety percent of respondents did not make changes to the original pre-employment contract while one respondent (5%) did. The alteration indicated by the respondent was salary adjustment. The clauses in the pre-employment contract were met by the employer for 85% of the respondents. The clauses in the pre-employment contract were not met by the employer for 15% of the respondents. Clauses which were not met included initial location, mileage reimbursement, sign-on bonus, moving expenses and floor rotations.

**Outcome**.—Eighty percent of the respondents stated that their area of clinical interest in physical therapy did not change after they signed their pre-employment contract. Twenty percent of the respondents stated it did change.
FIGURE 3

Degree Versus Year in Which a Pre-employment Contract Was Signed

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<td>5</td>
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<tr>
<td>3</td>
<td>4</td>
<td>6</td>
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</table>

Legend:
- 1st Year
- 2nd Year
- 3rd Year
- Other
FIGURE 4
Clauses Included in Pre-employment Contracts
Sixty percent of respondents thought their clinical and educational experience prior to signing a pre-employment contract was sufficient to make an informed decision. Forty percent thought it was not sufficient.

Fifty-five percent of respondents paid income tax on the money received from their pre-employment contract; 35% did not. Fifty percent of the respondents were aware that the money they received from signing a pre-employment contract was considered taxable income by the Internal Revenue Service.

The most prevalent length of employment commitment to fulfill the terms of the pre-employment contract was 12 months (55%), followed by 24 months (20%), 2 months, 13 months and 36 months (each 5%) (Figure 5). Fifty-five percent of respondents fulfilled the employment commitment stated in their pre-employment contract while three respondents (15%) did not. The remaining 30%, were either in the process of fulfilling their employment commitment, or fulfillment of the contract could not be determined by their responses.

Ninety percent of respondents did not have their pre-employment contract bought out. Two of the three respondents who did not fulfill their employment commitment, had their contracts bought out. The third respondent did not fulfill their contract and answered no to question 20 (Appendix B) regarding buy-out of the contract.
### FIGURE 5

**Length of Employment Commitment**

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<td>1 +</td>
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LENGTH IN MONTHS

2  12  13  24  36
Recommending a Pre-employment Contract

Question #23 (Appendix B) regarding recommendation about signing a pre-employment contract was answered by 39 of the 45 respondents who were aware of pre-employment contracts during physical therapy school. Fifty-eight percent (n=26) of eligible respondents would recommend the signing of a pre-employment contract to physical therapy students while 29% (n=13) would not. Forty percent (n=10) of eligible respondents who did not sign a contract recommended the signing of a pre-employment contract to physical therapy students. Eighty percent (n=16) of those who signed a pre-employment contract recommended the signing of a contract. The majority (n=12) of those that signed a pre-employment contract and recommended the signing of a contract, thought their clinical and educational experience was sufficient to make an informed decision.

Respondents stated many reasons for recommending that physical therapy students sign a pre-employment contract. Reasons included: 1) financial assistance, 2) job security, and 3) less dependence on student loans. Several respondents recommended the signing of a pre-employment contract to physical therapy students only if the student has explored all their employment options and are sure of the location in which they want to live after graduation. Respondents also advised students to carefully investigate the contract they are signing. Other advice included
waiting to sign a contract until the student has had some clinical experience and has gained experience in what to look for in a facility and a job. Reasons for not recommending signing of a pre-employment contract included: 1) the possibility that a student's personal situation may change during physical therapy school, 2) a beginning physical therapy student's inability to make a proper decision on post-graduate employment, 3) a student's change of interest after completing clinical affiliations, and 4) the setting, supervisors, or employees a student interviews with may change from the time a student signs a pre-employment contract to the time the student begins employment.

Financial Assistance

Question 22 (Appendix B) regarding financial assistance was answered by the 45 respondents who were aware of pre-employment contracts during physical therapy school. Eighty-seven percent of respondents received other sources of financial assistance while 9% did not. Other sources of financial assistance included Stafford loans (56%), parental or spousal support (51%), grants (46%), Perkins loans (38%), academic or athletic scholarships (36%), employer tuition reimbursement (8%) and other (13%). Other sources of financial aid identified included worthy student fund, employment, bank loans, and private scholarship (Figure 6). Percentages total more than 100% because respondents could
### Figure 6

**Other Sources of Financial Assistance**

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**SOURCE**

- s p e r s p e m o t
- a r a h r p e h
- f k n o r l e r
- f t l o y e
- f o n s l a r
- r d s h i p s u p p o r t
indicate more than one source of financial assistance.

