1 Executive Summary

The policy context

The Council of Australian Governments (COAG) at its November 2008 meeting settled its four-year National Education Agreement, starting 1 January 2009. It includes a National Partnership on Teacher Quality, of $550 million, whose purpose is to improve and maintain the quality of the teaching workforce that is fundamental to improving Australian schooling. The Partnership will reform critical points in teachers’ lifecycle to attract, train, place, develop and retain quality teachers in front of classrooms and leaders in schools. Inter alia the partnership will ‘improve retention by rewarding quality teachers’. The Minister for Education Julia Gillard in her speech to the UBS Dinner in Sydney (26 November 2008) concluded that policy makers will focus ‘relentlessly on the quality of teaching in our schools’.

COAG specifically agreed that the National Partnership will bring about change where it leads to:

- New professional standards;
- Recognition and reward for quality teaching;
- A framework to guide professional learning;
- National accreditation of pre-service teachers education courses;
- National consistency in teachers registration;
- National consistency in accreditation/certification of Accomplished and Leading Teachers;
- Improved mobility of the Australian teaching workforce;
- Joint engagement with higher education related to pre-teacher education; alternate pathways to teaching; and workforce planning; and
- Improved performance management in schools.

The last years have seen activism around teacher performance and teacher pay either separately or as combined public policy issues. For example the ProComp Denver pay deal available to its 4,500 teachers has been renegotiated – after some tense negotiations – for another 3 years with considerable new investment in teacher remuneration based on 9 elements, some based on performance. The purist performance pay model for Singapore teachers replaces the traditional incremental pay scale.

The Business Council of Australia, in May 2008, recommends five education reforms:

- Recruit the most talented people to teaching;
- Create a national certification system to recognize excellent teachers that will be the basis of new career paths;
- Implement a new remuneration structure that values teaching;
- Have in place continuing professional development of teachers; and
- Introduce national assessment and accreditation of teacher education courses.
The Independent Education Union of Australia in its July 2008 ‘Recognising Accomplished Teaching’ statement:

• proposes that promotional positions need to be available in schools for teachers who are awarded professional certification to capitalize on their expertise and capacity for teacher leadership; and
• supports the idea that any scheme to recognize accomplished teaching should be underpinned by incentives for high needs areas.

This report

This report is guided by the research and consultation methods and themes proposed by the client. It considers best practice pay for teachers, using recent analysis of pay reform in Australia and overseas. It also looks at the analogous profession in the public service, armed forces and health. The report was initially commissioned by the Department of Education, Science and Training in September 2007 and the project was continued by the Department for Education Employment and Workplace Relations (DEEWR) (the ‘Department’) under the auspices of MCEETYA in 2008.

Performance pay was canvassed in several reports emanating from the Department (Research Paper ‘Performance-based Rewards for Teachers’ March 2007) (ACER Research on Performance Based Pay for Teachers’ March 2007, for DEST); the Australian Senate (Standing Committee on Employment, Workplace Relations and Education ‘Quality of School Education’ September 2007); and the House of Representatives Standing Committee on Education and Vocational Training ‘Top of the Class’ Enquiry Into Teacher Education 2007 that recommended the Australian Government encourage education authorities registration authorities and teacher education authorities to link on-going professional development to higher levels of registration and employers to recognize higher levels of registration in salary structures (Recommendation 6). This report builds on, rather than repeats, this range of work.

The report is significantly shaped by stakeholder views about performance pay, from around Australia, elicited in consultations in October and November of 2007 using a standard interview questionnaire; and with significant stakeholders in November 2008. The report, while drawing on research about performance pay systems in teaching and other professions, relies significantly on stakeholder perception of what might be achieved in Australia for teachers and the challenges that face pay reform. Significantly, the 2007 Annual Federal Conference of the Australian Education Union adopted its ‘Quality Teaching in Schools’ policy, including its support for:

• Teaching standards appropriate to various career stages that are embedded in industrial or formal agreements (2.1.7);
• The interconnectedness of quality teaching and quality career paths, which encompass salary arrangements (2.10);
• Proper system wide processes that ensure the distribution of teachers throughout schools (2.11);
• A considerable regime of ongoing professional learning that focuses on teaching effectiveness (Part 5); and
• Management and staff development in schools should focus on teacher effectiveness (5.10).

We are mindful of the significant body of work about the importance of teachers to the development of students. We were fortunate that in September 2007, the international McKinsey & Company consulting practice issued “How the world’s best performing school systems come out on top”, synthesising international research, OECD data and interviews and school visits around the world, about what makes for great schools. It is instructive that many stakeholders we consulted held similar views about what makes for great schools. This summary of the McKinsey
report is representative of the research and the views of many about how good teachers can be fostered in our teaching profession.

McKinsey concludes that the three things that mattered are:

- Getting the right people to become teachers;
- Developing them into effective instructors; and
- Ensuring that the school system is able to deliver best possible instruction for every child.

Reviewing all the types of reforms that have been implemented in school systems around the world, McKinsey found that ‘the main driver of variation in student learning at school is the quality of teachers’ (McKinsey 2007:12). The quality of the school system cannot exceed the quality of the people who teach in it and that there must be a thorough and ongoing commitment to teachers’ development throughout their career. Importantly, good teachers should be spread through the education system to ensure all students have access to great teaching.

Although, internationally, high performing school systems have different strategies to deal with teacher performance they have tended to focus on improving teacher instruction by defining, with some precision, good teaching and motivating and arming teachers to adopt good teaching practice. This relies upon teachers working in a system that incorporates effective self reflection, feedback, professional development, coaching and mentoring and school and system leadership.

McKinsey concludes that high performing systems hold schools and teachers accountable for the performance of their students. The best systems give teachers a wide range of instructional skills so they can assist each child to develop in the context of the child’s capability.

1.1 Analogous Professions Performance Pay

We considered analogous large professions, in health, the public service and military to determine best practice approaches to performance pay and limitations of design of those systems. There is consistent evidence that best practice systems display the following characteristics:

- The system design, although existing within a national framework, is directed at facilitating regional performance and quality outcomes through linking performance pay to specific individual, group or institutional outcomes;
- Assuring that the system provides flexibility in setting measures and managing personnel;
- The most appropriate indicators are based on a balance of structural, process and outcomes-based measures;
- The system utilises a funding model approach that can function in a standalone environment or work collaboratively with state, regional or localised schemes; and
- Are based on the voluntary participation of employees and institutions.

1.2 Teaching Professions – Performance Pay and Systems; Non Pay Rewards

From the outset we recognise that pay reform is not the only route to high performance teaching. The McKinsey Report of 2007, which prompted debate about how to achieve quality teaching, gives as an exemplar of quality teaching that produces high student achievement the Finnish schooling system. However Finland is not held out as a particular exemplar for teacher remuneration initiatives. Rather it focuses on high quality teacher supply and continuous professional development as its key strategies. Finland and Australia
rank equal in starting salaries for teachers as a percentage of per capita GDP (95% each) (McKinsey 2007). Finland has faced pressure to retain teachers, which saw it improve its teacher pay at the second greatest rate of teacher salary increases in the OECD (OECD ‘At a Glance’ 2007). Remuneration is municipality based and teachers are paid according to a traditional, fairly compressed salary structure with increments based on seniority; periodic salary adjustments; and recognition of hourly workload. It provides differential salaries to primary and secondary teachers, in favour of secondary teachers who teach longer hours (of about 15% differential between primary teachers and upper secondary teachers with similar years of service) (OECD ‘At a Glance’ 2007). Teachers, like other workers, can also rely upon the considerable Finnish social welfare program. Teacher and student assessment is not a feature of the teaching and remuneration strategy.

We reviewed several teaching systems that have mature performance management and remuneration programs, but which are also varied in their strategies. Our stakeholders were unable to identify an ideal model of performance pay and none admired any particular system in Australia or internationally. Rather, there were strategies embedded within a range of systems that are of interest.

The reforms to teaching in England and Wales focus upon rebuilding the teaching profession brand by restructuring remuneration. Importantly for our discussion, the reforms implemented a centralised regime of standard setting and teacher performance management that was then implemented in a decentralised system in the 23,000 schools that are separate employers. Although this is an expensive regime to implement, it does give strong messages about the scale of the effort required by government institutions to implement system-wide reform to teaching standards and career restructuring.

In Scotland, the reforms since 2002 restructured the remuneration of classroom teachers, introduced mandatory continuing professional development of teachers and created a designation and pay point of Chartered Teacher for accomplished teachers based on an externally assessed process. The Scottish reforms provide significant lessons about career restructuring and building a strong professional development culture. The high cost of its chartered teacher program, and low take up, is a cautionary tale for designers of an exemplary teacher program.

The Denver ProComp model is a school-based performance model that has modest bonuses attached for teacher skills and development and student outcomes. It is admired for building strong support among stakeholders, that took a number of years to negotiate, and integrating school and student outcomes and teacher professional development. However, the program, which is broadly based and provides small bonuses to most teachers, is expensive and may not be sustainable if scaled up to whole systems.

The Western Australian government teacher experience, of annual performance management and the accomplished Level 3 (“L3”) Classroom teacher program, was chosen because of its longevity and resemblance to other advanced teacher programs in the Northern Territory and South Australia. The performance management system, drawn from the wider public sector system, while not linked to remuneration, can assist teachers with feedback from their manager; and define systematically practice improvement, professional development and career plans. The L3 teacher program is another example of an accomplished teacher program which, like the Scottish Chartered Teacher program, has clear standards, assessment and rewards. However, like the Scottish model, participation rates are low.

Non pay rewards are not applied systematically by Australian teacher employers. Some employers have discretion to offer time in lieu of teaching; travel and fees to conferences; and study sabbaticals. Many employers are reluctant to formalise the reward of time because
of its systematic affect on FTE and salary budgets. Some employers reported that peer recognition and recognition in the school community of a teacher’s accomplishment was a substantial reward for many teachers. Some employers have gone to some lengths to promote the accomplishments of their teachers, in award events, media releases, newsletters and journals. However we cannot identify systematic non pay rewards. In the United States some systems or districts within systems reward teachers with reimbursement of student tuition (similar to reimbursing HECS debt); reimbursement of professional development and certification and further study costs; low interest home loans and loans to purchase homes near schools; and access to time for professional development and mentoring.

1.3 Assessing and Rewarding Performance

In 2008 there was a marked reconciliation to the idea that teacher performance can be assessed using generally agreed criteria. Teacher assessment ideally embraces the best of other performance assessment in other workplaces – that the criteria (or key performance indicators) for assessment are clear and fair; the criteria are well designed to ensure employee performance is focused on the substantive business at hand; and the process provides the guide to career development and career paths for the employee.

These criteria may be based on teacher standards. This depends on the quality of the standards and whether they embrace the full range and context of teaching including the teacher’s contribution to the classroom, school and professional community. It also depends upon the quality of assessment of standards.

Some stakeholders introduced a two tier typology of teacher performance of ‘accomplished teachers’ and a more senior role of ‘lead teacher’ at the zenith of the classroom career structure.

The Business Council of Australia’s May 2008 report proposed a four band teaching career structure including ‘accomplished teacher’ and ‘lead teacher’ roles with pay points of 2 times the starting salary and 2.5 times the starting salary respectively. The New South Wales Institute of Teaching has established four standards of teaching upon which to assess teachers during their career – the graduate teacher, professional competence, professional accomplishment and professional leadership. However the Institute’s model is developed independently of remuneration.

There are some points of resistance to a remuneration model based on the assessment of standards:

- First, the linkage of standards assessment to performance pay is resisted by some employers and standards authorities. For some it is preferred that assessment shouldn’t be dependent on industrial negotiations. This is discussed in more detail at 1.4.
- Second, while there is some evidence that the assessment conducted separately from the employer is more likely to teacher change behaviour it is likely that some employers will wish to determine the definition and assessment of quality teaching. Not all systems are committed to a certification (or accreditation) of standards model.

There is a significant body of work about teacher standards in Australia. However there is insufficient work on the measurement of teacher standards, but the standards give descriptions of teacher effectiveness that can form the basis of assessment.

Our consultations with stakeholders found that any basis for assessing teachers should have a reasonable prospect of influencing teacher quality. Assessment should include an element of school based rating; but should not be solely based on student testing.
The design of assessment methodologies should appropriately trade off production of evidence, its precision and the cost of the process. Given the likely high cost of assessment, efforts should focus on assessing accomplished and lead teachers.

Valid teachers’ assessment, to determine exemplary teachers, requires significant resourcing. Specifically it would require investment in new institutional arrangements as well as investment by (a) teachers in the hours required to prepare for the assessment; (b) peers who participate in the assessment process; and (c) teachers or schools that pay for any up-front cost of applying for assessment and reassessment. Examples we explore are:

- The not for profit United States National Board for Professional Teaching Standards (NBPTS) that determines accreditation of the National Board Certified Teachers (NBCT); and
- The Western Australian Level 3 Classroom Teacher (L3CT) Scheme.

The NBPTS scheme is based on central national assessment with fees of US$2,500 (met by the teacher or school) that involves up to 400 hours of time to produce the evidence portfolio.

The L3CT program has no fees for teachers, but portfolios are produced by teachers in 60 to 200 hours. The assessment costs are absorbed by the employer (the Western Australia Department of Education and Training).

Ideally a common approach to assessment should be agreed across systems. It is most likely this would be accepted if it were applied with a light touch that moderated uniformity and difference between employers, systems and jurisdictions.

1.4 Stakeholder Interests

From our conversations with stakeholders around Australia we concluded there is a healthy understanding of the importance of teachers to the development of students. There is a general acceptance that any system of performance management of teachers should focus on making teachers the best teachers of students they can be. Reforms to remuneration and career structures that keep great teachers in the classroom are welcome by all. Pay reform may attract support if it promises to:

- Support retention and career development strategies;
- Build the status of the profession and the teaching brand; and
- Align with effective classroom practice.

Stakeholders show an appetite for clear criteria for teacher performance. Most support the idea of externally set criteria, or standards, by a credible external body. In this regard, there is much work being undertaken by State and Territory and national bodies to identify teaching standards. The work of the New South Wales Institute of Teaching is the most mature and forms the basis of the AISNSW reforms to teacher performance and pay reform.

The assessment of teachers based on criteria or standards and the use of assessments for rewards is more controversial. During the last two years this interest in teacher assessment based on agreed standards has strengthened. Some stakeholders support a school-based assessment. However systems that are experimenting with teacher assessment support a system-based assessment (with school community input). Many are concerned about what evidence will be used to assess effective teaching practices. We note that in Australia,
evidence-based assessment has not received the same amount of attention as the standards, except in the few systems that have performance-based salary progression and accomplished teacher schemes.

We noticed in our consultations a divergence about whether the assessment of quality teaching should be tied to rewards. Some proponents of teacher assessment, of accomplished and lead teachers (estimated at the top quartile of teachers), prefer that the assessment leads to a professional qualification (as happens in other professions) rather than an industrial pay band. The New South Wales Institute of Teaching accreditation policy contemplates that teachers make application for assessment as accomplished and lead teachers through a process separate to an industrial process. Notwithstanding, the AISNSW has linked the policy and its process of accreditation to a new pay structure. The Western Australia Level 3 process is reviewed and updated by a joint working party of the Department of Education and Training and the State Schools Teachers Union of WA; and remuneration is negotiated linked to successful assessment - as part of the general industrial agreement. The BCA proposes wholesale reform to Australian teachers’ salary structures and a separate regime of professional credentialing. They specifically argue against negotiating teacher certification as part of the industrial arrangements. The effect is that teachers can gain accreditation to ready themselves for professional opportunities and rewards offered by employers rather than expect an automatic reward for the credential, built into the salary spine.

Where stakeholders do support criteria-based and evidence-based assessment of teachers integrated with the remuneration policies for teachers they are reluctant to commit to an annual bonus system like that used widely in commerce. They are more likely to engage in discussion about a reformed system that displays some or all of the components of:

- Annual reflection on performance by each teacher with their manager, focussing on effective and ineffective teaching practices and targeted professional development;
- Restructured salary bands (with some increments within bands) that incorporate standards-based performance thresholds encouraging effective and increasingly sophisticated teaching between bands;
- High pay points for the most accomplished and lead teachers that are determined by a robust, standards-based, largely external review process; and
- Government investment in the systems and institutions to support new teacher rewards.

All stakeholders are concerned that a reward system that is poorly crafted will lead teachers to engage in narrow teaching practices or tactical behaviour that undermines the very performance that is sought; or its failure will damage the teaching brand that is so critical to the attraction and retention of good teachers.

Ideally, any teacher reward design should be able to prove that:

- The model is sustainable – is there commitment by policymakers and stakeholders to its success; does it meaningfully promote teaching as a career; and is it affordable remuneration practice over time?
- It is accessible so that all teachers in any teaching setting can aspire to the reach the performance targets set in the model.
- The performance reward or recognition is meaningful to teachers; and there is a clear career structure for teachers.
- The criteria of teaching performance are clearly established and valid and lead to exemplary teaching.
There is an evidence-based approach to demonstrate teacher performance.

The method of assessment of performance is valid.

Stakeholders all wish to see the rich roles of teachers captured in any performance reform, but particularly their interaction with students. Performance measures need to be sufficiently sensitive to the context in which the teacher works, including the characteristics of their students. All stakeholders reject a reward system that relies solely on simple definitions of student performance. Most are concerned about the cost and sustainability of pay restructuring.

The distribution of great teachers across schools was discussed with stakeholders in 2008. There is a general sentiment of support for the idea that hard to fill schools or assignments should get their fair share of exemplary teachers. However, this is not a policy area that has received attention in Australia. Ideas that were put to us to distribute teachers were to:

- Uplift salaries for high performing teachers for particular schools or assignments;
- Provide earmarked funds to hard to fill schools or assignments to recruit high performing teachers;
- Share high performing teachers between clusters of schools for teaching and mentoring;
- Embed in accomplished and lead teacher assessment criteria a preference for teachers who teach in hard to fill schools or assignments;
- Uplift, automatically, the assessment scores of teachers in hard to fill schools or assignments; and
- Uplift in perpetuity the salaries of high performing teachers who work in hard to fill schools for a significant period.

In the United States the distribution of high performing teachers has begun to receive attention both in policy formulation and policy analysis. Some States or districts are beginning to differentiate pay for high performing teacher working in hard to fill schools or assignments. Other systems are designing mentor and master teacher roles for high performing teachers that have among their duties coaching and leading all teachers in their school community to improve all classroom and school performance.

