Getting performance pay right
Recognition, remuneration and reward in teaching came under extensive review in an ACER report commissioned by the Australian Department of Education, Science and Training (DEST).

The report examined current pay systems for teachers and evidence on the impact of different kinds of performance pay arrangements in Australia and several countries around the world, and looked at further investigation required of performance pay possibilities in Australia.

One of our main conclusions was that a valid and reliable scheme for assessing teacher performance must draw on several types of evidence, possibly including evidence relating to class environment, the teacher’s knowledge about the subject and how to teach it, student learning outcomes, and contributions to the school and profession.

Another was that the different past and present approaches to performance pay have different levels of support among stakeholders.

Despite the sometimes negative response to performance based pay in Australia – as witnessed by the failure of Federal, State and Territory education ministers to reach agreement on the issue at the recent MCEETYA summit – the research reviewed indicates that a suitable scheme can and must be developed for Australian teachers.

The situation in Australia

When it comes to remuneration, Australia stands out among OECD nations. Australian teachers’ careers hit a plateau very quickly and at a relatively modest salary. It takes nine years on average for an Australian teacher to reach the top of the salary scale, compared with 24 years on average for teachers in OECD countries. Beyond this, prospects for access to higher salary levels are limited regardless of their teaching performance. Advancing further involves applying for leadership and administration positions, essentially forcing our ablest teachers to move out of the classroom if they wish to continue to progress in their career.

Moving up the pay scale is normally based on annual performance reviews, which are concerned with teachers fulfilling contractual obligations rather than evidence of attainment of higher standards of professional knowledge and performance. Increments are rarely withheld.

Currently salary scales and career paths send a strong message to ambitious teachers that the most important thing for them to be doing is preparing to move out of teaching and into executive positions if they wish to further their career.
**Keeping the best teachers in the classroom**

In order to halt the exodus from the classroom and attract highly capable and motivated young people to the profession, there is growing interest among stakeholders in Australia in pay systems that provide incentives for highly accomplished teaching. ACER reviewed two broad approaches under which this has been or could be done.

The first approach, using ‘merit pay’ systems, which has been tried in several other countries including the United States, evaluates teachers against one another. These teachers essentially compete for a fixed pool of funds delivered in the form of a ‘bonus’ by school administrators. It was noted that this approach often led to staff dissatisfaction and dissension, and teachers were concerned that it eroded the collegiate and team-based nature of teaching and encouraged favouritism and cronyism.

The second approach is using knowledge- and skills-based systems that base pay increases on demonstrated improvements in teacher practice in particular, improvements that will lead to enhanced learning outcomes for students. Research suggests that schemes of this kind are more likely to lead to improved student learning than incentives in themselves. They have also received more support from teachers overall, especially when teachers played an active role in developing standards and assessment procedures, and in the assessment process itself.

The latter approach is already in practice in three Australian states, whose systems pay teachers for systematically gathered evidence of accomplished teaching performance. The Level 3 Classroom teacher in WA, Advanced Skills Teacher in SA, and Teacher of Exemplary Practice in the NT involve application to a central agency, gathering and submission of evidence in a portfolio, and assessment of this evidence by a panel that includes assessors external to the school.

One of the major obstacles facing the implementation of performance pay systems in Australia is deciding on a way to determine how to recognise highly accomplished teaching. Nationally, Australia lacks a rigorous advanced certification system that provides teachers with clear direction as to what it is exactly that they should strive for excellence in, areas for improvement, and strong incentives for teachers to reach high standards of practice.

Having no recourse to expertise from a professional standards body also hampers attempts by individual schools to develop valid, credible teacher evaluation systems, in their quests to develop career pathways for highly accomplished teachers.

No patterns have emerged in Australia regarding the definition of highly accomplished teaching or methods for assessing teacher performance, but several promising examples of embryonic certification systems developed by mathematics and science teachers could be further developed and built upon.

Sporadic success stories around the world offer lessons in devising standards, measures, and procedures for assessment. The professional certification scheme devised by the National Board for Professional Teaching Standards in the United States, in particular, was notable for its rigour and strong support from stakeholders.

**How to get it right**

So, what should be valued and thus assessed, and how? Who will judge performance in these areas, and by what sort of evidence? How would the system take into consideration other factors, such as the kind of school a teacher works at and the area in which it is located?
In the course of our research, we found that performance pay schemes for teachers are more likely to find success when, firstly, their guiding purpose is to give substantial and valued recognition to teachers who provide evidence of professional development to high teaching standards, which includes evidence of student learning outcomes.

Secondly, they should be based on valid (research-based) standards, which have been developed by expert teachers in their specialist field of teaching, providing long-term goals for professional development. The scheme must also include appropriately-researched reliable and valid procedures for gathering evidence which indicates whether teachers have met those standards. High-stakes decisions made within such a scheme must draw on several types and forms of evidence depending on what is being assessed, and may include portfolio submission. Active involvement in shaping standards, performance measures and assessment procedures has been shown to reduce teachers’ scepticism of such schemes.

To ensure reliability, comparability, and fairness, assessment of performance procedures should be conducted by an agency external to the school. This would ensure that favouritism, one of the main bugbears of in-school performance assessment, is not in the picture.

Teachers should have adequate opportunities to acquire the knowledge and skills required to put the standards into practice.

Demonstrating that they have met the relevant standards should lead teachers to valued professional recognition, enhanced career opportunities and significant salary increases.

Reaching high standards of performance should allow teachers access to interesting, challenging and well-supported roles in schools, where they can provide leadership to improve teaching and learning.

This requires changing the way teachers’ work is organised in schools and creating more differentiated roles for expert teachers in supporting school improvement.

Finally, the assessment system should convince governments and other employing authorities of its validity and reliability, as both an indication and vindication of its own success, leading to them making long-term commitments to support the system.

Evidently, any knowledge-and-skills-based system would require a major research program to develop capacity for measuring teacher knowledge and skill in order to be successfully implemented. Methods for developing teaching standards and assessing teacher performance have improved greatly over the past 15 years or so, but teacher evaluation is still a relatively new field in Australia. There is little research evidence from the Australian experience of performance pay schemes relating to their impact on teachers’ attitudes to them, on professional development, practice, staff relationships, leadership and retention.

On top of the cost of development and implementation, increased expenditure in terms of providing performance pay for high-achieving teachers must also be considered when costing such a scheme.

However, there is nothing inherent in current processes for determining industrial awards and enterprise agreements that prevents the introduction of performance-based pay arrangements for teachers.

Rather than impediments, what appears to be lacking is the courage to create financially rewarding career paths based on increasing ability to teach well and promote valued student learning outcomes.

Research on Performance Pay for Teachers, by Lawrence Ingvarson, Elizabeth Kleinhenz and Jenny Wilkinson is available on the ACER website at www.acer.edu.au or from DEST at www.dest.gov.au.