Chi-square Analysis

None of the relationships explored through chi-square analysis (outlined in chapter three) were found to be significant at a 0.05 level. However, a trend emerged between year of graduation and the signing of pre-employment contracts. The trend indicated that a gradually increasing number of students, graduating between 1988 and 1992, signed pre-employment contracts (Figure 7 and Tables 1 and 2).
FIGURE 7

Trend in the Signing of Pre-employment Contracts

YEAR

TABLE 1

Trend in the Signing of Pre-employment Contracts

Chi-square Analysis

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FREQUENCY MISSING = 15

TABLE 2

Statistics For Trend in the Signing of Pre-employment Contracts

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CHAPTER 5
DISCUSSION

Discussion of Findings

Limited student understanding of contracts and limited preparation prior to entering a pre-employment contract are concerns addressed in the literature.\(^5,7\) Only thirteen percent of respondents in this study were first made aware of pre-employment contracts through part of their educational program (guest lecturer and faculty responses combined). It may be in the best interest of students to discuss this topic as part of an introductory class or as part of an initial orientation session. During discussion, advantages and disadvantages of entering into a contract for both the student and the employer can be introduced.

Legal counsel regarding pre-employment contracts is a recommended part of the physical therapy student's preparation process.\(^4,6-11\) Responses to questions four and five of the survey (Appendix B) regarding legal counsel did not support use of this advice. Only 7% of those who were aware of pre-employment contracts during school sought legal counsel. Ninety percent of those that signed a pre-employment contract did not seek legal counsel. It was expected that those who sought legal counsel would be more likely to fulfill their contract than those who did not seek legal counsel. The rationale behind this expectation was
that those who sought legal counsel would understand their contract, be well informed about the content of the contract, and therefore, fulfill their contract commitment. However, the relationship between seeking legal counsel and fulfillment of employment commitment was not statistically significant.

Other concerns and issues in the literature regarding student preparation were: 1) students signing early during the physical therapy curriculum, 2) students entering into pre-employment contracts prior to acceptance into a physical therapy program, 3) students lacking clinical and educational experience, and 4) students' area of clinical interest changing prior to completion of their physical therapy curriculum.\(^5,6,8,9\) This study did not support these four concerns.

Results indicated that the majority of respondents signed contracts in the second year of their physical therapy program. For many programs, especially baccalaureate degree programs, the second year is the final year. No respondents signed a contract prior to acceptance into a physical therapy program. The majority of the respondents indicated that their clinical and educational experiences were sufficient to make an informed decision and that their areas of clinical interest did not change. Many respondents indicated they had a prior relationship with the facility with whom they signed a pre-employment contract.
Therefore these respondents may have been better prepared to enter into the contract. These results indicate that physical therapy students, in this study, appear to be more prepared in these four areas than the literature suggests. Sixty percent of the respondents had a prior relationship with the facility with which they signed a pre-employment contract. Of this percentage, 75% had a clinical affiliation relationship. Consequently, students and employers are knowledgeable of each other and the potential for a good match is increased. One source suggested that clinical sites may stop supporting clinical education because of lack of recruiting ability. However, from the results of our survey, clinical affiliations remain a rich source of recruitment.

Inclusion of clauses within pre-employment contracts is another area of concern expressed by authorities in the field of Physical Therapy. Specific clauses to examine in a contract are: 1) buy-out, 2) starting salary, 3) grade point average, and 4) non-compete clause. The majority of the respondents' contracts included buy-out, starting date, and initial location clauses. The majority of respondents did not have starting salary, hardship, grade point average, or non-compete clauses included in their contract. Due to the low response rate, a relationship between inclusion of a particular clause and fulfillment of contracts was not analyzed. However, the study did indicate
that the clauses of the contracts were met for 85% of the respondents. Based on the above results, employers appear to be carrying out the terms of the contract. Misuse of the buy-out clause 4,6-7,9 did not appear to be substantiated in this study as only two of 20 respondents had their contract bought out. Ninety percent of the respondents did not have their pre-employment contract bought out.

The increased prevalence of pre-employment contracts as suggested by the literature, was supported by the increasing trend of physical therapy students signing contracts in this study.4-7,9 This survey indicated that a gradually increasing number of students graduating between 1988 and 1992 were signing contracts.