### 1.5 Conclusions

Teacher pay reform forms part of a broader landscape to reform the teaching profession. Teacher effectiveness is acknowledged as first order public policy issue in Australia and overseas and in the McKinsey report policy makers have strong cues about methods to reform the teaching profession. Stakeholders are curious about the concept of rewards based on performance. This paper provides tools for policy maker, employers, employees and the profession to determine approaches to performance based remuneration reform.

We conclude that there is an appetite for improved rewards for high performing teachers. Regardless of the model for rewarding teachers, stakeholders are keen to see teachers assessed, for rewards and generally for routine performance. Most prefer to use agreed professional standards and other school and system based performance indicators for annual performance management conversations. There is considerable convergence among stakeholders about what design features they wish to see in any performance system and, similarly, stakeholders hold views in common about the design features that would undermine or herald the failure of pay reform.

The McKinsey report and the experience of the reforms in England and Wales suggests that all teacher human resource systems should embed regular performance discussions that
encourage reflection, feedback and planned professional development and career planning to enhance teaching practice. We conclude that it is desirable to introduce a performance management system *per se* to underpin a performance culture in teacher employment.

We conclude that the remuneration philosophy of teacher employers should embrace differential remuneration for teachers who are assessed as high performers.

We conclude that the quality of the teacher assessment process will be decisive in determining the integrity of any ‘reward for performance’ pay system.

We conclude that there is an increasingly sophisticated approach to teacher’s standards setting in Australia that may form part of the basis of teacher assessment. Ideally assessments will have a similar meaning across jurisdiction, systems and among employers.

We conclude that a reward for quality teaching system will require expenditure of effort, expenditure and resources by teachers, schools, assessors, employers, systems and jurisdictions and the costs and rewards should be carefully balanced, bearing in mind the more onerous the system the fewer teachers are likely to access the rewards.

We conclude that any reward regime should be designed and evaluated to ensure it achieves its aim of guiding teachers toward high performance and retaining high performing teachers in classrooms across schools in Australia.
2 Introduction

There is considerable interest in performance pay for Australian teachers, among policy makers and stakeholders, partly as a result of the issue being debated by Ministers for Education. In 2007 and 2008, a range of organisations undertook research or developed preliminary positions about performance and pay, including the Australian Education Union, the Independent Education Union, the Australian Primary Principals Association and the Business Council of Australia. There are a variety of reasons why many are interested to develop rewards for good teaching (the term preferred to ‘performance pay’):

- Rewarding and retaining high performing teachers is linked to nation building, reflecting the reliance of Australia on a highly educated and skilled workforce and citizenry to build the country in the 21st Century.
- Teacher quality is the greatest determinant of student success.
- Well structured rewards are a critical factor in retaining good teachers and building the status of the teaching profession.
- It is a pay justice issue.
- Schools wish to celebrate and reward great teaching as a compliment to the many great teachers that practice in Australian schools.

There is acceptance across the range of stakeholders that it is possible to identify good teaching practices and to recognise teachers who demonstrate these practices. Many stakeholders are prepared to say that teachers who engage in successful teaching practices should be differentially rewarded from teachers who engage in less successful practices.

In Australia there are 9,581 schools, 276,822 teachers and just over 3.4 million students (ABS Cat. No 4221.0 Schools Australia, 2007). There are many employers of teachers in Australia, although most are employed in systems, either large government or Catholic systems. Two-thirds of teachers are employed in government schools. Individual independent schools are each separate employers, governed by a school board, structured under a variety of corporate and ecclesiastical arrangements. Regardless of employer type, most teachers are remunerated on the basis of published industrial agreements negotiated with the local branches of either the Australian Education Union or the Independent Education Union. All three sectors have regard to their salary competitiveness with each other and there is relative commonality between teacher salaries within a state or territory. There is some pay variation between states and territories. Almost all salaries are paid by state and territory governments as the employer or by the Commonwealth via school grants to the non-government sector.

Teacher pay is estimated to cost between $14billion and $16billion annually. The average teacher’s salary in Australia in 2006 was $61,488 (ABS). New graduates who are four-year trained entering the teaching profession start on a base salary between $47,000 and $53,000 depending on the industrial agreement of their state or territory. Teachers progress along an incremental scale of usually 7 to 8 annual increments, usually automatic increments, before reaching a salary plateau. Salaries for the most senior classroom teachers range from approximately $67,300 to $78,300 depending upon the industrial agreement in the state or territory. The salary negotiations concluded in December 2008 by the Department of Education and Training in Western Australia foreshadows a top rate (for L3C Teachers) of $86,529 for 2009 and $94,396 by October 2010.

Australia has comparatively compressed remuneration arrangements for teachers. Progression to the top of the incremental pay sales takes nine years on average, compared with 24 years for the average teacher in other OECD countries. The bottom and top of the scale are also relatively compressed. The ratio is 1.47 in Australia compared to 1.70 in the OECD. Although there are
some schemes of performance pay scattered around Australia, they are not common, whereas 13 of
the 32 OECD countries have additional pay linked to outstanding performance or professional
development completion. Many policy makers and stakeholders are concerned that the relatively
flat pay environment discourages:

- entrants to the teaching profession, necessary to replace the ageing and retiring Australian
teaching workforce (the Australian teaching workforce is one of the oldest workforces in the
nation);
- long or lifelong careers in teaching and
- incentives for outstanding performance and sustained professional development.

Depending upon how pay reform is implemented, it may address some or all aspects of these
concerns. However, most stakeholders hold the view that performance pay is only part of the
agenda for pay reform for Australian teachers. Uplift in salaries, restructuring of salaries to
complement career paths and incentives to attract teachers to hard to fill schools and curriculum
areas are important for many stakeholders.

2.1 Performance Pay Defined

Performance pay is an additional reward, usually cash (but can be augmented with non-cash
benefits), that rewards accomplished performance. In formal performance systems this will
be measured against agreed expectations; for example agreed targets, key performance
indicators, criteria or standards. What performance pay is not is incentives for doing things
that shape behaviours of the employee (for example, working in remote or hard to fill
schools, teaching in critical curriculum areas or undertaking professional development in
critical curriculum areas), nor is it additional pay for more duties or higher duties.
Performance pay is usually an extrinsic display by the employer of its gratitude that an
employee has met a high standard of performance. The performance targets are renewed
and the employee assessed on a regular basis.

Among some employers, often of large career-based systems, there are also career paths that
use performance management and performance thresholds to access base pay adjustments.
These are more widespread in the teaching sector. This approach was introduced in the
reforms to teachers’ remuneration in England and Wales in 2000. The new agreement
available to independent schools in New South Wales provides three bands with standards-
based accreditation mediating the movement of teachers between the bands.

Some stakeholders have reported that teachers become cynical where they are offered pay
increases with productivity changes, usually increases in workload, which are presented as
pay for good performance. In our stakeholder meetings, we have met some employers of
teachers who are reviewing their approach to performance pay practice or theory so that they
distinguish between, on the one hand, other human resources policies like incentives and
higher or additional duties allowances and, on the other hand, performance pay as it is
usually understood. Some foreshadowed that they are conceptualising simple performance
bonuses or pay points to reward particular teaching outcomes. In the independent sector,
we heard of some employers who provide discretionary bonuses to high performing teachers
and leaders, but it was reported to us that this is not widespread and largely reflects the
capacity to pay of more wealthy schools.

This is not to say that the types of performance teachers are required to achieve are unable to
capture some productivity gains by valuing certain types of performance. For example, a
teacher who actively mentors other teachers may improve their chances of meeting a
performance criterion. However, employees do not usually accept as performance pay a
transaction that says ‘I will pay you more because you are good and here are additional roles and workload’.

### 2.2 Teacher Performance Pay

Although performance pay (of a one off, at risk bonus) based on achieving annual measurable performance indicators may be common in some parts of our economy, it is a relatively unknown concept in teaching.

There is significant analysis of teacher performance pay that has led to varying typologies to describe teacher performance pay initiatives implemented, largely in the United States, but also in other developed economies, including the United Kingdom, Singapore, Israel and developing economies such as India and Kenya.

ACER, in its 2007 report to DEST, described three types of performance pay:

- **Merit pay** – which is usually subjectively assessed within the school, often by the principal, is often tied to student performance and attracts a bonus payment from a pool in the school budget.

- **Knowledge and skill-based pay** – which values the input of the teacher (their knowledge, skills and pedagogical expertise), is based on generally accepted criteria and multiple forms of evidence of attainment judged locally and often with external assessment input; and is often designed to create a career path for excellent classroom teachers. The performance can lead to advancement between remuneration bands or attainment of a particular salary point. The new salary is usually perpetual or for a considerable time, subject to reassessment, and is not a one-off bonus.

- **Certification-based** – which is similar to schemes in other professions, is a self referential credential for advanced competency that is designed by an external body to the employer, represents high profession standards developed with the teaching profession, is portable and recognised by employers; and is voluntary. Remuneration is not directly tied to attainment, unless a system agrees to create a salary point in recognition of the certification, but it will improve the position of certificated teacher in a labour market, especially where there is teacher shortage.

Dr Gerard Calnin, in ‘Performance-Based Pay for Teachers: the Research’ (AISV research Issue 4 August 2007), creates a different typology that looks at the evaluation source for performance pay systems:

- **Student Outcome model** – assesses teacher performance based on measuring student performance. It is similar to the merit pay model of local assessment, annual assessment and bonus payments.

- **Teacher review model** – internal review, sometimes standards-based and observational, seeking input from peers, teacher leaders, and sometimes students and parents. The successful completion of the review can be tied to salary progression or one off bonuses.

- **Standards-Based Evaluation** – teacher performance is measured by carefully crafted standards externally determined; assessed externally with internal feedback to the assessor; leading to a permanent salary increase.

The recent research consolidated by the US Consortium for Policy Research in Education (CPRE) also identified a fourth approach which is a variation on merit pay and teacher review approaches. It is termed the school-based performance award approach that provides a school level performance plan based on State or District school wide goals for student achievement (defined in a variety of ways) and other student focussed goals. Teacher
performance is defined annually or multi-year by the goals and tied to cash bonuses via objective performance criteria. Bonuses can be attributed to teachers, other staff or a school activity fund. The salary scale remains intact.

These various typologies of performance pay pose some challenges for policy makers because it makes contestable the language and concepts of performance pay and, consequently, places at risk the possibility of achieving a consensus among stakeholders.

The variety of industrial agreements inevitably leads to variations in remuneration practice and discourse in Australia which will also frustrate consensus about performance pay.

Internationally, performance pay initiatives in the teaching profession are fragmentary. There are examples of innovation that are often grafted onto traditional teacher pay arrangements. The result is that there an impression that this policy environment is in a constant state of experimentation. It is perhaps this perception that will frustrate stakeholder acceptance of any new dialogue for reform.

In discussions with stakeholders there were several remuneration practices that were identified as performance-based in Australia:

- The Association of Independent Schools of Victoria is proposing a model of performance based pay that is shaped around the professional teaching standards and which rewards high quality teachers. Teachers in the model would be expected to be assessed for advanced certification based on a portfolio of evidence of performance; peer and student review; and classroom observation. Teachers would work with mentors to prepare for the assessment. The employers of the teachers would be encouraged to reform their salary structure so that there was sufficient incentive for teachers to embark on assessment. Ideally the advanced certification would be portable and teachers would retain their credentials at periodic re-certification. The design and training of assessors by the AISV may occur in 2009 and piloted in 2010.

- Western Australia, South Australia and the Northern Territory have advanced skills assessment and dedicated pay points for accomplished teachers. The system in the Northern Territory is being restructured. The South Australian approach has recently been restructured to provide for two pay points of AST1 and AST2. Teachers apply for the AST classifications, which are largely internally assessed. The classification is required to be renewed each five years and appears to be portable among employers. The WA Level 3 Teacher, available to government teachers, is a self referred application for external assessment. In some parts of the Catholic systems in Australia, in particular diocese, there are also AST1 and AST2 classifications for which teachers can apply. Some advanced skills classifications are limited to teachers who have reached the top of their pay scales. Others welcome applications from all teachers.

- Some independent schools offer common law contracts (and to a lesser extent Australian Workplace Agreements) that reportedly allow some discretionary bonuses, although it is more likely that bonuses are available to leaders. Some schools will have strategic (business and teaching) plans and key performance indicators for the professional staff, reviewed annually.

New South Wales Institute of Teachers and Association of Independent Schools of New South Wales (AISNSW) – teacher performance and teacher pay

The New South Wales Institute of Teaching (NSWIT) is created by the Institute of Teachers Act 2004; sets professional teaching standards and oversees the accreditation and recognition of
teachers based on standards. Accreditation recognizes and certifies teachers’ achievements at four points in their career:

- Entry to the profession (a mandatory standard);
- Professional competence after initial teaching experience (mandatory standard);
- Professional competence for classroom teachers with significant expertise in their subject area and pedagogy (voluntary standard) – accreditation process is yet to be developed; and
- Professional leadership for leaders in classroom practice, pedagogy and influence teaching practices across their communities (voluntary standards) - accreditation process is yet to be developed.

The Institute of Teachers Act 2004 allows the Director General of Education and Training for government schools and other education bodies or persons for the non-government sector to become teachers’ accreditation authorities (Section 4). The NSWIT supports the authorities and moderates and ensures consistency and fairness of the application of accreditation. It manages the panel of external assessors who support the teachers’ accreditation authorities. The NSWIT has no involvement in industrial issues including salaries setting.

The use of teaching standards as the basis of salary adjustments is an issue for employers. Employers can choose to link accreditation to increased pay or keep the issues separate.

The AISNSW introduced its pay reforms before the NSWIT standards and accreditation process was crystallized. In 2006 and 2007 it negotiated a three band pay structure with the NSW IEU. The agreement is embedded in many of the federal workplace agreements of New South Wales independent schools, available at the Workplace Authority website.

The AISNSW has established the Independent Schools Teacher Accreditation Authority (ISTAA) that relies upon the standards of the NSWIT.

The ISTAA is responsible for accreditation of teachers - in schools that adopted the recent model agreement between the AISNSW and the IEU of a three band pay structure with performance thresholds - at the levels of proficient teacher/professional competent teacher (schools based accreditation), experienced teacher (externally moderated accreditation) and classroom/professional excellence (externally assessed). New teachers are appointed to Band 1 and will progress to Band 2 when they achieve professional competence accreditation. Assessment is largely school-based. To be accredited as a Band 3 experienced teachers the applicant must be at the level of professional competence and completed five years teaching or at the top end of the salary scale (tailored for transitioning teachers). To be accredited a teacher must be at the highest step of Band 3 teacher scale and externally assessed as meeting the Band 3 Standards.

The classroom/professional excellence band is analogous to the professional accomplishment standard of the NSWIT. While the ISTAA It is working with the NSWIT to accredit accomplished and leader teachers the accreditation system is not yet in place. The ISTAA advised teachers to complete in 2008 an interim process that provides conditional accreditation.

For 2008 teachers seeking classroom/professional excellence accreditation are assessed by the ISTAA. By completing a mandatory self-assessment tool (PEET) which then provides external feedback to the applicant giving them insights into their readiness; and submitting
evidence required by ISTAA. Applicants pay a fee of $100 to access PEET and $500 to process the accreditation. Accreditation is reviewed every five years.

Teacher accreditation is transferable between schools who are party to the standard workplace agreement, thought to be over 150 of the approximately 300 members of AISNSW. Its members represent about 15% of schools enrolments in New South Wales. The standard workplace agreement is designed to link demonstration of better practice, based on accreditation, with rewards. Between bands there is considerable uplift in salaries; and within bands a move away from increments, replaced by CPI adjustments. A sample agreement shows salaries between Band 1 to Band 2 jump from approximately $56,000 to $66,000; and between Band 2 and 3 jump from $66,000 to $80,000. The allowance for teachers achieving classroom/professional excellence is approximately $6,300 and is sustained while the accreditation is in force.

The Business Council of Australia position on teacher pay

Building on its 2007 policy the BCA issued a substantive report ‘Teaching Talent - the Best Teachers For Australia’s Classrooms’ developed with the ACER (May 2008) that provided a five point plan which included a new remuneration structure for excellent teachers. In 2007 the BCA proposed awarding the top teachers (who met specific performance criteria) double the average teaching salary, estimated at $130,000. In the 2008 proposal the BCA proposed a four point teacher remuneration scale and estimated the distribution of teachers across the scale after a ten year period of implementation of:

- Graduate (provisionally registered teacher) base salary (10% teachers);
- Registered teacher (no more than three years experience as provisionally registered teacher) – 1.25 times base salary (40% of teachers);
- Accomplished teacher (usually available at ten years experience, achieved by most teachers) – 2 times base salary (30% of teachers); and
- Leading teacher (track record of leading and managing colleagues to improve student learning and welfare) – 2.5 times base salary (20% teachers). (BCA2008: 34, 35.)

The BCA also estimated that the cost of teacher remuneration would slowly rise to a level that is about $4billion higher than current annual levels which is a rise of 20% to 25% of current costs (BCA 2008: 36). A predicted shift to a younger teacher profile might moderate the cost (BCA 2008: 36). The remuneration structure would rely upon a system of teacher accreditation to identify shifts in performance.

However the BCA argues that professional certification should be separate from industrial arrangements and employer based performance management systems. A national independent agency (jointly formed by governments around Australia) should decide professional certification for accomplished and lead teachers that is voluntary and portable - analogous to other professional qualifications, like chartered engineer or certified practising accountant (BCA 2008: 37,38). The BCA estimates that an integrated national system would take ten years and $50million to establish; and that the cost for each candidate assessment would be $2,000, to be met by employers and government. It estimates that 10,000 teachers will make application each year for professional certification.

We also came across some examples of performance recognition and performance management that were not linked to pay but nevertheless are illustrative of fragments of a more fully formed performance approach:
Annual performance reviews, not linked to remuneration, are conducted with all government teachers in Western Australia and the Northern Territory, reflecting their status as public sector employees subject to wider public sector human resource policy.

A credential has been created by the independent, national Association of Mathematics Teachers known as the ‘Highly Accomplished Teacher of Mathematics’, which is a five year credential available to maths teachers who apply for assessment, pay the assessment fee ($1,500) and provide evidence (taking 80 to 120 hours to amass) that they meet the association’s standards of maths teaching. Ideally for the Association, the credential would be recognised by employers and aligned to other accomplished teacher pay points.