Limitations

Several limitations should be considered when interpreting the results of this study. First, over half of the responding facilities did not have employees who met the inclusion criteria of physical therapists who graduated between 1988 and 1992. Second, although the response rate of institutions was 30.7%, only 60 questionnaires were collected and analyzed. Third, because of the low response rate, we were unable to generalize our findings or substantiate relationships which were statistically significant. The sampling method used may have contributed to the above limitations. Addresses of the facil-
ities in the sample may have changed after printing of the source. Although no packets of questionnaires were returned from the original mailing, seven of the reminder letters were returned due to an expired forwarding address. Also, it was not possible to determine if the facilities in the sample population contained the target population of physical therapists who graduated between 1988 and 1992 solely based on the source. The nursing care facilities sampled yielded a small percentage (8%) of the target population and the Homes for the Aged facilities yielded no members of the target population. Respondents stated that any need for physical therapy services in these facilities was assumed by contracting services. Another limitation was the fact that 22% of respondents graduated from a foreign university. Only one (8%) of the respondents who graduated from a foreign university actually signed a pre-employment contract.

Along with limitations in our sample population, there were also limitations in the construction of the questionnaire. As stated previously, money received through a pre-employment contract may be considered taxable income by the Internal Revenue Service, depending on the design of the contract. In constructing the questionnaire, it was assumed that all monies received through the signing of a pre-employment contract were taxable income by the Internal Revenue Service. Question 15 regarding awareness of the
taxability of monies received through a pre-employment contract by the Internal Revenue Service, (Appendix B) did not consider the complexity of the tax code.

Another limitation in the questionnaire construction was that question 19, regarding fulfillment of the employment commitment, did not account for the possibility of a respondent currently fulfilling their contract. Consequently, it was difficult to determine if a respondent was in the midst of fulfilling their commitment. The researchers determined whether a contract was currently being fulfilled by comparing year of graduation, responses to questions 18 and 19 regarding employment commitment, (Appendix B) and through written comments by the respondents. The accuracy of data regarding the percent of respondents that fulfilled their contract may be questionable.

A third limitation in the construction of the questionnaire was the possibility that the responses received portrayed a more positive view of pre-employment contracts than actually exists. The target population may have been less likely to complete the questionnaire if they did not fulfill their contract. The target population may also have been less likely to complete the questionnaire if they failed to pay income tax on the money received through a pre-employment contract.

A fourth limitation was the fact that a pilot study was
not conducted secondary to time constraints for completion of the research. A final limitation was that the questionnaire was not tested for reliability secondary to time constraints for completion of the research.

Suggestions for Further Research

Further research about pre-employment contracts is indicated because there are many unanswered questions and remaining issues from both the student and employer standpoint. In further research on pre-employment contracts, we suggest choosing the sample population from a more reliable source. Elimination of nursing care facilities and homes for the aged is indicated, as these institutions yielded no members of the target population. In order to increase the response rate and expand answers, the researchers suggest personal interviews be conducted if this is feasible. Contacting facilities by telephone as a reminder to return questionnaires may also increase the response rate. We also suggest expanding the sample and target population, so as to increase generalizability.

There are a variety of other factors to examine regarding pre-employment contracts. These include: 1) factors that influence the signing of a pre-employment contract with one facility versus another; 2) inclusion of pre-employment contracts in physical therapy curricula; 3) ethical issues such as student attitudes regarding buy-out clauses and the signing of multiple contracts; 4) variations
in pre-employment contracts; 5) employer issues such as the cost effectiveness of pre-employment contracts in recruitment and 6) presence of other state physical therapy association task forces and guidelines related to pre-employment contracts.

**Summary**

There are many issues and concerns surrounding the utilization of pre-employment contracts in the field of physical therapy. This study concentrated on the student's role and preparation prior to entering into a pre-employment contract and examined the clauses contained in various pre-employment contracts. Based on this study, students are not seeking legal counsel prior to entering into a pre-employment contract. This study did not support the following concerns expressed in the literature: 1) students signing early during the physical therapy curriculum, 2) students entering into pre-employment contracts prior to acceptance into a physical therapy program, 3) students lacking clinical and educational experience, and 4) students' area of clinical interest changing prior to completion of their physical therapy curriculum. This study suggests a trend of an increasing number of students signing pre-employment contracts between 1988 and 1992. Due to the low response rate the generalizability of the researchers findings was limited. Further research is indicated in the area of student preparation. The role of
the employer, educational facility, and professional association as they relate to pre-employment contracts are additional areas in need of further research.
REFERENCES


APPENDIX A

LETTER TO PHYSICAL THERAPY SUPERVISOR

January 4, 1993

Dear Physical Therapy Supervisor:

We are P.T. students completing our final year of study in an entry level master’s program at Grand Valley State University, in Allendale, Michigan. Your facility was randomly selected from the Directory of Hospitals, Nursing Care Facilities, Homes for the Aged, Mental Health Facilities, Health Care Programs manual. In partial fulfillment of graduation requirements a research project is required. Your cooperation and participation in this matter is greatly appreciated.

Our research project is centering on PRE-EMPLOYMENT CONTRACTS (PEC’S). PEC’s, or pre-employment scholarships, are being widely utilized as a recruitment tool in the field of Physical Therapy. More and more health care facilities are developing PEC’s. PEC’s are attractive because they not only pre-staff vacant P.T. positions but provide financial assistance to the P.T. student. We wish to find out what information was obtained by P.T. students before entering into one of these contracts.

Enclosed you will find a packet containing five questionnaires related to the research topic. Attached to each questionnaire is an envelope in which to place the completed questionnaire. Please distribute them to all staff P.T.s in your department who graduated between 1988 and 1992 from P.T. school. If there are more then five P.T.s that meet this criteria the questionnaire may be duplicated. Also enclosed is an addressed stamped envelope for the return of the completed questionnaires. In order for the data to be compiled in a timely manner please designate one individual in your department to collect the questionnaires and return them no later then January 31, 1993. All completed questionnaires will remain anonymous and confidential. The information obtained from these questionnaires will only be used for statistical purposes for the research project explained above.

Once again, thank you for your time and cooperation in this project.

Sincerely,

Cindy Clapp, S.P.T.  
Pamela Thelen, S.P.T.

Teri Culver, S.P.T.
APPENDIX B

PRE-EMPLOYMENT CONTRACTS QUESTIONNAIRE

Number: ___________

Current age: _____

Gender: male_____ female____

School graduated from: ____________________________________________

Year of graduation from P.T. school: _____________________________

Private university ___ or State university ________________

State ___________ and Country ____________ of P.T. school.

Length of the P.T. program in months: _____

Degree received: Baccalaureate ____ Masters ____

GENERAL INSTRUCTIONS: Either a pen or pencil may be used to complete this questionnaire. Most questions may be answered by placing an X in the appropriate box; other questions ask for written answers. You may write in additional comments as needed for clarification.

1. Were you aware of pre-employment contracts during physical therapy school?
   ___ yes    ___ no (If no, thank you for your time and cooperation. Place questionnaire in attached envelope, seal envelope and return to your supervisor.)

2. How did you first find out about pre-employment contracts?
   ___ school posting ___ fellow student
   ___ health fair ___ literature
   ___ guest lecturer ___ faculty member
   ___ other: please specify ____________________________

3. Did you consult with your physical therapy advisor regarding pre-employment contracts?
   ___ yes    ___ no

4. Did you seek legal counsel prior to signing a pre-employment contract?
   ___ yes    ___ no

5. Were you encouraged to seek legal counsel by the facility which offered a pre-employment contract?
   ___ yes    ___ no
6. Did you interview with a facility regarding a pre-employment contract?
   _____ yes  _____ no
   If yes: Did you receive a tour of the facility?
   _____ yes  _____ no
   Did you speak with current employees other than management?
   _____ yes  _____ no

7. Did you sign a pre-employment contract?
   _____ yes  _____ no (If no, please discuss the reasons for your decision not to sign a pre-employment contract and then go to question #22.)

8. With what type of facility did you sign a pre-employment contract?
   _____ acute care hospital
   _____ rehabilitation hospital
   _____ private practice
   _____ contracting service
   _____ nursing home
   _____ school system
   _____ home care agency
   _____ other: please specify __________________________

9. Did you have a prior relationship with the facility in which you signed a pre-employment contract?
   _____ yes  _____ no
   If yes: Was the relationship:
   _____ a clinical affiliation
   _____ employment
   _____ as a volunteer
   _____ other: please specify __________________________

10. When did you sign a pre-employment contract?
    _____ before entering P.T. school
    _____ during the first year of P.T. school
    _____ during the second year of P.T. school
    _____ during the third year of P.T. school
    _____ other: please specify __________________________

11. Did you have any clinical affiliation experiences prior to signing a pre-employment contract?
    _____ yes  _____ no

12. Did your area of clinical interest in physical therapy change after you signed your pre-employment contract?
    _____ yes  _____ no
13. What clauses were included in your pre-employment contract?  