The New South Wales Teaching Institute has the most advanced standards based system of classroom teacher accreditation that can allow the development of individual teacher recognition that resembles the US National Board for Professional Teaching Standards certification process. This system is more like the professional recognition schemes in other professions where registration and accreditation are separate from employment and industrial arrangements.

2.3 Team-Based Performance Pay

Some teacher remuneration programs have as component of the teachers’ bonus the performance of the school as a whole. However we found no evidence of systematic teacher team based pay.

Our research revealed that in health workplaces, which have experimented with team and individual performance pay, individual performance pay led to greater productivity than team-based pay. In our stakeholder discussions, there does not appear to be an appetite for team-based performance pay for teaching teams, largely because the attribution of cash to each member of the team is seen as divisive and likely to undermine collaboration.

Very few stakeholders have seriously considered team-based remuneration. A major employer eventually rejected a team-based approach because it would tend to smooth out differences between high and low performance in favour of median performance, which was not the teaching performance culture they were trying to achieve.

Other stakeholders had intuitive problems with team remuneration because:

- Some teaching systems suffer from high levels of turnover in hard to fill schools. Where there is considerable churn in a team it will be very difficult to identify all participants during the period under review.
- In most schools the interaction of long service, study, maternity leave, transfers and promotions means that teams are often undergoing transformation.
- It is difficult to define the team as they tend to convene for different purposes during the school year.

Stakeholders invariably expressed the desire to reward collaboration and team effort for individual teachers. Any criteria or standards that assess individual teachers for performance pay should necessarily embed collaborative performance.
2.4 The State of Performance Pay in Australian Companies and Firms

Performance-based pay differs from merit-based pay (usually known as ‘base pay’) because it is a reward that is variable and ‘at risk’, dependent upon pre-defined goals being achieved.

Many companies, public and private, in Australia practice performance pay. The recent Mercer report on Australian executive incentive plans found that 46% of companies surveyed extended performance pay to all employees (Mercer Human Resource Consulting Executive Incentive Plans Australia, 2007). The latest report by Hays (November 2007) found that 37% of employees surveyed accessed performance pay, mostly on the basis of achievement annually of key performance indicators. Hays confirmed that while performance pay historically was accessed by the executive team it is now being accessed more broadly in organisations. It tends to suit workplaces where financial performance matters and can be measured.

However we caution that as a result of the Global Financial Crisis affecting companies worldwide it is likely that performance bonuses will not materialise for many employees for two reasons:

- The deterioration of the financial performance of each employee as a consequence of diminished demand for products and services; and
- The deterioration of the companies’ ability to pay as a consequence of deteriorating demand for products and services; and deteriorating access to liquidity.

The effect of the Global Financial Crisis on performance pay has not been researched because of its immediacy but many commentators are providing widespread anecdotal stories of abandoned or substantially curtailed performance pay schemes. Many employees whose bonuses are comprised of shares or options have seen their value diminish considerably.

In broad terms, a performance pay system rewards employees for the achievement of certain pre-defined goals and is sometimes underpinned by contractual terms. Inevitably performance pay is distributed to individual employees.

In most workplaces, performance pay is rewarded as short term rewards, available annually; and long-term rewards assessed annually, but based on attainment of performance goals that extend beyond a 12-month time period and accumulated after several years. They are usually cash-based bonuses, in some cases augmented with options and shares (for companies). Occasionally they will be time-based (additional recreation leave or study leave).

Short-term performance pay incorporates elements of individual and organisational performance to balance what can sometimes be conflicting aims of motivating and recognising the individual’s contribution and the need for an individual’s behaviour/performance to positively impact the performance of the organisation as a whole.

Current practice is for the mix of individual and organisational performance to vary according to the individual’s level of influence over operational issues. For example, a Chief Executive Officer has significantly more influence over the organisation’s overall profitability than a Customer Service Officer. It is appropriate therefore that the Chief Executive Officer’s performance criteria is weighted more highly to overall company performance, while the Customer Service Officer’s performance criteria is weighted more towards the achievement of individual goals. Typical performance measures include:

- Non-financial individual performance goals;
- Financial individual performance goals;
- Company profit;
- Non-financial company measures;
- Market share;
- Revenue growth; and
- Sales volume growth.

Short-term rewards are typically paid in cash and is funded either by way of an additional budget item (whereby the maximum payment is expressed as a percentage of fixed pay) or by the creation of a profit sharing pool.

Long-term rewards are, by definition, designed to recognise the attainment of performance goals that extend beyond a twelve month period and are designed to ensure ongoing performance. Long term rewards are increasingly benchmarked against the long-term performance of a peer group of companies. Long-term performance pay is largely awarded to executives and paid in options, shares and cash/cash equivalents that typically vest in tranches over a period three years upon maintaining performance. In times of tight labour markets, vesting also acts as golden handcuff to retain employees as any unvested amount is forfeited when employment ceases.

Employers will usually amend the performance management system, especially performance indicators, to respond to different phases of the business. New and emerging businesses will have different requirements of their employees than mature businesses. Therefore performance pay is not a static system.

Performance pay in the not for profit and government sectors is rarely available across the whole workforce. Performance pay, if used at all, is only usually available to senior executives and key managers and is based on agreed performance criteria.

In the professions, which are often partnerships, professional employees often will have access to annual performance bonuses based on quantifiable financial and business development performance of their teams and individual performance; as well as discretionary bonuses, often based on the ability of the employer to pay.

The Singapore teacher remuneration model comes close to the standard performance pay design. For the nation’s 29,000 teachers employed by the Ministry of Education (MOE) their salaries, which are relatively low compared to other Singaporean salaries, may be supplemented by the Annual Variable Component which is subject to Singapore’s overall economic performance; and an annual performance bonus subject to personal performance. The new pay scheme, as part of teacher reforms known as GROW.2, was introduced on 1 April 2008 to replace the standard salary progression through increments system and allow for sharper remuneration differentiation based on performance. Bonuses are provided for good performers (up to 1 month’s salary bonus), very good performers (1.5 months) and outstanding performers (2.25 months). As an example a good performing classroom teacher of 3 years (on GEO1A1 grade at $S52,000) would expect a new annual package of $S58,000; and an outstanding performer up to $S65,000. At the same time the MOE intends to benchmark teachers’ salaries to the broader labour market to maintain the competitiveness of teaching.

Historic features of Singapore teacher remuneration remain in place. The long-term incentive scheme CONNECT provides for annual deposits made into the fund for each teacher that can then be withdrawn in parcels by the teacher every three to five years. The Outstanding Contribution Award scheme provides payments to schools of between $S6,000 and $S13,000 that the school can distribute to individual staff and teams for value-added contributions.
3 Part A: Best Practice Models of Performance Pay

3.1 Other Analogous Professions

3.1.1 Scope

This section considers analogous collaborative professions that use performance pay as a system of employee payment that links compensation to measures of work quality or goals. Systems differ considerably and their effects on individual and organisational performance can often not be directly measured from other aspects of pay systems, pay system objectives, and the broader context of an organisation's strategies, structures, management and personnel systems.

An analogy can be considered a comparison between two different things in order to identify points of similarity, allowing a correlation to be drawn. In this instance, the analogous based collaborative analysis will consider professions which are similar in appearance or function to teaching but may otherwise be different.

Teaching is often a life long career carried out in career-based employment systems. Teachers often work for the same employer for the whole career, and very often the employer is a government. Teaching workforces tend to be large. In Australia almost all teacher salaries are funded by governments for both the government and non-government teaching sectors. Teaching is affected by public policy, legislation and public institutions. Teachers are practitioners in a specialised field of pedagogy and curriculum development, dedicated to career long professional improvement.

A review of parallel professions was conducted to identify suitable professions that shared approximate workplace dynamics that would afford sufficient data to allow a comparative analysis of performance pay practices to occur. From the review, three professions were identified that were considered most appropriate, namely:

- Health Profession – with a focus towards Practitioners and Clinicians;
- Public Service – with a general sector focus; and
- Armed Services – with a focus towards non-military personnel.

3.1.2 Methodology

The first stage of the study involved a desktop review of literature, reports and statistical data on performance pay practices, drawing on:

- Government and industry reports;
- Economic and human resource literature; and
- Internal company documents and public reports.
The purpose of the study was to provide a foundation from which to benchmark remuneration practices in analogous professions. The analysis examined:

- The type of indicators used to measure performance, including whether these indicators take into account individual performance or team-based performance;
- The process of linking performance to rewards or incentives;
- The timing associated with assessing and rewarding performance; and
- The overall strengths and weaknesses of the model.

The second stage of the study was from the data acquired to identify performance pay practices which were appropriate for consideration for transfer to the teaching profession in Australia. Where significant analogous best practice was identified, specific organisational contexts have been provided.

3.2 Analogous Professions – Health Profession

There has been considerable debate as to appropriate performance pay models and their alignment with the Australian health care system. Evaluating the alignment of payment strategies with quality performance in the hospital setting is both relevant and analogous to the teaching profession. There are significant system variations in the quality of health care, often with substantial gaps between what is desired and what is actually achieved in practice. This is a global problem that many performance pay systems are addressing. Attention has recently turned to the alignment of funding with specified levels of desired quality of care as an alternative. The reality is that Australia has limited experience in linking performance pay systems to broad health care reform. Although there are a number of Medicare supported practitioner performance trials starting in 2007, their suitability has yet to be determined. For this reason this analysis will focus on international best practice.

The most recognised best practice performance pay model within health care focuses on clinical health care providers. Although the structure of models vary, in majority they are linked to individual clinicians, clinician groups or hospitals (Rosenthal & Dudley 2007). The performance measures are directly linked to quality of performance. Approximately 30% of the total in hospitals are tied to achievement of professionally accepted clinical standards. Although these best practice models deliver individual financial rewards, they are driven through broader programme based regimes (Bokhour et al. 2006; Rosenthal & Dudley 2007).

In the US, systems are branded Pay for Performance (“P4P”) and are program-based centrally supported by the US Federal government. P4P programs are designed to offer financial incentives to physicians and other health care providers to meet defined quality, efficiency, or other targets. There are currently over 170 P4P programmes operating in the US. Although the US government provides the driving funding and the broader process framework, the individual systems vary considerably. Individual clinicians, clinician groups or hospitals are able to influence and develop performance indicators and rewards which best suit their individual environments (Sautter et al. 2006; Ward et al. 2007).

Similarly, the UK National Health Service (NHS), in implementing the General Medical Services Contract – Quality and Outcomes Framework, has adopted this customised approach. The emphasis is on encouraging different health professions to work together in “care teams” which is intended to develop both performance and professional standards within the groups.
The two distinctive features are:

- The designation of pay grading and performance management arrangements to departments and agencies; and
- The application of individual performance pay.

One of the key features of the UK performance pay model (PfP) is that it provides practitioners with up to a 25% increase in income if key quality indicators are met. It should be noted that the PfP model supported by NHS not only governs direct employees but also general practitioners and health authorities. Also of significance, is the NHS performance pay system has been effectively used in targeting low performing health care institutions and through intensive intervention achieved significant quality and performance gains (Marsden & French 1998; Scott 2007).

The majority of studies, particularly in the US, have only identified modest performance gains in health care performance pay systems. However the NHS practice of providing significant financial reward to practitioners has resulted in substantial service and professional improvements within the sector.

The evidence suggests that health care performance pay practices offer optimum suitability for the transfer of knowledge to the Australian teaching workforce environment (Marsden & French 1998; Mayes 2007; Scott 2007) where the design incorporates:

- Compensation given if quality targets are met;
- Linking reward to professional standards, optimising care, including education and certification;
- Higher payment schedule if superior performance is achieved; and
- Links to increased payments rates for demonstrated high-quality providers (Marsden & French 1998; Sautter et al. 2006; Mayes 2007; Scott 2007).

### 3.2.1 Indicators used to Measure Performance

The majority of US P4P target clinical quality measures, cost-efficiency, use of information technology, and patient satisfaction. In contrast, the UK NHS model supports the use of national standardised measures which focus, in the majority, on professional standards of service. Both systems use evidence-based measures to assess the level of outcomes. Although hospital productivity measures form a component of the overall programmes, particularly with the US P4P system, the emphasis is still on measuring, evaluating and rewarding individual clinician services (Marsden & French 1998; Sautter et al. 2006; Ward et al. 2007).

In general, the types of indicators selected are based on:

- **Structural indicators** – such as staffing, offices, ICT support and infrastructure, as they are tangible and thus more easily counted and funded, but may be only remotely connected with quality;
- **Process of care indicators** – as they have the significant advantage of being measurable, and predictable provided there is a good base of evidence; and
- **Outcome indicators** – such as mortality and morbidity, are the ultimate hallmarks of quality, but are often open to dispute as they are complex in nature and are difficult to disaggregate and attribute accordingly (Bokhour et al. 2006; Sautter et al. 2006; Ward et al. 2007).
3.2.2 Linking Performance to Rewards/Incentives

P4P, rather than just a pay-based system, is considered as a strategy to improve health care delivery that relies on the use of market drivers and financial controls. Within the P4P system, the US government established a first tier programme as part of the broader infrastructure known as Pay for Quality (“P4Q”). Although not present in all P4P programmes, the P4Q assists and influences health providers in how incentives are linked to performance, how to manage quality-based manpower strategies and quality-based purchasing. This component of the overall quality strategy is heavily reliant on professional standards and education (Sautter et al. 2006; Young & Conrad 2007).

With the majority of best practice PfP systems, performance indicators must be universally accepted within the clinician group or hospital or region in which they are being applied (Young et al. 2005). This provides significant flexibility in the programme design to address specific institutional performance issues. The collective evidence supports that the level at which performance is assessed for reward, reinforces the level of individual motivation to their work role. As a result, linkage of individual clinician performance to process of care and outcome indicators is the most appropriate approach (Young et al. 2005; Sautter et al. 2006).

The broader evidence supports that using PfP systems to pay individuals or small clinician groups, rather than large groups or hospitals, may be the better strategy. It is argued that this approach not only achieves better results but has the ability to better link specific process-based actions with rewards (Ward et al. 2007; Young & Conrad 2007). Within the US supported P4P programs, about 14% target individual clinicians, 25% target both individuals and groups, and 61% target stand alone groups (Scott 2007).

3.2.3 Timing

There is contradictory evidence as to the optimum timing of PfP measures within the health care sector. Anecdotal evidence supports that there should be a synergy between organisational measures and those associated with individuals (Young et al. 2005; Young & Conrad 2007). In contrast there is an argument that performance measures should be timed against service delivery, particularly in the case of clinicians. Within an Australian context the issue is will the existing health care sector, or anecdotally teaching environment, have sufficient administrative infrastructure and subsequently capacity to manage a service-based PfP system? It is noteworthy that many of the US health care institutions which are focusing on short term clinical service-based measures have significant ICT-based infrastructure which has been designed to support a seamless process.

3.2.4 Strengths

The strengths of the best practice health care PfP models are that they:

– have taken a national approach to facilitating regional performance and quality outcomes;
– recognise and link to specific individual, group or institutional participants;
– utilise a funding model which is standalone or works collaboratively with state, regional or localised schemes; and
– drive the process, particularly the US models, through complimentary P4P strategic infrastructure to attract voluntary participants.
The significance of these strengths for the Australian environment is that it may provide a model to emulate such practices within the teaching sector. This would allow federally funded performance pay schemes to interact directly with state government and private education institutions, teaching individuals or professional cohorts.

3.2.5 Weaknesses

The evidence of health care PfP systems supports that although most systems have success of some degree, many incur significant administrative overheads which negate the productivity benefits which would otherwise be achieved. The historical performance data also demonstrates that for significant performance improvements to be achieved (such as with the NHS model) considerable financial rewards must be allocated (Scott 2007). Also for consideration is that as most PfP schemes are clinician-based there is limited alignment with other peripheral workforce participant’s performance. Although there is general support for the success of PfP and P4P schemes, it is also widely recognised they are susceptible to the methods and performance thresholds that are chosen.

3.3 Analogous Professions – Public Services

In the past 15 years there has been a significant shift in the Public Services to the “New Public Services Management Model” where the focus of pay systems has been aligned with issues of quality and performance. The introduction of new practices has been often allied with government driving public services reform (OECD 2005). Performance pay has, in the majority of public services institutional reform, played pivotal roles in shaping the pay systems design and in particular tying individual performance to institutional outcomes.

In general, the public services approach to performance pay has been underpinned by three main themes:

- The kind of output produced;
- The people producing the output; and
- The organisational environment in which the people produce the output (OECD 2005; McPhie 2006).

From an international viewpoint, performance pay within the public services performance payments vary greatly, but overall maximum size of performance payments are below 10% of the base salary for employees. For managers, performance payments can reach 20% of the base salary (Marsden & French 1998).

In the Australian Public Service (“APS”), performance pay was introduced for members of the Senior Executive Service (SES) in the late 1980s and for departmental secretaries in 1999. Public service executives (there are currently 2,400) can access performance pay up to 15% of their annual salary. There is also in place a separate labour market bonus payment to attract candidates too hard to fill roles (eligibility varies from year to year depending upon labour market demands). Non-SES staff can access performance pay, usually through individual and collective AWAs. The ‘2006 APS SES Remuneration Survey’ for DEWR by Mercers found that almost 90% of senior executives who were eligible for bonuses (being 78% of the SES) received a payment, the median bonus for the three levels of the SES being $8,046pa, $11,318pa and $15,777pa respectively. Typically it is an annual cash payment for performance that is formally rated outstanding. A few agencies increased the executive’s base salary for a finite period.
In the APS scheme, performance pay is usually awarded to individuals rather than teams. Primarily, performance linked to organisational goals is rewarded; followed by performance linked to formalised values and behaviours of the agency (‘Sharpening the Focus: Performance Management in the APS’ 2006: 22).

The anecdotal evidence suggests that public services in Australia and overseas have had limited success with performance pay systems. The evidence supports that the biggest problem with public sector systems is not related to levels of pay or the equality of pay, but to the design of the overall pay systems (Marsden & French 1998; APSC 2003). Unfortunately there is an increasing tendency to adopt a one solution fits all approach to pay, placing all employees in common pay, grading, role classification and performance structures. This has traditionally been based on and reinforced through modern practices of union advocated collective workforce agreements (Bohnet & Eaton 2003; OECD 2005). This limits the capacity of organisations, managers and supervisors to link individual performance to pay. The arguments for centralised structures are mainly based on the need to manage equal pay issues, but it is equally argued that common structures provide for better operational control and ease of administration.