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<tr>
<td>starting date</td>
<td>___</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>initial location</td>
<td>___</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>other: please specify</td>
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<td></td>
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</tr>
</tbody>
</table>

14. Did you pay income tax on money received from a pre-employment contract?  
   ___ yes   ___ no

15. Were you aware that the money you received from signing a pre-employment contract is considered taxable income by the Internal Revenue Service (IRS)?  
   ___ yes   ___ no

16. Did you make changes to the original pre-employment contract?  
   ___ yes   ___ no
   If yes: Please describe alterations: ______________________

17. In retrospect, do you feel the clinical and the educational experience you had prior to signing a pre-employment contract was sufficient to make an informed decision?  
   ___ yes   ___ no

18. What was the length, in months, of your employment commitment to fulfill the terms of your contract?  
   ______________________

19. How many months of that employment commitment did you actually fulfill?  
   ______________________

20. Did you or another facility buy-out your pre-employment contract?  
   ___ yes   ___ no
21. Were the clauses in your pre-employment contract met?

____ yes ______ no

If no: which clauses were not met?

- buy-out
- grade point average
- hardship
- salary
- non-compete
- starting date
- initial location
- other: please specify ____________________________

22. Did you receive other sources of financial assistance?

____ yes ______ no

If yes, did you obtain any of the following?

- Stafford loan (formerly Guaranteed Student Loan, GSL)
- Perkins loan (formerly National Direct Student Loan, NDSL)
- grants
- academic or athletic scholarships
- parental or spousal support
- employer tuition reimbursement
- other: please specify ____________________________

23. Would you recommend the signing of a pre-employment contract to physical therapy students?

____ yes ______ no

Why or why not?

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

Thank you! Please place questionnaire in attached envelope, seal envelope and return to your supervisor.
Dear Physical Therapist:

We are P.T. students completing our final year of study in an entry level master's program at Grand Valley University, in Allendale, Michigan. In partial fulfillment of graduation requirements a research project is required.

The attached questionnaire contains questions regarding PRE-EMPLOYMENT CONTRACTS (PEC'S). PEC's, or pre-employment scholarships, are becoming widely utilized as a recruitment tool in the field of Physical Therapy. More and more health care facilities are developing PEC's. PEC's are attractive because they not only pre-staff vacant P.T. positions but provide financial assistance to the P.T. student.

The population we have chosen for our research are all Physical Therapists who graduated from P.T. school between 1988 and 1992. The information obtained from the questionnaires will remain completely confidential and will only be used for the purpose of our research project. To insure complete confidentiality an envelope has been attached to each questionnaire. Once you have completed the questionnaire please place questionnaire in this envelope and seal it prior to giving it to your supervisor or designated individual. In order for the data to be compiled in a timely manner your department has been requested to return all completed questionnaires no later then January 31, 1993.

Thank you for taking the time to participate in our research project. If you are interested in a copy of the results of our research project, please send your request to one of us in care of Grand Valley State University, Department of Physical Therapy, Allendale, Michigan 49401.

Sincerely,

Cindy Clapp, S.P.T.

Pam Thelen, S.P.T.

Teri Culver, S.P.T.
Cindy Ray Clapp was born and raised in Saginaw, Michigan. She graduated from Aquinas College in Grand Rapids, Michigan in 1979, with a B.S. degree in Physical Education, along with a secondary teaching certificate. After college Cindy worked as a substitute teacher, a bank teller, and as a PT aide for Mary Free Bed Hospital. She resides in Grand Rapids with her husband Charley, her two children, Charley IV and Sarah, and the family’s two dogs, Zosia and Conall. She is expecting her third child in July, 1993. Cindy will receive her M.S. in Physical Therapy from Grand Valley State University in 1993.

Teri Culver is a physical therapy student completing her final year of study at Grand Valley State University for her entry level master’s degree. Teri received her B.S. in Allied Health with a concentration in Rehabilitative Services and Gerontology at the University of Florida in 1983. During her undergraduate career she was actively involved in student organizations which included resident hall government and student member of the National Rehabilitation Association. Teri is married to her husband Gary and has an eleven month old baby girl Mackenzie. Teri will be working in the Ann Arbor area for Total Rehabilitation Inc. and will eventually pursue further education and specialization in the area of obstetrics and gynecological physical therapy.
Pamela Thelen is a student physical therapist completing her final year of study for her entry level master's degree. She received her bachelor of science degree in Biopsychology in 1990 from Grand Valley State University. As an undergraduate, she pursued research in the areas of exercise and nutrition differences among college students, the relationship between finger dexterity and coordination and has also studied Magellan penguins extensively. Upon graduation, she will be employed at the Chicago NeuroSurgical Center as a staff physical therapist.