In general, it is argued that performance pay systems are not always successful because:

- Many structures provide pay progression over a number of years for jobs which take a limited period to master;
- Levels of pay and performance reward rarely correspond with market rates by recognising specialist skills, experience or regional variations; and
- The pay systems are often not appropriately aligned with the other human resource objectives (Bohnet & Eaton 2003; Burgess et al. 2004; OECD 2005).

A recent review of the performance management system by the Australian Public Service Commission (2006) found that the key considerations when designing a performance system were: creating an engaged workplace culture that encouraged ongoing feedback about performance; implementing a credible performance system that is consultative, transparent and clear; and having support for the implementation of the performance management system (‘Sharpening the Focus: Performance Management in the APS’ 2006: 15). A performance system will likely fail where the definition of good performance is not clear; the workforce places no value on the rewards being offered; the system is unfair to individuals or teams; the workforce does not engage with the performance standards underlying the PMS; there is a gap between standards and the behaviour of senior managers in the workforce; and the system is too time consuming and otherwise difficult to implement (‘Sharpening the Focus’ 2006: 24). Ideally, performance rewards will be tangible (‘Sharpening the Focus’ 2006: 26).

### 3.3.1 Indicators used to Measure Performance

Historical performance pay indicators within the public services have been structured against organisational measures at an individual level. This has been achieved only where indicators can be developed against quantifiable measures. In Australia it has often been the case that broader enterprise agreement negotiations dilute the individual’s opportunity to engage in setting their own performance criteria. This centralised model traditionally includes performance pay systems which focus on indicators which seek to reward based on quantifiable outcomes rather than recognise good practice.

However, international performance rating systems are now less standardised, less formalised and less detailed. They tend to rely more on dialogue with line
management than on strictly quantifiable indicators. While this subjective approach may cause some employees anxiety, the evidence suggests that it facilitates greater regional and service-oriented performance management outcomes through team (pool) based systems (Burgess et al. 2004; OECD 2005).

There is strong evidence from the US and OECD countries that focusing too much on easy to measure quantitative targets limited the benefits received from using harder to measure qualitative aspects of individual, team and organisational performance. Non-quantifiable indicators are increasing in popularity, particularly where the performance pay system making processes occur at a regional or district level (OECD 2005; McPhie 2006).

3.3.2 Linking Performance to Rewards/Incentives

Within the centralised public service performance pay models, it is often the practice to link individual performance to reward. This is traditionally achieved through structured broad-based performance indicators which are universally accepted throughout the institution or employment level. Although the evidence suggests the motivation for this performance management approach links the management of people with public service institutional goals and strategies, it frequently fails to connect individual motivation with quality and performance (Bohnet & Eaton 2003; PWC 2006).

There is a strong government argument for evaluating everyone against a common set of standards, linked to high level organisational goals, as this, in practice, is adopted to overcome the complexity of performance pay system administration and management. Correspondingly, the evidence supports that the level at which performance is assessed for reward reinforces the level of individual motivation to their work role. Accordingly, the use of individual performance indicators which recognise the quality of individual work is considered more appropriate for public services systems.

The emergent best practice models of public services systems, particularly in the US, are flexible in nature and can be applied by regional and district managers as needed to effectively link individual and team performance to business and service outcomes. The foundation for these models is based on the following assumptions:

- Organisations can accurately measure individual, team or organisational outputs;
- Individual and team outputs are aligned to contribute to organisational performance; and
- Reward can be administered in a way which capitalises on its expected incentive value for potential recipients (Burgess et al. 2004; OECD 2005).

3.3.3 Timing

Public service institutions often have the flexibility to decide whether the performance pay system should be implemented wholesale or in stages. If in stages, implementation can commence with a single occupation or a limited pool of occupations as a validation study. This act in itself influences the timing in which the employee performance pay assessment will occur. As most public services performance pay systems are adopted as part of institutional service reform, new systems tend to adopt frequent assessment periods whereas established system tend to utilise annual performance reviews.

In contrast, wholesale implementation of performance pay systems is preferable when the public services institution wish to make a dramatic organisational change and
foster a sense of performance innovation. The broader international evidence suggests implementing the new performance pay system wholesale also avoids the confusion and increased difficulty associated with administering validation models and in most cases can be aligned with existing performance review cycles.

3.3.4 Strengths

The public services centralised system from an economic view point is well suited to the sector. The centralised approach supports cost control over pay and service delivery. This is particularly applicable where there exists an adversarial relationship between workforce representative groups (unions) and government. The centralised model performs well within a labour surplus market.

The emergent best practice models which can effectively link individual and team performance to regional and district business and service outcomes are the most suited to the future Australian labour market (OECD 2005; PWC 2006). The strength of these models is that they can be driven at a federal or state level and yet provides improved performance at localised service levels.

3.3.5 Weaknesses

In general, the evidence of public services performance pay systems supports that although most systems have nominal success, the success is measured in terms of broad institutional objectives rather than individual performance. The historical centralised process associated with public services performance pay has failed to translate to measurable service delivery or work oriented performance improvements. Historical system weaknesses are that they:

– Operate on a centralised rigid structure that fails to recognise the performance management needs of regions, districts or individuals;
– For the level of compliance requirements on both the individual and line manager, fail to translate to measurable pay rewards or incentives comparable to the private sector; and
– Have limited capacity within a skill shortage labour market such as Australia (Marsden & French 1998; APSC 2003; OECD 2005).

3.4 Analogous Professions – Armed Services

In Australia, the use of performance pay systems in the militarily is limited. Evaluating the alignment of payment strategies with quality performance in the armed services setting is both relevant and analogous to the teaching profession. There are significant system variations in the quality of systems, often with substantial gaps between military and non-military personnel. This is a global problem as many defence services are stretched to maximum productivity in meeting the current geopolitical challenges. Attention outside Australia has recently turned to the alignment of defence funding with specified levels of desired quality and performance. A common theme of defence reform is tied to increased remuneration in which performance pay plays a major role. There has also been a considerable shift in recent years within international armed services to develop, retain, and reward high performing employees. Although many of the performance pay systems vary they all appear to approach military and non-military defence personnel performance pay from different modelling approaches. For this reason, this analysis will focus on international best practice and, where practical, distinguish between military and non-military personnel.
In India, in a major defence enhancement, the Integrated Defence Staff are seeking a significant increase in salaries and the inclusion of performance-based monetary incentives for both military and non military personnel. The strategy has been supported to address ongoing personnel shortages and directly address recruitment and retention issues. Similarly, the UK Armed Forces’ Pay Review Body, which provides independent advice to the Secretary of State for Defence on remuneration, has recommended performance pay be linked to commitment and professional standards as a means to address defence recruitment and retention issues (Greenaway 2005). In reaching its recommendations, the Review Body had regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people taking account of the particular circumstances of service life;
- Government policies for improving public services, including the requirement on the Ministry of Defence to meet the output targets for the delivery of departmental services;
- The funds available to the Ministry of Defence as set out in the Government’s departmental expenditure limits; and
- The Government’s inflation target.

With the overall UK manning positions facing significant skill shortages, it has based its performance pay modelling against an analysis of pay comparability, using pay movements, which has indicated the overall pay was slightly behind the average pay increases enjoyed by civilian comparators in a matched sample of civilian professions. As many of the skill shortages were regional, professional or site specific, the proposed model has targeted specific key manning points rather than against a cross workforce setting. Further, in developing the elements of the defence performance pay system, consideration was given to working within the government’s budget and inflation targets (Greenaway 2005).

The US would represent the most advanced system within international armed services. These systems recognise that their strength lies in their ability to link the relationship of employment with appropriate compensation (DOD 2005; McPhie 2006). Within the broader defence service pay reforms, individual performance has been identified as a central component in the ability of the future armed services to achieve their operational outcomes. The US armed services performance pay reforms started with the pay system as proposed in the Transformation for the 21st Century Act of 2003. Key elements of the reform act focused on future military pay being based on pay on performance rather than longevity and other traditional service factors (DOD 2003). This was considered an appropriate action to increase the capacity of the armed services to attract and retain personnel. This act also proposed other wide-ranging changes, affecting civilian personnel pay and performance management, collective bargaining, rightsizing, and other human capital areas.

Subsequently, the US Department of Defense (“DOD”) is implementing major civilian pay rises based on performance pay commencing in 2007/2008 (DOD 2007). The civilian pay reform principally focused on national security personnel which make up significant component of the non-military armed services workforce. The system is a government wide pay increase to adjust base salaries for eligible National Security Personnel System (“NSPS”) employees. The NSPS system is aligned with the DOD’s reform process to shift to a results-oriented, performance-based culture. A principal component of NSPS is the pay-for-performance system that provides the department with the tools necessary to compensate and reward its best performing employees (Lacey 2007).

The human resource modifications under of the NSPS include a broad range of significant activities, such as performance management, compensation, staffing, labour relations, and workplace disputes.
According to the “concepts” for regulatory change, the DOD has argued that existing systems would be adjusted and/or new systems created to respond to the:

- Combining of multiple occupations into new groupings with compensation set along broad pay bands;
- Streamlining the hiring process against performance requirements;
- Linking pay to performance that is mission-related;
- Exercising greater flexibility to deploy civilian human resources according to changing mission requirements; and
- Enacting changes in working conditions without conducting collective bargaining with employee representatives (Lacey 2007).

Under NSPS, DOD seeks to establish by regulation a more flexible civilian personnel management system that is consistent with its human capital management strategy. The DOD objective was to be a more competitive and progressive employer at a time when the country’s national security requires a highly responsive system of civilian personnel management.

The NSPS performance management system promotes a performance culture in which the performance and contributions of the workforce are recognised and rewarded more accurately and fully (Lacey 2007).

3.4.1 Indicators Used to Measure Performance

The evidence suggest that across international armed services military personnel performance pay systems use traditional standardised structural, processed-based and outcomes-based performance indicators. There was however a lack of quantifiable data available that could clearly identify their specific nature of these indicators. In contrast non-military personnel had a tendency to utilise band-based performance indicators. Evidence also supported that non-military based systems had a greater flexibility to customise performance indicators to meet the work requirements for regional and group-based employees.

3.4.2 Linking Performance to Rewards/Incentives

There was strong evidence that the aims of the military systems are designed to support traditional goals of the military compensation system aimed at providing incentives for performance, retention, and skill acquisition.

There were also clear themes in supporting greater ability in linking measures to rewards, in that:

- Assuring that the compensation system provides flexibility in setting measures and managing personnel; and
- Assuring that the system induces innovatory activities and well-calculated risk-management (DOD 2005; Lacey 2007).

It was widely considered that this approach provides the most flexibility in personnel management and can provide strong incentives for individual performance. However, in the linkage of performance indicators to rewards it was acknowledged that in the military non-monetary factors often can affect performance and how indicators should be associated with monetary incentives.
Of significance is that the NSPS performance pay rating system supports more than 700,000 defence civil service employees and it has designed appropriate benchmarks. The NSPS rates employees on defined performance levels: role model, exceeds expectations, valued performance, fair and unsuccessful. It will be necessary for the employee to be rated at least “fair” to receive an annual raise in their pay band or a locality pay adjustment. Defence civilians will have to show “valued performance” to get an additional performance-based raise or bonus (Lacey 2007). The multi tier approach provides the flexibility for performance indicators to be linked with both regional and national performance objectives.

3.4.3 Timing

Armed service systems often have the flexibility to decide whether the system should be implemented wholesale or in stages. In the US the NSPS model implementation is phased based on recognising the need for ongoing system development and workforce performance alignment. For military personnel the timing for performance rewards are long term as they are often framed toward contract (term) performance signing bonuses. In contrast for non-military personnel where employment is not fixed term contract-based, short term assessment and reward periods are utilised. The evidence did recognise that the majority of armed service performance pay systems were adopted as part of institutional service reform to provide greater institutional productivity (DOD 2003; Lacey 2007). This feature may have symmetry with the Australian labour force environment which is currently experiencing a significant skill shortage.

3.4.4 Strengths

The US NSPS model was considered the most sophisticated system. A key strength of the programme was its flexibility in design. The flexibility allowed managers to utilise pay bands, broad groupings of occupations based on the work's nature, career patterns and market factors to achieve optimum outcomes. As a result the NSPS model has seen a much greater communication between supervisors and employees since the new personnel system started. The NSPS system is considered a well-designed compensation system. The system supports that employees have the right skills and diverse abilities to apply for open positions in their institution and accordingly achieve acceptable workforce retention rates. A key component of the NSPS system, particularly with military personnel, was directed at retention (DOD 2003; Lacey 2007). This ensured that when deciding where to work and later whether to separate, workers consider the compensation that they receive and compare it to the opportunities available elsewhere. It should be acknowledged that the strength of the NSPS system is derived from its strong design features and significant allocation of federal resources in establishing pre and post implementation system infrastructure.

3.4.5 Weaknesses

In general, a common weakness of many armed services performance pay systems, particularly for military personnel, is that they operate against a centralised model based on pay band structures. Although the systems in principal recognise the forces of the broader economy and associated workforce demand, it did not always translate this to design market competitive military compensation due to budgetary constraints. The evidence further recognised a significant impediment of the armed services systems is that they often failed to align effectively with the ongoing mobility of the workforce associated with operational demands. Correspondingly the application of the broad-based centralised systems did not achieve value for money outcomes in comparison to those which had greater flexibility to target specific manning point issues.
3.5 Analogous Professions & Transfer of Best Performance Pay Practice

3.5.1 Best Performance Pay Practice

The second stage of the study was to consider what best practise from the analogous professions of health, public services and armed services would be suitable for transfer to the teaching profession within Australia. Although the analysis has identified a number of high level elements that could be considered appropriate for adaptation, future thought should also be made as to the complexity of the Australian skill shortage labour market and potential system impediments.

In terms of performance pay system design there was consistent evidence to support that best practice systems displayed the following characteristics:

- The system design, although existing within a national framework, was directed at facilitating regional performance and quality outcomes through linking performance pay to specific individual, group or institutional outcomes;
- Assuring that the system provides flexibility in setting measures and managing personnel;
- That the most appropriate indicators were based on a balance of structural, process and outcome-based measures;
- The system utilised a funding model approach which could function in a stand alone environment or work collaboratively with state, regional or localised schemes; and
- Were based on the voluntary participation of employees and institutions (Burgess et al. 2004; OECD 2005; Young et al. 2005; McPhie 2006; Bell & Levinson 2007; Lacey 2007; Young & Conrad 2007).

In addition, the best practice performance pay system strategies which were considered the most appropriate were:

- Groupings of participants into occupation based on cohorts with compensation set along broad pay bands and outcomes;
- Linking pay to performance that is related to the particular appointment (or mission); and
- Exercising greater flexibility to design performance pay structures consistent with regional or site specific business or service delivery issues (Burgess et al. 2004; OECD 2005; Young et al. 2005; McPhie 2006; Bell & Levinson 2007; Lacey 2007; Young & Conrad 2007).

3.6 Education Field

Scope

This section reviews practices that display a variety of performance pay and performance management strategies. Our stakeholders could not identify an ideal type performance pay model but were curious about the performance management systems; performance-based career and remuneration structures and high performing teacher systems. The four examples – from England and Wales, Scotland, Denver and Western Australia – are relatively long standing performance pay initiatives that have been subject to some review and are well known among Australian policy makers.
Methodology
The review drew upon:

- Government and industry reports;
- Review literature; and
- Public reports;

in relation to the four initiatives.

The analysis then examined each initiative using a summary form of best practice principles, drawn from ACER, the US Working Group on Teacher Quality and the CPRE that characterise the issues that most interest Australian stakeholders.

Taking into account the interest of stakeholders we have examined in close detail four alternate types of performance management systems, all of which have elements that are considered “best practice” models by various stakeholders. The first is England and Wales – possibly the largest performance management system in the world – influencing the careers of 521,000 teachers (STRB 2005: viii). The system establishes considerable central controls of teaching standards and performance management methodologies for teachers, which are then implemented in each employing school.

The second is Scotland – seen by many as being at the forefront of performance pay reform in the 1990s and continuing to influencing the careers of 54,484 teachers (Scottish Executive: 2007). The Scottish model is more focused on professional development than the English model and was created through industrial agreement rather than through an independent statutory body. It also incorporates an independently assessed credential ‘Chartered Teacher’.

The United States example, the Denver ProComp, is an example of a combined schools-based and knowledge and skills reward approach. The Denver public schools with the teachers union piloted a performance pay system in schools that focussed on building the capacity of teachers’ knowledge and skills, meeting standards and focusing on student achievement. The goals were two fold – to improve the remuneration and attractiveness of the teaching profession and improve student achievement. In the pilot schools were required to set school performance indicators and link them to teachers’ objectives. Teachers’ performance was assessed on multiple student indicators (internal and external) and teacher acquisition of knowledge and skills related to pedagogy and other classroom needs. There is also standards-based evaluation.

The example of Western Australia is chosen because, like the Northern Territory and South Australia, it has continued to develop advanced skills teachers based on the original concept agreed in 1996. The performance management system in Western Australia is the smallest system to be examined influencing the careers of some 17,609 FTE teachers (Gerard Daniels 2007:12). It is different to England and Scotland in that it is centrally controlled and managed.

The strengths and weaknesses of each model are also examined.

Best Practice Principles
In defining best practice we drew on the work undertaken by DEST and ACER. Both provide a suggested list of the elements required for performance-based pay to be successful (DEST: 2007:33 and Ingvarson et al 2007:19).
The ACER report concluded with eight elements that would improve the likelihood of performance pay being accepted (Ingvarson et al 2007:211). This was further refined in the informal principles that were discussed at an ACER forum in July 2007, but are not ratified as the collective position of the interested policy community. In summary, ACER recommended that a performance pay system may be successful if:

- “...their guiding purpose is to give substantial and valued recognition to teachers who provide evidence of professional development to high teaching standards;
- valid (research-based) standards have been developed by expert teachers in their specialist field of teaching to provide long-term goals for professional development;
- appropriate research has been completed to develop reliable and valid procedures for gathering evidence to indicate whether teachers have met those standards;
- the assessment of performance procedures are conducted by an agency external to the school to ensure reliability, comparability and fairness;
- teachers have adequate opportunities to learn the knowledge and skills required to put standards into practice;
- a teacher’s ability to demonstrate that they have met the relevant standards leads to valued professional recognition, enhanced career opportunities and significant salary increases;
- teachers who reach high standards of performance gain access to interesting, challenging and well-supported positions in schools where they can provide leadership to improve teaching and learning; and
- Governments and other employing authorities become convinced that the assessment system is valid and reliable and make long-term commitments to support the system.”

Recently, the US Working Group on Teacher Quality, which draws upon national and specialist education groups, developed four key design elements and five key implementation conditions in its ‘Creating a Successful Performance Compensation System for Educators’ (July 2007) for state education policy makers and districts and schools.

**Design Elements**

- Ongoing job embedded professional development that recognises that teacher remuneration should not be considered in isolation but instead should be part of a teacher quality system supporting best practice.
- Performance-based remuneration should be based on multiple and flexible measures of teacher performance that includes school and student academic growth; and a combination of one or more attributes of demonstrated advanced skills and knowledge; assuming other professional sharing roles (like PD, mentoring, peer assistance); and working effectively in hard to staff schools.
- Evaluation must be based on well crafted, clearly articulated standards of practice.
- Teacher career paths will be enhanced allowing teachers to assume more responsibility as they become more adept as teachers and stay in the classroom.
Implementation Recommendations

- A commitment to continuous, stable funding for additional performance pay.
- The performance pay program is well communicated and has buy-in from teachers.
- School principals provide leadership and are engaged with the performance pay process.
- The high-need schools and subjects should receive priority.
- The program is regularly reviewed and evaluated.
- The remuneration system should be integrated and aligned with broader strategies to build teaching and learning.

In a similar vein, the CPRE (Heneman and Milanowski CPRE 2007) reported on guidelines for policy practice that a system should:

- Guarantee stable and adequate funding;
- Provide competitive total remuneration;
- Based on strong measurement systems that are reliable, fair and timely;
- Gauge the likely reactions of teachers to performance especially differential pay structure, motivations to improve performance, fairness of procedures and outcome and acceptance of the overall plan;
- Engage with the teachers associations;
- Include Principals and administrative staff;
- Build capacity;
- Incorporate a performance improvement strategy and plan; and
- Align with human resource systems and planning.

To simplify the discussion, we reduced the elements of best practice for our following analysis focussed on the big themes that concern our stakeholders and that are common to other typologies:

- The sustainability of the model – is there commitment by policymakers and stakeholders to its success; does it meaningfully promote teaching as a career; and is it affordable remuneration practice over time?
- Accessibility – can all teachers aspire to the reach the performance targets set in the model?
- Reward and Career – is the reward or recognition meaningful to teachers; is there a clear career structure for teachers?
- Expectations – are the criteria of standards of teaching performance clearly established and valid and lead to exemplary teaching?
- Evidence – is there an evidence-based approach to demonstrate teacher performance?
- Assessment – is the method of assessing performance valid?
### 3.6.1 England and Wales

The model is the most ambitious school-based performance management model that we could identify. It is not a certification system, with the possible exception of the Excellent Teacher Scheme. This example incorporates:

- Centralised remuneration being reformed;
- Decentralised employment environment;
- Broad-based performance standards embedded in pay progression; and
- A singular ‘Excellent Teacher’ pay point available to experienced teachers.

Remuneration reform was first introduced in 2000 following the release of the UK Government’s 1998 Green Paper Teachers – meeting the challenge of change. Over the next seven years various refinements to it were recommended by the School Teachers Review Body (STRB), which led eventually to the development of a statutory instrument The Education (School Teachers Performance Management) (England) Regulations 2006. These regulations have been supported by new guidelines produced in 2006 by the Rewards and Incentive Group (RIG) – a group composed of the majority of the teachers’ unions together with government and employers (RIG 2006).

New standards were recently established for teachers at varying points in their career by the Training and Development Agency for Schools in consultation with 7,000 teaching professionals (TDA 2007). These developments, together with refinement over the past three years, make much of the academic research work commonly referred to of no more than historic interest. The Green Paper identified several problems with teacher remuneration policy:

- The nine-point pay spine was almost exclusively based on time served. There was little regard to teachers’ performance.
- The majority of teachers were clustered around a limited range of points which they reached relatively early in their career with one third of primary school teachers at the top of the scale and in secondary schools 20% at the top of the scale.
- Remuneration did not promote a performance culture and there was considerable reluctance by leaders (compared to other comparable professional groups) to distinguish good and poor performance.

The Green Paper proposed a new pay system funded from a £19 billion fund over three years which had seven objectives including the need to attract, retain and motivate all staff and provide greater rewards and faster progress for the best teachers. There would be no quota. Pay and performance decisions, made in schools by the principal and governing board, would be made via rigorous annual performance appraisal which required setting improvement and development targets and assessing these targets via direct classroom observation and an analysis of the progress students had made. The Green Paper was explicit in stating that when individual teachers’ targets were being set, at least one was to be directly linked to the school’s student performance targets (Ibid: 35).

The Green Paper included details of the new pay structure which would involve two pay ranges with a “performance threshold” at the end of the first range giving access to a new, second range for high performing teachers. Teachers on the top of the old scale could apply for assessment to cross the threshold and gain access to higher
salaries. Success would depend on high and sustained levels of competence, achievement and commitment. The paper advised that the assessment procedure at the threshold would comprise:

– demonstration by the teacher of proven and sustained high quality teaching, resulting in positive outcomes for pupils’ performance;
– clear evidence of a commitment to professional development and the impact this has had on classroom performance;
– a robust and careful assessment by the head of the quality of the teacher’s performance against the national standards, based on classroom observation and reports of line managers; and
– a check on the head’s judgement by an external assessor who would review the evidence for every applicant including appraisal judgements, discuss every applicant with the head and observe a sample of candidates (Ibid: 36-37).

A bonus scheme suggested in the Green Paper did not proceed.

The Green Paper advised that the School Teachers Review Body (STRB) would continue to make recommendations on teachers’ pay and conditions each year. The influence of the STRB on the development of the performance management system in England and Wales over the past eight years has been substantial but largely unreported.

The “New Teacher Professionalism” agenda of 2004 kicked off a new refinement of professional criteria for teachers that ties career progression and financial rewards (a) to those making the biggest contribution to improving pupil attainment, (b) to those who continually develop their own expertise and (c) to those who help other teachers develop theirs. The New Teacher Professionalism supports the threshold process and also supports pay progression further up the pay scale where more senior teachers must demonstrate they have continued to develop professionally and have provided regular support to colleagues. The New Teacher Professionalism also supports the notion of Excellent Teachers – those who have reached the highest level of classroom practice and have become exemplar teachers.

Today, the statutory framework for the performance management system is provided by the Education (School Teacher Performance Management) (England) Regulations 2006. These regulations were made after consultation with key stakeholders in accordance with the Education Act 2002. They provided details of the requirement of governing bodies in each school to establish written performance management policies, their duty to ensure that teacher’ performances are managed and reviewed, and the manner by which external advisers and reviewers are appointed. The regulations also explain how the performance management and review cycles and the planning meetings associated with these cycles are to be implemented together with the way plans are to be recorded, moderated and revised. They also include details of how the classroom observation of a teacher is to be performed, and how the review of a teacher’s performance is to be undertaken. The regulations also explain how appeals are to be handled, the use and retention of statements, and the way the head teachers will report on the school’s performance management to the governing body.

These regulations are supported by other documents produced by various organisations. The performance management processes that form the basis of decisions about pay and career progression are provided by the School Teachers’ Pay and Conditions Document (STPCD: 2007), the standards framework is provided by
the Training and Development Agency for Schools (TDA 2007) and the guidance provided by the Rewards and Incentives Group (RIG 2006).

The latest career path to be negotiated is the Excellent Teacher Scheme, with a single salary point, for outstanding teachers.

By 2006 teachers had three clear career options – described by the STRB as the “trident” (STRB 2005:48). The first involved the traditional management route where teachers moved from the classroom into management positions; the second involved moving into subject-specialist positions and the third involving moving into exemplar teacher positions. Different stages of a teacher’s career are marked by the need to achieve specific standards. These standards cover the following career stages: qualified teacher status; core standards for main scale teachers who have successfully completed their induction; post-threshold teachers on the upper pay scale; excellent teachers and advanced skills teachers (for a complete list of these standards see www.tda.gov.uk/teachers/professionalstandards). There are a variety of eligibility criteria before teachers have access to these career points.

Analysis

Sustainability

This model has the policy advantage of being sustained for seven years with considerable effort directed to annually reviewing its operations by the STRB with submissions from stakeholders. A thorough evaluation of the whole performance management system is proposed for 2010.

There was little initial acceptance of the threshold element of the model amongst teachers. Much of this lack of acceptance was documented by Ingvarson et al (2007). Teachers disliked the performance barriers to salary increases and many felt it would not impact teachers’ recruitment and retention. More recent research reveals there is some increase in the acceptance of performance management (see Marsden and Belfield 2006). Whilst changes of attitude over the last three years are not known the above research indicates that there is some way to go before teachers accept the thresholds linked to performance pay.

The public credibility of the model is difficult to ascertain except in general terms as no specific research has been undertaken upon it.

The Green Paper emphasised that the new reforms required a shared commitment by governments, parents, governors, teaching staff, employers and society as a whole (Green Paper 1998:12) and suggested mechanisms whereby this shared commitment could be developed. It has the support of RIG. The annual review process conducted by the STRB with various stakeholders does allow a structured approach to conversations among the education community. The National Union of Teachers remains opposed to performance pay and early on successfully challenged in the High Court the power of the Secretary of State to set the standards by which teachers applying for the threshold were to be paid.

A 2006 study by Marsden and Belfield found a very high percentage of teachers doubted the government’s commitment to continued funding of performance increases and worried that performance pay would be severely constrained if school budgets tightened (Marsden and Belfield 2006:7-8.).
The most pressing problem for its implementation is its affordability. The rate at which exemplary teachers were moving up the upper pay spine placed a greater than expected burden on Treasury forward estimates.

The English model is recognised and accepted as providing an appropriate career structure for teachers. Teaching is now seen as more attractive career (see TDA evidence to the STRB over the last few years). The latest figures show that 32,650 teachers were recruited in 2006/7 against a target of 32,800. Vacancy rates have dropped from 1.4 percent in 2001 to 0.6 percent in 2007. Wastage rates have dropped from 11.1 percent in 2002/3 to 10.6 percent in 2004/5 (provisional). Moreover in terms of attractiveness RIG is of the view that: “The real terms improvements in teachers’ pay over recent years, through above inflation pay uplifts and structural changes, and the improvements being made to job quality through workload reform, have improved the competitiveness of the teaching profession with other graduate professions” (RIG 2007a).

The model provides school leaders and administrators with appropriate guidance and resources to cover administrative responsibilities created by the system, including guidance from the Department of Children, Schools and Families and various websites for school governors, teachers and leaders. In March 2007 RIG published an exemplar model on how governors, head teachers and local education authorities could develop a performance management policy in their schools. RIG strongly recommends this model is followed. (RIG 2007b)

Access

A significant number of teachers successfully applied for and negotiated the threshold process. In the first year 2001 200,000 teachers applied (75% of those eligible) and 97% met the standards (STRB: 2002:23). 25,000 teachers a year successfully apply for the threshold (STRB 2004:24) It can also be evidenced by the large numbers of teachers who have progressed, unhindered by quota, along the upper pay since reaching the threshold (DfES evidence 2004-2006). Nonetheless, in 2001 two-thirds of teachers believed the underlying reality of the scheme was to avoid giving pay rises to all teachers and by 2004 about half of them still believed this to be the case. By 2004 there were still a very high 80% of teachers who believed school budgets would impose a quota on performance pay increases (Marsden and Belfield 2006:7-8).

Rewards and Careers

Teacher compensation has been amended over the past six years (STRB 2002, 2003, 2004, 2005, 2006, 2007). The salary scale has been compressed and the top of the scale can be reached within six years, rather than nine in 2001. The average salary for a classroom teacher is £30,590. Some ten years earlier, in March 1997, the figure was £21,770 an increase in real terms of about 15% in 2005/6 prices (RIG 2007a). The Secretary of State published the pay awards for 2008-2011 following the STRB’s 17th Report Part 1, which adjusted scales, spines and allowances in September 2008 by 2.45% and proposed a review of the 2.3% indicative awards for 2009-2011.

Organisational changes to support teachers have also been substantial, with a doubling of student support personnel between 2000 and 2007.

The model has clearly defined eligibility criteria at different career stages that are understood and accepted by the majority of the teaching profession (as represented by their unions). The English model also provides a transparent progressive route to senior positions. The English career path model has taken some time to evolve. Begun in 2000 it was not until February 2005 that the STRB could conclude that
“…we are now in sight of the successful completion of an ambitious programme of reform to the structure of teachers’ career paths and pay.” (STRB 2005:48).

However, because employment of teachers is fully decentralised to schools, there is not a cross sector career path based on a transfer system. Career pathways or promotional positions are achieved by competing for positions advertised within specific counties or local education authority areas meeting specific competencies required by the employer. Schools decide their staffing profile according to their budget and student needs. Any teacher can apply for any position – the only exception being the Excellent Teacher position which requires a teacher to have been on the top of the Upper Pay Scale for two years. Whether they would be successful depends on a number of factors. Schools may opt to appoint a less qualified teacher to an interesting and well-supported position because that teacher’s salary would be less than the teacher who has reached a higher standard of performance. The decision rests with the individual school.

Teaching positions (except for the Excellent Teacher positions) are available in theory to all qualified teachers. The merit process will determine the competitiveness of applicants. Thus, for example, a teacher who has not gained Advanced Skills Teacher (AST) status might not be successful in applying for a specific AST position. Some specific teaching positions carry additional pay dependent on the certification of the teacher such as those teachers involved with pupils with special educational needs (SEN).

Expectations
The standards have been recently reviewed and changed by the TDA. These revised standards have been established by consultation rather than research. The TDA was asked to bring coherence to the framework of professional and occupational standards for classroom teachers. Accordingly it reviewed the standards for qualified teacher status (QTS), induction, threshold and advanced skills teacher, and the development of standards for the excellent teacher scheme. This consultation started in September 2005 via national conferences and on-line feedback with over 7,000 people from the profession responding. The revised standards took effect in September 2007. The new arrangements required teachers’ performance management plans to be completed by 31 October 2007 with the first performance management cycle due for completion by September 2008.

The standards within the English model clearly distinguish what teachers are expected to know and do at different stages of their careers. The five career points with five different sets of standards attached to them have already been mentioned. According to the TDA: “The standards provide the framework for a teacher’s career and clarify what progression looks like…The standards clarify the professional characteristics that a teacher should be expected to maintain and to build on at their current career stage” (TDA 2007:2)

The English model stresses the importance of teachers being provided with appropriate career-long professional development thus providing adequate opportunities to learn the knowledge and skills required to put the standards into practice and thus become aware of the importance of continuous, focused learning. As the TDA advises: “All teachers have a professional responsibility to be engaged in effective, sustained and relevant professional development throughout their careers and all teachers should have a contractual entitlement to effective, sustained and relevant professional development throughout their careers. There should be a continuum of expectations about the level of engagement in professional
development that provides clarity and appropriate differentiation for each career stage” (TDA 2007:2)

Good practice is illustrated by useful sources of case study materials, drawing on existing school practice, was provided by the government in 1999. A number of case studies were included in this guidance (DfEE 1999). Teachers are also able to access a number of websites designed to assist their classroom practice including The Research Informed Practice Site (TRIPS); subject-specific sites such as the new network for primary science educators launched at the Science Learning Centre London in October 2007 and the Millennium Mathematics Project which is an initiative of the University of Cambridge.

The STRB was concerned in 2003, 2004 and 2005 that progression above the threshold was occurring without a rigorous performance-based approach to it (STRB 2005:36). Since that time standards have been reviewed and performance management regulations and guidance put in place.

Evidence

The evidence provided at the time of the annual performance reviews includes relevant documentation and evidence to support a teacher’s achievement against the objectives agreed at the last performance management review. This evidence can be in the form of confirmation of the professional development that has been undertaken, their teaching ability obtained through classroom observation by the reviewer, and data or written feedback from specific individuals. For this evidence to be valid it needs to be directly linked to the reviewee’s job description, the professional standards relevant to the reviewee, what can reasonably be expected of the reviewee and whether the reviewee is eligible for pay progression. The evidence may also include students’ academic progress against agreed objectives, teacher mentoring skills; contribution to the school, student performance, syllabus knowledge; classroom management; contribution to learning, and communication with parents. The evidence depends on the objectives previously agreed.

The model recognises that student achievement alone is not an appropriate measure to determine the performance of a teacher. However, student achievement is an important element of pay progression. As an example the core standards for teachers which underpin other standards and are valid at all points in a teacher’s career involve the development of professional knowledge, skills and understanding which includes assessing, monitoring and giving feedback and reviewing their own teaching and its impact on the learner’s progress. Standard C13 for example states that a teacher should: “Know how to use local and national statistical information to evaluate the effectiveness of their teaching to monitor the progress of those they teach and to raise levels of attainment.” (TDA 2007c:8). The standards for the Excellent Teachers are more explicit Standard E8 states that Excellent Teachers should “Have teaching skills which lead to excellent results and outcomes” (TDA 2007d:8). The standard is one of fifteen required for a teacher to achieve the Excellent Teacher status.

Assessment

The annual performance management reviews within the English model include elements that are aligned with the school’s goals. The official guidance on performance management states that: “A reviewee’s objectives should reflect any relevant team, year, or whole school objectives”. (RIG 2006:15). Marsden and Belfield found that in 2001 sixteen percent of staff felt goal setting had made them better informed about the school’s objectives. By 2004 this had increased to 31 percent. Additionally they found that head teachers and team leaders felt the
The performance management system had made teachers more aware of the school’s objectives as stated in the School Improvement Plan. In 2004 57% percent of heads and 65 percent of team leaders agreed this had occurred (Marsden and Belfield 2006). In the English model annual performance reviews are increasingly seen by teachers as improving their goal setting. This is undertaken via discussion and agreement of goals, and the provision of appropriate organisational support leading to the identification of professional needs. The RIG guidance is explicit on the need for this (RIG 2006). Research undertaken by Marsden and Belfield found that in 2001 42% of teachers believed targets were more clearly set. By 2004 this had increased to 60 percent. (Marsden and Belfield 2006:10)

Assessment of performance is conducted externally and internally. The use of external assessors were used during the first few years of the threshold process but ceased once it became clear that teachers felt more comfortable with internal assessment as the views of the external assessors matched the views of the head teachers. The assessment thus became an internal one once issues of reliability, comparability and fairness were seen to have been successfully handled. A future example of this process will be the assessment of Excellent Teachers which will initially be undertaken with the assistance of external assessors.

Principals (and other line managers) are trained and the additional time commitment required of them, occasionally recognised financially.

When the threshold element of the performance management process was first introduced there was considerable concern amongst teachers regarding the manner by which their work would be assessed. Farrell and Morris found the prime reason for teachers’ antagonism towards performance-based pay was the method of assessment on how their performance was to be measured (Farrell and Morris 2004:93). This is a view based on judgement rather research. However, research conducted by Marsden and Belfield found that almost 90 percent of teachers said they understood how progress would be monitored and reviewed and were in a position to achieve their objectives (Marsden and Belfield 2006:15).

**Strengths**

This is a comprehensive, well funded, performance management system improvement that has been driven over time by strong central institutions that support local implementation in a decentralised employment environment.

Remuneration reform made it more desirable for good teachers to remain in better paid classroom teaching roles.

Teacher standards underpinning performance expectations are clearly defined. The model also allows the needs of the school to form part of the context of teacher performance.

Teaching practice and evidence of student growth are critical aspects of the system.

The assessment process has been refined and made more efficient. Considerable resources have been invested skilling school leaders and peers in the assessment process. Teachers have found the process more credible than first anticipated.

Attraction and retention rates for teachers have improved markedly as a result of the attention to the status of teachers.
Weaknesses

Some academics have questioned whether the English model’s purpose was well researched prior to its implementation. Farrell and Morris, for example, asserted that the three key problems the model was attempting to resolve (motivation, recruitment and retention) was unsubstantiated (Farrell and Morris 2004:81). The Government was for its part targeting significant teacher attraction problems as well as targeting the problems of retention of its existing workforce of teachers.

It is doubtful whether the purpose behind these reforms (a world-class education service) was clearly understood by the teaching profession at the time. Its introduction caused considerable resentment (see NUT publications of the time) with few teachers convinced of its vision and ambition. Farrell and Morris (2004) found that 93 percent of teachers believed it would be problematic to link the work undertaken in schools with individual performance, and 92 percent felt performance pay would cause resentment among teaching staff.

Generally the initiative was on the back foot because it was not initially built with the support of teachers and their unions. The major union still does not support the reforms.

The salaries growth appears to have outstripped Treasury estimates.

The Excellent Teacher Scheme, designed as a career path for experienced teachers at the top of their pay scale, has not been supported by teachers or schools. By 2008 only 50 Excellent Teacher posts have been created in England and Wales (a significant shortfall from the 2,000 to 3,000 expected in the first years of implementation). The scheme was due for review in December 2008. The STRB published its ‘Evidence From the Rewards and Incentives Group’ in September 2008 an analysis of the remuneration issues related to this failure. It concluded that the design of the incentives was not successful because the salary was not sufficient to encourage teachers to undertake the arduous process of accreditation (STRB 2008: 42,43). The recent pay determination reformed Excellent Teachers spot salaries replacing them with a new pay range.

3.6.2 Scotland

This is the most ambitious integrated continuing professional development (CPD) and certification model available for review. The Scottish performance management model incorporates significant attention to continuing professional development and an exemplary teacher scheme known as the Chartered Teacher Scheme. There have been contiguous reforms to the pay structures but progression through salary scales remains automatic and is not linked to performance thresholds.

The Scottish model emerged out of the 2000 Committee of Inquiry into the Professional Conditions of Service for Teachers and the report by an Implementation Group ‘A Teaching Profession for the 21st Century (now known as the Teachers Agreement)’ in 2001. At the time the teaching profession was graded as classroom teacher, Senior Teacher and Assistant Principal Teacher, Principal Teacher and Deputy Heads and head Teacher.

The new model:

- Compressed increments;
- Restructured the principal teacher role;
– Created the Chartered Teacher scale to replace senior teachers and assistant principals; and

– Required a maximum 35 hours annually of continuing professional development for all teachers.

The Chartered Teacher route was seen as revolutionary because progression through the Chartered Teacher grade would be by qualification with the details to be developed by a new national body. The duties of a Chartered Teacher would be similar to those of a classroom teacher.

The CPD scheme (of 35 hours per year) would be based on an assessment of individual needs taking into account national, local and school priorities. Each teacher would have an annual CPD plan, agreed with their immediate manager, and were required to maintain an individual CPD record.

Performance management was introduced for first year probationary teacher to help them meet the “Standard for Full Registration” (SFR), a standard first introduced in 2002 to provide a national statement of the knowledge and skills expected of all Scottish teachers.

The SFR remains a document of some importance after registration as it applies to all Scottish teachers throughout their careers. However, their movement along the Main Grade Scale does not seem to be influenced by it as increases in pay are made on a time-served basis rather than the continuing achievement of the standard as defined in the SFR.

Teachers must maintain an individual CPD record. The CPD programme is seen as central to raising achievement and improving the effectiveness of teaching and learning. The process has been guided by the Professional Review and Development document (Scottish Executive 2002) and the SNCT Handbook (2007). A teacher’s CPD is not linked to pay or promotions. However an excellent record of CPD involvement bringing with it recognition of skills and experience is required as one of the criterion for entry to the Chartered Teacher programme.

In addition to CPD teachers may have their knowledge and expertise recognised via the Framework for Professional Recognition/Registration (GTCS: 2007) for professional recognition in new subject areas and when teachers wish to change from primary to secondary teaching.

The Chartered Teacher is held out to be the performance pay model for Scotland. To be eligible to embark on the Chartered Teacher programme a teacher must hold appropriate qualifications and/or experience, have a recognised teaching qualification, be fully registered with the GTCS, have reached the top of the main salary grade and have maintained a CPD Portfolio. Teachers interested in completing the programme must register their interest with the GTCS who will confirm their eligibility via a “Certificate of Eligibility”. The programme aims to enhance practical classroom skills, develop the classroom practitioner role and help the teacher support colleagues in matters of classroom practice. The Chartered Teacher Standard consists of four key components involving values, commitments, knowledge, understanding, attributes and actions. In addition Chartered Teachers must demonstrate effectiveness in promoting learning in the classroom, critical self-evaluation, collaboration with and influence on colleagues, and appropriate education and social values.
There are two routes to achieve the standard - The Programme Route and the Accreditation Route - each beginning with a self-evaluation module. The module includes the preparation and submission of a Personal and Professional Development Plan which involves a review of where a teacher is in relation to the Standard; a statement of their strengths and weaknesses; a strategy and rationale for their future development, and a set of targets and mechanisms for future learning, growth and development.

Once the self-evaluation module is completed teachers can chose which of the two routes they wish to follow. The Programme Route requires the successful completion of a further eleven modules, three of which are core, four of which are optional (with a wide range from which to chose) and the remaining four being used as either one or two work-based projects equivalent to either two or four modules. Teachers opting for this route may have up to fifty percent of the programme (six modules) wavered via the accreditation of prior learning. The Programme Route is undertaken through ten approved providers (nine being universities) and teachers are awarded a Masters degree on completion together with the “Professional Award of Chartered Teacher”. It is expected that teachers undertake two modules per year thus completing the programme in six years. ACER estimated that the cost of the Programme Route is £12,000 (Ingvarson et al 2007:94)

The Accreditation Route (AR) is available to teachers until August 2008 and involves submitting a claim of accreditation of a teacher’s prior learning and experience. There are two distinct phases - the advisory phase and the assessment phase. The teacher is assigned two assessors from a national panel of assessors trained and approved by the GTCS. These assessors examine and comment on the submission independently, discuss their conclusions and agree a set of questions to be discussed with the teacher.

The level of evidence required for this process is substantial and the process of acquiring and detailing this evidence clear and specific. Assessors are tasked to consider whether this evidence is acceptable, sufficient, authentic, current and related. The evidence must, in addition, be supplemented by a critical reflective commentary which is a personal account of the teacher’s learning and support underpinned by reference to literature in appropriate areas. A guide to the length of this commentary is provided (up to 3,500 for one module – up to 8,800 for six). All recommendations by assessors are moderated by a national assessment panel. The completion of the Accreditation Route does not lead to the award of a Masters degree, but teachers are provided with the “Professional Award of Chartered Teacher”. The award is conferred by the GTCS.

The Programme is voluntary and distinct from a teacher's contractual CPD commitment. Thus teachers on the programme must in addition to the modules continue to undertake 35 hours of CPD annually.

The Chartered Teacher route has a linked six-point salary scale. Progression along this scale is dependant on study: every two units completed provide access to the next point on the salary scale. Teachers on the Accredited Route do not move up the salary scale until their accreditation is completed. They then move directly to the top of the salary range (currently Chartered Teachers are awarded £7,161 above the top of the main pay scale of £38,868 in 2008).

By August 2003 6,300 teachers had “expressed an interest” in joining the programme (BBC News 6/8/2003). In December 2006 the education minister announced a review of the programme. At that time there were only 335 Chartered Teachers in
Scottish schools with a further 3,250 registered (BBC News 1/12/2006). 282 undertook the less arduous and less expensive Accreditation Route with only 53 completing the programme via the modules offered by approved providers. Within the profession 2,000 teachers were on various points on the Chartered Teacher pay scale and of these 1,400 had only achieved one or two modules. By June 2008 611 teachers were full Chartered Teachers and over 2,500 were working their way through the scheme.

The Auditor General's report on May 2006 found the level of take-up on the scheme had been slow with less than ten percent of eligible teachers participating in the programme in February 2006. However, the report also found that of the teachers it interviewed who had been teaching for less than three years 74 percent said they were likely to participate in the scheme (Auditor General 2006: points 30-33).

The June 2008 Report of the Chartered Teacher Review Group for the Scottish Government has recommended that:

– To overcome variability in the portfolio based evidence teachers be given better guidelines about the construction of portfolios
– Give greater prominence and formality to school based experience and evidence
– Properly deploy Chartered Teachers and assess their impact on learning and teaching in schools
– Close access to the accreditation route in 2008 but consider other flexible routes to accreditation.

The Education Secretary responded to the report by suggesting it go further and investigate how Chartered Teachers can be better used as school-wide resource, particularly to assist with curriculum implementation. She preferred that teachers gain the endorsement of senior colleagues rather than rely on teacher self nomination. She has asked for further advice about how Chartered Teachers good practice can be spread across the system to benefit students and teachers.

Analysis

Sustainability
The Scottish model is one of the most sustained, being in place since 2000. The McCrone Report recommended comprehensive reforms to teacher compensation both through increases in salaries and changes to pay scales. The Implementation Group increased teachers’ salaries by 21.5 percent in 28 months and created a new salary scale for Chartered Teachers. £4.1 million was spent on the pay of Chartered Teachers between 2001 and 2006. There were also significant organisational changes to local and national governance of schools. In January 2007 the education minister said that: “The Teachers Agreement has ushered in an era of unprecedented [industrial] stability to Scotland's classroom”.

While teaching associations have engaged with the program, with all six teachers unions in Scotland, participating throughout this period over the years the Chartered Teacher program has not received the support of teachers themselves with very small numbers showing interest in applying for it. Evidence cited in the 2007 ACER report indicated that the Chartered Teacher initiative was “dead in the water” (Reilly 2005 cited in Ingvarson et al 2007:94). Ingvarson et al advised however, that as the initiative was still in its early days of implementation it was difficult to gauge teachers’ attitudes and the impact it might have on their work and the achievements of their
students. ACER found in conversation with a GTCS representative that the GTCS believed those undertaking the programme saw it as a powerful means of improving their practice (Ingvarson et al 2007:95). The professional acceptability of the total package of reforms can be gauged by the numbers of teachers attracted into teaching with the Scottish Executive due to exceed its planned target of 53,000 teachers within the planned target date of December 2007. This target has been assisted by over 1,400 qualified teachers from outside Scotland registered with the GTCS in 2005 – up 40 percent from 2004 with 500 of these coming from England.

The model's purpose was well-evidenced via the McCrone Report and the Teachers Agreement. The intimate involvement and support of the six Scottish teachers' unions indicates that it was as well understood and accepted by the teaching profession as possible. However, little research has been undertaken on the attitudes of teachers to the model. The Auditor General's report criticised the lack of clear outcome measures within the original Agreement making an evaluation of expected benefits in areas such as impact on educational attainment, improvement in classroom practice, motivation, recruitment and retention difficult.

The 2001 Implementation Group was comprised of 10 employer representatives, seven teacher organisation representatives (with four advisers) and five members of the Scottish Executive. The SNCT was involved composed entirely of government, employing authorities and teacher and principal organisations. Moreover, the standards for Chartered Teacher were defined in part by obtaining the views of Scottish teachers and the wider community (Scottish Executive 2002).

Accessibity

Scottish teachers are provided with 35 hours of CPD guided by school, local and national priorities each year taken as part of their normal duties as teachers. The Scottish Negotiating Committee for Teachers believes this is adequate as it has not changed the requirement over the past seven years. Teachers involved in the Chartered Teacher scheme usually undertake the programme outside their normal CPD time. However the 2008 Review Report recommends that the modular programs, which have studiously adapted their curriculum to school improvement plans, should count toward CPD points. The opportunity to undertake the scheme’s programme route is limited to nine universities and the City of Guilds. Six of these universities are clustered around Glasgow and Edinburgh. The locations of these universities mean many rural and remote teachers are required to undertake the programme via the Open University.

The “Standard for Chartered Teacher” is not subject to quota. It is more likely the SNCT would ease entry rather than restrict through quota. The Chartered Teacher positions provide a promotional pathway for excellent teachers.

The 2008 review of the scheme cited that the first issue affecting access to the scheme was its cost. Teachers self finance their way through the scheme with the average module costing £500 (12 to be completed but up to six can be claimed via recognition of prior learning). For the accreditation route applicants pay for Module 1 (£500) and a fee of £1,200 for assessment of their portfolio.

The 2008 review found that time commitment was a barrier to teachers, with each module taking about six months to complete, involving 150 hours of work.
Expectations
The Scottish standards are research-based, but are not subject to regular, rigorous review in the light of new research about effective teaching. The Standard for Chartered Teacher has remained unchanged since 2002.

Standards clearly distinguish what teachers are expected to know and be able to do at different stages of their careers.

Evidence
The Scottish model is one that seems to use reliable and valid procedures for gathering evidence that teachers have met relevant standards. According to the standards’ guidelines these procedures must involve multiple, credible and objective measures of teacher skills and student progress. Evidence required of the Chartered Teacher programme include a professional development portfolio, the ability to learn independently, a critical grasp of concepts and principles, the ability to locate, comprehend and critically analyse relevant information and evidence of ethical standards of behaviour. Other evidence includes self assessment, input from pupils, examples of pupils work, reports from colleagues, and referees reports. To maintain the Standard for Full Recognition and the individual teacher’s CDP Portfolio an array of evidence is required depending on the individual needs identified. Additionally the Framework for Professional Recognition and Registration requires evidence of ability in curriculum and other areas.

Assessment
The assessment of Chartered Teachers is undertaken externally either through university processes or in the case of the Accredited Route through the use of external assessors. The reliability, comparability and fairness of Chartered Teacher assessments are ensured via a national moderation process. The Chartered Teacher assessors are trained and financially compensated.

The methods of assessing teachers’ performance against the Scottish standards have been developed, refined and supported by the profession. The assessment of the Chartered Teacher programme shows clear, effective organisational procedures and a credible, transparent and consistent approach.

Strengths
The restructure of the remuneration system created a period of industrial harmony. The teaching profession is competitive for new entrants.

The chartered teacher standards, assessment and evidentiary process are very robust and provide clear signals to teachers about the standard of excellence.

The system places strong emphasis on CPD. Although teachers do not engage in annual performance reviews the CPD process does allow for regular reflection about professional practice and professional development.

Among the recent entrants to the profession there are many (74%) who aspire to the chartered teacher status.

Weaknesses
There is no mechanism for reviewing a teacher’s performance within the Scottish model. Teachers move through the Main Grade salary points via time-served increments. Access to the Chartered Teacher route is based on self application so that
supervisors do not become involved in the reflection on performance during the chartered teacher route.

The take-up of the Chartered Teacher pathway is of concern. Only one percent of teachers (there are 53,000 teachers in Scotland) are fully accredited as Chartered Teachers and less than five percent are progressing through the modules.

The cost (in dollars and time) of accreditation of Chartered Teachers is considerable and if scaled up would be a substantial cost to teachers or any professional development system or university system (or its funder) that decided to subsidise or bear the costs.

Although initially there was considerable attention to the development of teaching standards there has been no change to the standards since 2002, notwithstanding that what we know about effective teaching practice is changing rapidly. The recent Review report 2008 recommended the review of the standards and the modular route.

### 3.6.3 United States of America

The United States of America ("US") (with 3.2 million teachers) has a complex system of teacher's performance pay which varies significantly. This is due to the district model of education which has regional governments and communities responsible for their own education delivery. The various US models of teacher performance pay align compensation changes with the strategic needs of schools often reflecting district, state and federal funding or education objectives.

The US system developed in the 20th century into a salary schedule where teachers are paid more for each year of experience rather than their performance. It recent decades it has been widely recognised that the single salary schedule does not focus on results and nor provide incentives for long term career development of employees. As a result there has been ongoing teacher compensation reform to link pay to performance (Belfield 2005; CPRE 2007). It is estimated that about 20% of US children are taught in schools experimenting with performance pay (Time 19 August 2008).

Although the teachers pay for performance models vary throughout the US, 60% of all States have introduced or are currently passing legislation requiring some type of performance pay for teachers, or some portion of teacher pay linked to learning outcomes. The trends of a collection of State based rewards programs are that they:

- Incorporating professional development to some extent;
- Rewarding for student achievement among other criteria;
- Recognising group’s performance;
- Allowing all teachers to participate in the bonus scheme;
- Incorporating career ladders for teachers undertaking leadership, masters or mentoring programs in schools; and
- Targeting high needs districts.

(Chiat 2007)

An internationally recognised US teacher pay for performance model is the Denver Classroom Teachers Association Professional Compensation System for Teachers (ProComp).
The Denver ProComp program emerged from the Pay For Performance Pilot commenced in 1999 and fully implemented in 2005. The ProComp compensation system links teacher pay to the school district's instructional mission. Designed in a partnership between the Denver Classroom Teachers Association and Denver Public Schools, ProComp has received international best practice recognition because it rewards teachers for their professional accomplishments while linking pay to student achievement (Dial 2005; ProComp 2007). The program was re-negotiated in September 2008 (for three years) and included a three percent pay increase for all teachers in 2008/09 and at least 25 bases points above the CPI for the final two years; average starting salaries increasing from $37,000 to $42,000; and increases in most of the nine additional pay elements and tuition reimbursement.

In brief the compensation system was engineered to achieve the following objectives:

- Reward and recognise teachers for meeting and exceeding expectations,
- Link compensation more closely with instructional outcomes for students, and
- Enable the district to attract and retain the most qualified and effective teachers by offering uncapped annual earnings in a fair system (ProComp 2007).

ProComp consists of four key components which facilitate teachers to accumulate additional earnings through nine elements, namely:

- “Knowledge and Skills – Teachers earn compensation for acquiring and demonstrating knowledge and skills by completing annual professional development units, earning additional graduate degrees and (national certificates; and may be reimbursed up to $4,000 over a career for tuition.
- Professional Evaluation – Teachers are recognised for their classroom skill by receiving salary increases every three years for satisfactory evaluations (in years 1 – 14 of career).
- Student Growth – Teachers are rewarded for the academic growth of their students. They can earn compensation for meeting annual objectives, for exceeding CSAP growth goals and for working in a school judged distinguished based on academic gains and other factors and high growth schools.
- Market Incentives – Bonuses assist the district and schools in meeting specific needs. Teachers in hard to serve schools - those faced with academic challenges can earn annual bonuses. Bonuses are available to those filling hard to staff positions - assignments which historically have shortages of qualified applicants” (ProComp 2007).

A diagrammatic representation of the four pillars of the ProComp system follows.
The ProComp multi-factored pay bonus of nine elements (plus tuition reimbursement that is additional to salary) includes some annual payments, some that build the salary base; while others are event driven, not annual and some do not build the salary base. The full matrix is included below. Three student growth elements are event driven and do no build the base salary – top performing schools (top 50% of schools), high growth schools and exceed CSAP expectations. Each payment is 6.4% of salary (e.g. $2,345 on notional salary of $36,635 (2008/09)). The two market incentives – hard to serve schools and hard to staff assignments – are non base building and 6.4% or $2,345 pa or assignment respectively. Base building increases arise from professional evaluations, professional development, higher degrees and certification and student growth. A teacher who accessed all payments in one year on a notional salary of $36,635 could increase their remuneration by $16,974 (or 46%) for the year and have some underlying increase in their base salary. However this could not be replicated each year as not all payments are available each year. Base building is not available after the 13th year of employment. The State program is funded in part by a local $25 million pa levy agreed by local referendum and is adjusted for inflation. In 2008 there was considerable teacher debate about the future of ProComp but by September it was successfully renegotiated for another three years were substantial increases in some of the nine pay elements and tuition reimbursement.
## Table from ProComp website

<table>
<thead>
<tr>
<th>Component of Index</th>
<th>Knowledge and Skills</th>
<th>Professional Evaluation</th>
<th>Market Incentives</th>
<th>Student Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,635</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Element</strong></td>
<td><strong>Professional Development Unit</strong></td>
<td><strong>Advanced Degree and License</strong></td>
<td><strong>Tuition and Student Loan Reimbursement</strong></td>
<td><strong>Probationary</strong></td>
</tr>
<tr>
<td><strong>Description of Element</strong></td>
<td>Base building for 1st PDU earned in '08-'09 and any PDUs banked prior to '01-'02. 2nd PDU earned in '08-'09 is paid on non-base building. See footnote for rules for banked PDUs and PDUs earned starting in '08-'09.</td>
<td>Grad. Degree or National license and Certificate</td>
<td>$6,000 lifetime account; no more than $1,000 per year</td>
<td>Satisfactory Evaluation: unsatisfactory teachers ineligible for ME increase</td>
</tr>
<tr>
<td><strong>Affect on Base Salary</strong></td>
<td>Base Building**</td>
<td>Base Building</td>
<td>Non-Base Building</td>
<td>Base Building</td>
</tr>
<tr>
<td><strong>Percent of Index</strong></td>
<td>2%</td>
<td>9%</td>
<td>N/A</td>
<td>1% every year</td>
</tr>
<tr>
<td><strong>Dollar Amount</strong></td>
<td>$733</td>
<td>$3,297</td>
<td>Actual expense up to $1000/yr, $4000 lifetime</td>
<td>$366 each year</td>
</tr>
<tr>
<td><strong>Builds pension and highest average salary</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>No****</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Adds to Pension</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>No****</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Payment Frequency</strong></td>
<td>Monthly installments</td>
<td>Monthly installments</td>
<td>Up to $1000 per year</td>
<td>Prorated over 12 months</td>
</tr>
<tr>
<td><strong>Payment Type and Frequency</strong></td>
<td>Monthly installments upon submission of proper documents</td>
<td>Monthly installments upon submission of proper documents</td>
<td>Up to $1000 per year upon submission of proper documents</td>
<td>Prorated over 12 months. If unsatisfactory delayed at least 1 yr</td>
</tr>
</tbody>
</table>

### Important Notes:

- These amounts and terms are based on the agreement approved by DCTA membership. ProComp pay referenced in this document is based on an index amount of $36,635. Amounts are based on 1 FTE (except for Tuition Reimbursement) and are prorated.
- School Performance incentives, Distinguished Schools and High Growth Schools are based on the School Performance Framework, which you can read about on the Denver Public Schools website. The exact targets for determining the Schools receiving these incentives are set by the transition team.
- Regarding the Student Growth Objectives, teachers will receive the amount as a lump sum non-base building incentive if 1 objective is met, and as a base building payment if 2 objectives are met.
- **Beginning 2009-2010, will build base salary for teachers with 1 to 14 years of service credit and not build base salary for teachers with 15 or more years of service credit.**
- **All incentives except Tuition Reimbursement are pensionable. In other words, all ProComp payments are taken into account in calculating your highest salary upon which your pension is based.**
- **2nd and subsequent PDUs earned in the 2008-09 contract year and any earned in 2009-10 and beyond will be paid or banked according to years of service credit in effect during the contract year in which the PDU will be paid.**
- ProComp participants who have 14 or fewer years of service credit during the contract year in which the PDU is paid, will receive a salary increase of 2% of the salary index for the contract year in which the PDU is paid.
- **ProComp participants who have more than 14 years of service credit during the contract year in which the PDU is paid will receive a non-salary building bonus of 2% of the payment year's salary index.**
Analysis

Sustainability

The ProComp model is one of the most sustained in the US, being in place since 1999. The sustainability of the programme was achieved in the design phase by developing both the pilot study and substantial model in partnership with the unions. Although the Denver Public School system expend in excess of US$200 million a year on teachers’ salaries, the ongoing annual cost of ProComp is anticipated at US$10 million. The sustainability of ProComp was decided by referendum and Denver legislators now allocate US$25 million per annum (from additional taxes) over nine years in trust to support the programme. The balance of the fund for 2008/2009 was anticipated to be $87million (Rocky Mountain News 11 July 2008). In addition, a strength of the ProComp system is that it facilitates participation of teachers on both existing and new pay for performance compensation systems.

The cost of administration is around $2million per year that initially is not funded from the trust.

An analysis of the first full year of ProComp (2006 - 2007) was inconclusive, with evaluators concluding it is too early to assert whether student achievement has improved as a consequence of the remuneration model (Wiley, Gaertner, Spindler, Subert 2008). However the evaluation sets the foundation for longitudinal analysis, with the next evaluation due in late 2009.

Accessibility

A key strength of the ProComp model is that it affords accessibility to 100% of participating teachers. Teachers who opt in are eligible for every incentive earned with no cap on such earnings in early and mid career. The ProComp model is a district-based system which supports individual schools to participate within the broader district framework. This is further facilitated through a district-based Professional Development Unit and a district-based Professional Review Panel.

Rewards and Careers

A critical strength of the ProComp system was it acknowledged that teachers require recognition of performance over their entire career as well as short term financial rewards. The ProComp system has utilised a 50-year outlook model so that teachers could count on career earning expectations and not just plan for short term outcomes. This long term strategy was also reflected in the ProComp nine-year collective bargaining agreement in comparison to a traditional three-year approach.

Although pay for performance indicators may vary by school subject to institutional objectives, standardised elements that the teacher may be rewarded for are:

- Market Incentive bonus if they are considered “qualified” in their position and work in a designated hard-to-serve school or a hard-to-staff assignment;
- All teachers will be eligible to complete a Professional Development Unit;
- Eligible to receive as much as $1,000 tuition reimbursement for professional development or classes taken after they became a member of ProComp. This is also a commencement bonus for new teachers who meet the professional standing requirements; and
Salary increases and bonuses for completing Student Growth Objectives are paid annually based on results of the objectives measured during the preceding fiscal year (ProComp 2007).

It should be noted that participant’s performance payments are indexed against base salary.

Expectations
The ProComp pay for performance standards are soundly designed and subject to regular rigorous review. The participation of Denver Classroom Teachers Association and Denver Public Schools in the design and monitoring of the ProComp system has established a high confidence of expectations of functionality from both the teachers and administrators. The ProComp system is nationally recognised as teacher pay for performance good practice (Dial 2005; Goldhaber 2006; NIET 2007).

Evidence
The ProComp model is one that uses standardised reliable indicators and procedures for recognising performance and professional standing. The system utilises a licence model which accredit each teachers against professional qualifications. The responsibility to formalise the evidence of performance rests collaboratively with the teacher, school and district.

Assessment
The assessment process within the ProComp model is undertaken within the district but is subject to external review by a Professional Review Panel which has representative members of the Denver Classroom Teachers Association and Denver Public Schools. The methods of assessing teachers’ performance against the standards have been developed, refined and adopted by the profession.

Strengths
It is argued that the ProComp system is a leading example of an effective best practice teacher pay for performance system that has been developed though institutional and professional collaboration. Unlike many other pay for performance systems in the US ProComp has strong support and ownership from all stakeholders. Key strengths of the ProComp system can be argued as:

– Compatible with existing teacher pay models,
– High levels of sustainability through simple design and professional ownership,
– Both short term and career structured rewards, and
– Financially facilitated through an independent trust model.

Additionally two shortcomings of the pre-2008 ProComp - low entry pay and relatively slow growth in annual earnings, and many incentives too small to really meet demands of the market – have been addressed in the recent agreement.

Weaknesses
Although after many years of development the ProComp model is now considered successful, it has its weaknesses:

– The institutional objectives have been limited by stakeholder compromise;
– The timeline for implementation was slowed by a lack of district financial and instructional capacity; and
– Administrative costs that were not initially funded from the trust were higher than expected.

3.6.4 Western Australia

The Western Australian example captures a long running centrally coordinated and locally managed performance management system and centralised exemplary teacher programme. The WA Department of Education and Training implements public sector performance management policies and procedures and additionally has a specific performance pay element allowing teachers to attain exemplary teacher status via a Level Three Classroom Teacher (L3CT) qualification.

The current industrial agreement between the employer of the State’s teachers, the Director General for the Department of Education and Training (the Department) and the State School Teachers' Union of WA (SSTUWA) allows teachers to progress annually, via increments, along the salary scale “subject to satisfactory service” (WA Agreement 2006:50) There is no specific definition of satisfactory service provided within the Agreement. However all teachers in the Western Australian government school system are required to undertake a performance management assessment process based on the standard developed by the Commissioner for Public Sector Standards in 1995 based on the Public Sector Management Act 1994.

Current practice is determined by the 2004 “Performance Management Standard” which provides for “...the continuous process of reflecting, negotiating, developing, reviewing and making decisions about an individual’s performance in achieving organisational goals” (DET 2004a) The performance management standard states that the minimum standard of merit, equity and probity is met if the employee is told how their performance will be managed and how the results will be assessed. The assessment must take account of the employee’s requirements and interests, and ensure that the processes, decisions and actions are impartial, transparent, and capable of review.

The performance management process involves five stages: orientation, self-reflection, planning, support and monitoring, and review. The Orientation Stage is designed to prepare individuals to take an active part in their performance. The Self-Reflective Stage is to enable the individual to review their performance. The Planning Stage is usually a formal structured meeting between the individual and their line manager. The purpose of this meeting is to agree on priorities and future direction. The outcome of the meeting is the production of a performance agreement which might contain short and long-term objectives, agreed targets, performance indicators and professional development requirements. Any plan agreed needs to be specific, measurable, appealing, realistic, and timed with a clear focus on outcomes. The Support and Monitoring Stage provides a forum for on-going formal and informal discussion between the individual and the line manager. It is also designed to identify and resolve problems and to facilitate progress towards the achievement of agreed goals. The format is designed to build trust, respect and mutual understanding in an environment where the teacher feels supported and motivated. The Review Stage is a formal structured meeting where the individual is able to account for their performance and the line manager is able to provide an evaluation of that individual’s performance together with identifying and confirming areas for further development. The outcome of this meeting is a review report prepared by the line manager in consultation with the individual.
The Department has advised its staff that the process of assessment should identify various levels of performance ranging from excellent to unacceptable. Whilst there is discretion in the policy framework for assessing performance as a team at the induction and orientation stages, the main parts of the process will normally be undertaken at the individual level (DET 2004a).

The teacher career structure in the Western Australian state school system consists of four grades – graduate teacher, teacher, Senior Teacher and Level 3 Classroom Teacher. Once graduates have successfully completed their two year induction they move progressively along a six point scale for teachers. Movement along this salary scale is “automatic, subject to satisfactory service”. (WA Agreement 2006)

Senior Teacher positions were created in order to: “…retain competent experienced teachers in duties directly associated with classroom teaching and learning and to reward the excellent work and professionalism of experienced classroom teachers who do not wish to move into an administrative role” (WA Agreement 2006:35). The position carries with it a number of additional duties including the mentoring, supervision, professional support, counselling and guidance of other teachers (including student teachers), contributing to the leadership within a curriculum area, school development planning and decision making and other duties required by the principal and members of the school’s executive team. Senior Teacher positions attract additional remuneration via a two-increment pay with movement “automatic subject to satisfactory service” (WA Agreement 2006). Under the new pay deal negotiated in December 2008 the Senior Teacher remuneration will be compressed to a new single rate in 2011.

The Level 3 Classroom Teacher (L3CT) is the clearly defined performance-based position within the WA teacher career structure.

The purpose of the L3CT career structure is to support the retention of exemplary teachers in the classroom. The position gives “…status and recognition to the commitment of teachers in the development of their colleagues and school communities, as well as their own ongoing professional development.” (WA Agreement 2006:36). The Department advises that the initiative “…recognises and rewards the exemplary work that teachers do in the classroom and provides the opportunity for these exemplary practitioners to share their skills and abilities in leading, mentoring, motivating and supporting other teachers.” (DET 2007a:6).

Of the 828 L3CTs appointed since its introduction 552 remain in teaching position within the Department. In 2006 92 teachers were granted L3CT status (43% of total applicants).

Once the status is achieved L3CT’s are required to negotiate additional duties with their school principal that meet with their new status The negotiated role should enable the L3CT to apply the competencies attained, reflect their professional interests and expertise, be significant and visible beyond the teacher’s classroom context, but not so demanding as to interfere with their primary role of classroom teaching. Achievement of the status also provides “permanence” defined as being of three years duration. The school at which the L3CT is placed is provided with an additional 0.1 FTE

In August 2007 the salary of L3CTs changed from a specific “spot” salary to a two incremental pay scale. Progress along this salary range is automatic, subject to satisfactory service of a minimum of twelve months at the lower level (WA
Agreement 2006:37). Since its introduction only 2,174 teachers have applied to become L3CTs and only 828 have successfully completed – a success rate of 39.1% (DET Statistics).

Analysis

The teacher performance management system and Level 3 Classroom Teacher programme are some of the longest continuing performance-based models in Australia.

The L3CT programme commenced in 1997 and continued via a biennial process with selection rounds in 2000, 2002 and 2004. In 2005 it became an annual programme. The L3CT programme was reviewed in 1998 (Jasman & Barrera), in 2001 (Ewing) and in 2005 (TPCSC). The information and guidelines document is reviewed annually (DET 2007). Additionally, the L3CT’s career pathway, application process and responsibilities have been recently reviewed by a Joint Working Party composed of employees of the Department and the State’s teachers’ union. The recommendations made by this group will be considered during the current negotiations to finalise a new agreement between the employer and the union.

The performance model has been in existence long enough to provide teachers with assurances regarding the long-term financial commitment of governments to it. The L3CT pay structure changed in August 2007 from a “spot” salary to a two-increment scale - a strong indication of the government’s commitment to it. The Director General has made a positive public commitment to the L3CT process (DET 2007).

Because teachers are subject to the Public Sector Management Act 1994 it has had long experience of annual performance reviews which indicates the model is administratively feasible. However, to our knowledge it has not been subjected to a substantive evaluation process.

There is some Australian evidence that questions the validity of undertaking annual performance reviews in this way. Ingvarson et al (2007) found that in most Australian government school systems, annual reviews based on interviews do not involve systematic procedures for gathering evidence about classroom performance. They believed this lack of rigor encouraged line managers to pass teachers regardless of their performance: “Because of the shaky foundation of many teacher evaluation procedures, it can be difficult for school principals to withhold annual increments” (Ingvarson et al 2007:36). The requirement in the Western Australian model that teachers move along the incremental scale “automatically” and “subject to satisfactory progress” lends strength to their comments.

It is difficult to assess whether the public’s credibility in the performance management model has strengthened or weakened over the years as no systematic research has been undertaken. It is not known if the overall performance management model is professionally acceptable as the attitudes of teachers to it have not been canvassed.

The L3CT programme, however, has been subjected to considerably greater scrutiny and is seen favourably by those teachers who have attained the status. However, in 2005 a number of processes and procedures were recommended for change including information mechanisms to enhance procedural understandings of the selection process (TPCSC 2005).
The Western Australian model is one where the government, the Department and the State Schools Teachers Union of Western Australia have been involved in its design and implementation systems. The teachers’ registration body (WACOT) has not been involved even though it was established in September 2004 to promote professional standards, conduct research, liaise with the employer and universities and encourage continuous education. Its separation from the design and implementation of the model (specifically the L3CT process) provides an indication of the manner by which the Western Australian model is based on industrial agreement rather than broader professional input. In relation to the L3CT’s design and implementation the L3CT Association – a group of teachers committed to supporting the programme – has been involved and was recently involved in the Joint Working Group to examine the L3CT career pathway, application process and responsibilities.

The model is based on high performance standards as is evidenced by the Competency Framework for Teachers (DET 2004b). Neither the Senior Teacher nor the L3CT positions are subject to quota. The L3CT programme was initially subject to quotas - 300 in 1997 and 100 in 2000 (Ewing 2001:72), however this has now changed.

Accessibility
Fifty percent of government teachers are paid on the top of the incremental scale. Of these over a third had been on the top of the scale for seven years or more and over 40% for five years or more. Sixty-eight percent were eligible to apply for senior teacher positions).

The lack of teacher appetite for the L3CT process can be seen from the number of teachers that have applied and successfully obtained the status. Since 1997 only 2,174 teachers applied for this career route and only 828 succeeded – a success rate over ten years of 39%.

The L3CT position does provide valued professional recognition via certification as evidenced by the support of the Director General and the continuing work of the L3CT Association. However the lack of profession acceptance is evidenced in the research and reviews of the L3CT process. Ewing (2001) found that teachers believed many exemplary colleagues had not applied for the L3CT programme as there were too many hoops to jump, they were too busy or they had been deterred by colleagues’ experiences of the process. A review of the L3CT programme in 2005 found that of those teachers who had not applied 34% saw the process as too time-consuming, 23% questioned the validity of the process and 22% believed there was not enough reward within it. Additionally, misconceptions regarding the process amongst teachers were causing negative impressions about the selection process (TPCSC 2005)

The 2005 review of L3CT concluded that the extent to which some L3CTs were involved in negotiating their roles in schools was limited and concerning.

Rewards and Careers
The Western Australian model does not have a clear system of financial rewards recognised as additional pay. Specific financial rewards recognised as additional pay for performance is not provided to the majority of these teachers. The exception is those teachers holding L3CT positions who were provided with significant financial reward of approximately $8,400 more than the top of the main teacher scale ($75,848 compared to $67,446 as of August 2007). However the inclusion of the senior teacher scale has seen significant compression of this differential. The 2008 pay negotiations see the difference between Senior Teacher 2 and Level 3.1 being $3,659 and between
ST2 and L3.2 being $5,453. However all salaries have experienced considerable uplift and by October 2010 at L3.2 teacher will attract a salary of nearly $95,000.

The model has clearly defined eligibility criteria at different career stages that are understood and accepted by the teaching profession. The eligibility for registration as a teacher is clear, the eligibility for access to Senior Teacher positions is clear as is the criteria for entry to the L3CT programme. The model also provides a transparent progressive route to senior positions. In 2004 the Department developed an award winning CD ROM designed to support managers and staff in effective performance management. The L3CT information and guidance booklet is reviewed and re-printed each year.

Of the 828 L3CTs appointed since its introduction 552 remain in teaching position within the Department, 163 have moved on to administrative positions in schools, 51 are in non-teaching positions within the Department, and 62 have left the Department (reasons are not given, but would include retirements) (DET Statistics). These figures demonstrate high retention within the system, and the ability to provide alternative pathways into administration, advisory positions and policy development areas.

Expectations

The standards associated with the performance management system have been developed by experts. These standards include the public service standard, the standards linked to the Competency Framework and the L3CT standards. The Competency Framework has been developed through consultation with members of the teaching profession. Moreover, the Competency Framework standards are designed to assist teachers to determine and prioritise areas of professional growth including long-term developmental goals (DET 2004b). More recently WACOT has produced draft “Professional Standards for Teachers” - a development and consultation process began in late 2006. These standards have been refined incorporating feedback from six Standards Forums together with submissions from WACOT members and stakeholders. The standards were revised again. WACOT has foreshadowed that it will introduce mandatory professional development.

The Competency Framework has been developed through analysis of national and international teacher competencies. The standards within the Competency Framework have not yet been subjected to rigorous review in the light of new research about effective teaching. There is a suggestion that there is a lack of connection between the Competency Framework and the performance management process. An example of this is the conflict between Phase 3 standards and the standards for the L3CT programme. The L3CT standards have been subject to regular review, but the need to incorporate the two sets of standards seems overdue.

The WA Agreement does not stipulate whether teachers have an entitlement to professional development - certainly not one stated explicitly in terms of the number of hours per annum that can be devoted to professional development. The Duties Other Than Teaching (DOTT) allocation within the Agreement stipulates that DOTT time is to be used to focus on teaching, learning and assessment. Whilst a broad definition of “learning” might cover professional development, the Agreement does not stipulate professional development. The Department’s Professional Learning Institute has responsibility for supporting the management and provision of professional learning of all teachers whilst the WA College of Teaching has been established, in part, to promote and encourage continuous learning. Generally the Department advises that it has provided “extensive support material to ensure that
performance management meets the Standard and the goals of the Policy Framework” (DET 2004a).

The integration between the performance standards of the L3CT and the performance assessment process seems much stronger and clearer than the integration with the annual performance management system for all teachers. However, the annual performance management reviews allow for the inclusion of elements that are aligned with the school’s goals. Information to teachers from the Department advises that the performance management process must be “directly linked to the intended outcomes of the school/workplace and thus to the Department’s purpose”(DET 2004a). Goals must be specific, measurable, appealing, realistic, and timed with a clear focus on outcomes. The Department is clear that the annual reviews should not subject teachers to any detriment or punishment. “Employees should not be threatened by the performance management process which is based on the philosophy of improvement and not inciting fear or defensiveness” (DET 2004a).

Evidence

Achieving L3CT status involves a two-stage competency-based process requiring the submission of a “Teaching Portfolio” of evidence addressing specific competencies followed by a “Reflective Practice” component. The portfolio allows applicants to demonstrate the relationship between their teaching and learning activities and students’ learning outcomes, whilst the reflective practice component provides for professional reflection through interaction with other teachers.

Ewing (2001) found teachers spent on average between 100 and 200 hours submitting their portfolio (within a range of 50 to 800 hours). Eighty-three percent of respondents found the process more time consuming that any other promotional position within the Department.

Ewing (2001) found that 88% of L3CT teachers surveyed rated the guidelines on the teaching portfolio positively whilst 59% viewed the guidelines on the reflective practice positively. Sixty-nine percent felt the guidelines clearly outlined the competencies to be addressed and 50% rated the guidelines positively in informing them of the standard required and the manner by which they would be assessed.

Assessment

As mentioned, the annual performance assessment of teachers in Western Australia is primarily undertaken within the school setting usually with the reviewer being the teacher’s line manager. Line managers are required to ensure that the reviewee is aware of the processes required including the stages of the assessment.

There is no formal requirement for the line manager to be properly trained in the assessment process although, if required, training will be provided via district or central administrative offices. The WA Agreement states that by the end of 2007 all school administrators will have had access to training in the use of the Performance Management Templates within the Department’s CD ROM (WA Agreement 2006).

The assessment of L3CT teachers is not undertaken in the school setting. The Teaching Portfolio is assessed externally whilst the Reflective Practice component is undertaken within a small group outside the teacher’s school environment.

The training of L3CT assessors has been subject to criticism. Part of this criticism was the lack of reliability, comparability and fairness within the L3CT assessment process (Ewing 2001). However, a more recent review of the L3CT programme...
found that 83 percent of assessors rated their training as excellent or good. Areas of concern were the lack of feedback on their own performance and the lack of time devoted to writing feedback to applicants (TPCSC 2005).

In Western Australia the additional time commitment required of a line manager is not recognised financially as performance management is viewed as a normal management function and forms part of the relationship between teachers and their line managers (DET 2004a). The performance review process for the L3CT is however recognised financially as assessors are specifically employed for this purpose.

Methods of assessing the performance of the majority of teachers have not been developed and refined by the profession as they relate to all public servants in Western Australia. The public service assessment is largely driven by principles of transparency, due process and consistency.

The 2005 review of the L3CT process recommended that strategies needed to be implemented to improve the consistency of the assessment practices (TPCSC 2005). Research undertaken by Gerard Daniels on what the Department could have done to change the decision of teachers under the age of 55 to resign found the Department was unprepared to allow room in the “merit selection process” for consideration of “classroom and colleague reputation”. The current process was seen as “unfair” and relied on “paper-based criteria which supported those teachers with an ability to write but does not adequately assess their ability to teach” (Gerard Daniels 2007:53). Thus teachers believed too little emphasis was placed on practical teaching experience and too much on providing written evidence of their ability against competency standards. However this finding must be taken with some degree of caution as only fourteen of the 386 teachers who resigned were interviewed and asked specifically about the L3CT process (Gerard Daniels 2007:11).

The standards within the Competency Framework require teachers to collect, record and report on students’ learning. However, the direct link between the requirements within the standards and the methods of evaluating performance seems missing. Whilst the linkage may be there in practical terms there seems to be a lack of interface between the standards and teacher performance management. This difficulty is not apparent in the L3CT programme where standards, process and assessment are more clearly aligned.

Strengths
The L3CT program has been sustained over a considerable period and has been regularly reviewed to improve its efficacy for teachers. It provides an aspirational target for teachers and a description of excellent teaching as well as meaningful salary uplift.

There is considerable ongoing attachment of Level 3 teachers to the Department of Education and Training. The Department demonstrates a resolve to keep L3CT teachers in classrooms to build classroom practice and the capacity of other teachers. It can use its experience of the L3CT program to develop further exemplary classroom practitioner models that can be used within schools and districts for classroom mentoring, classroom leadership and instructional leadership.

The performance management system, while not tied to remuneration, provides teachers with a regular conversation with their managers about the school and educational context of their teaching practice. It also allows for career and professional development planning.
Weaknesses

The teaching competencies developed by the Department and the development of teaching standards by WACOT create the opportunity for a more purposeful approach to managing teacher performance that has not been realised by the performance management system or industrial agreement.

The relatively low levels of participation in the L3CT program suggest that its design is too narrow.

The L3CT assessment process has not been validated. There is a growing preference for greater worksite validation and a sharper competency based approach to the production of evidence.

The deployment of Level 3 teachers is not sufficiently supervised to ensure that the teachers are used effectively in schools.

3.7 Non-financial rewards

There is not a widespread formal practice of non-financial rewards for high performing teaching. Non pay rewards are not applied systematically by Australian teacher employers. Formalised rewards tend to focus on access to professional learning fund and time to undertake professional learning; scholarships to undertake post graduate studies and study leave for exams. Some employers have discretion to offer time in lieu of teaching; travel and fees to conferences; and study sabbaticals. A few reported providing access to mentors. Many employers are reluctant to formalise the reward of time because of its systematic affect on FTE (full time equivalent employees) and salary budgets. Some employers reported that peer recognition and recognition in the school community of a teacher’s accomplishment was a substantial reward for many teachers. Some employers have gone to some lengths to promote the accomplishments of their teachers, in award events, media releases, newsletters and journals.

In the United States some systems or districts within systems reward teachers with reimbursement of student tuition (similar to reimbursing HECS debt); reimbursement of professional development and certification and further study costs; low interest home loans and loans to purchase homes near schools; and access to time for professional development and mentoring.

3.8 Strategies to attract and retain excellent teachers in hard to staff schools

In her 2008 ‘Lessons from International Benchmarking for Teacher Recruitment, Training and Support’ report, retired US Assistant Secretary for Education Susan Sclafani (Sclafani 2008) notes that teacher salaries are increased in 19 countries to compensate for disadvantaged or remote locations and nine countries for hard to fill subject areas. Eleven countries compensate teachers for outstanding teaching. There are a few examples of initiatives to attract excellent teachers to work in hard to staff schools.

In her response to the review of the Scottish Chartered Teacher review the Secretary for Education urged more attention be given to the distribution of good practice across the system (Media release, 7 June 2008).

In the United States, where most remuneration experimentation occurs, there are few examples of teacher quality being a criteria for access to bonuses for teaching in hard to fill
schools (Gordon, Kane, Staiger 2006:16). There is little experimental research to determine whether incentives for teaching in hard to fill schools or subject areas attract higher quality candidates (Chait 2007: 19). The types of incentives reported in a selection of US States or listed by the Center for Educator Compensation Reform for any teachers working in hard to fill schools or assignments (often maths, languages and special education) include:

- one-time sign on bonus;
- annual retention bonus;
- performance bonus;
- salary increment acceleration;
- new career ladders;
- differentiated pay scale between hard to fill schools and other schools;
- scholarships for targeted professions/occupations to train to be teachers;
- scholarships for advanced study in critical subject areas;
- student loan forgiveness; and
- reduced-rate housing or loans to purchase housing near school.

The 2006 Hamilton Project, under the auspices of the Brookings Institution, proposed a five point plan for effective teaching, costed at $3billion dollar spending per annum in US federal funding, with a substantial part of the funding spent on $15,000 pa bonuses to teachers ranked in the top 25% working in high needs schools (Brooking Institution 2006: 5, 7; Wessel 2006). High needs schools are defined as those where at least 75% of students come from low-income families, estimated to represent 21% of public schools (Gordon, Kane, Staiger 2006:17). A key aspect of the Hamilton project is the intent to alter the distribution of high performing teachers to work in high-poverty schools (Gordon, Kane, Staiger 2006:5). It argues that current pay practices lead to too few of the strongest teachers working in schools where they are needed the most (Gordon, Kane, Staiger 2006:16). The Project does not recommend a single model of teacher evaluation but nevertheless recommends States be given funding to develop teacher evaluation that identifies high performing teachers and focuses professional development toward more successful teachers (Gordon, Kane, Staiger 2006:19, 28).

The not for profit National Institute for Excellence in Teaching (NIET) in 2007 issued a statement from its Working Party on Teacher Quality that recommends that where performance pay is implemented it target high-need schools and subjects.

Another NIET project, the TAP (Teacher Advancement Program) is used among some participants to engage high quality teachers in high need schools. TAP was developed by the Milken Family Foundation in 1998 and is in place in over 180 US schools in 15 states and the District of Columbia. It is coordinated by the NIET and focuses on teacher performance, development, reflection for senior career roles of senior teachers, teacher mentors and master teachers leading a teaching team. The program is aimed at building an alternate career path and rewards for teachers who wish to remain in the classroom rather than transform into school administrators and executives. States that introduce the program find funding for additional teacher rewards. Rewards are variable between the States. Some, but not all, are negotiated via industrial agreements.

Chiat notes ‘an evaluation of the TAP program suggests that the program is effective in improving teacher performance and student achievement’ (2007:18) However the three evaluations of the TAP program are carried our by the NIET, two from small samples; and none have relied upon experimental studies. A significant evaluation by the Chicago Public
Schools and Mathematica Policy Research Inc over a five year period from 2007 is expected to test the impacts of TAP on high-needs schools.

TAP has a multi-factor system for teacher evaluation that takes into account roles and responsibilities; classroom performance (based on many structured observations); and student performance (based on a Sanders-style value added formula). In some States, for example South Carolina, participation is only available to teachers in 45 hard to fill schools (Chiat 2007:12). The estimated cost of TAP is $250 to $700 per student including mentoring, evaluation and teacher bonuses (or $6,250 to $14,900 per classroom) (Toch 2008).

In the Chicago Public Schools system TAP contains four design elements and is found in high-needs schools:

- It provides multiple career paths for classroom teachers – as career teachers, mentor teachers and master teachers – including additional pay.
- Ongoing applied school based development is provided to teaching clusters each week, led by the Master Teacher.
- Instructionally focused accountability ties teacher evaluations to teaching skills and student achievement, using structured classroom observations four to six times a year and expert analysis of student data.
- Performance pay (estimated average $4,000) provides bonuses to teachers whose teaching improves, often as a result of mentor teachers and master teacher support.

The TAP design suggests a virtuous circle of rewards that begins with investment in senior quality teachers who have extended responsibility to lift the performance of other teachers. Other teachers who show improvement then access performance pay bonuses. The NIET published as a case study the experience of the Bell Street Middle School in Clinton, South Carolina, a high needs school. In 2001 its teaching community decided to address below average student achievement in State testing by focusing on teacher quality using the TAP approach. It created two roles and recruited two master teachers and appointed internally four mentor teachers. Master teachers were required to work an additional ten days per year and their salary was augmented by $7,700 and mentor teachers by five days and $3,500. The school Leadership Team established an implementation strategy that included a weekly review of student assessment data, set learning goals, monitored teacher clusters and monitored individual growth plans. All teachers were observed (six times) and evaluated. The five teacher cluster groups met twice a week with mentor and master teachers to provide feedback and follow up; engage in team teaching and undertake demonstration lessons. After two years of implementation the Principal was able to distribute to every teacher a bonus because they had achieved improvements in relation to their own skills, knowledge and responsibilities; student classroom achievement; and school level student achievement (NIET online 2008).

Other examples of high quality teachers in hard to fill schools assignments are:

- The Ohio TRACS (Toledo Review and Alternative Compensation System) that provides a new career ladder for teachers in participating school districts that incorporates three teaching levels – of Career, Accomplished and Distinguished teachers, all of whom can earn 5%, 10% and 20% respectively if they work in hard to fill schools or assignments.
- ‘Mission Possible’ Guilford County Schools, Greensboro North Carolina – a district based program for 20 high-poverty low-performing schools to attract, retain and give incentive pay to high quality teachers.
- The New York ‘Teachers of Tomorrow’ program that supports incentives for school districts with low performing schools to attract high quality teachers.
3.8.1 Conclusion

This report began by seeking to address the question of what constitutes “best practice” as it relates to performance pay in the education sector. Drawing on the research work undertaken earlier by DEST and ACER together with other policy sources and stakeholder, we compiled a list of key elements to compare four performance systems.

Our work suggests that indicators should not be viewed or judged in isolation. The systems we reviewed clearly have some strengths and weaknesses. None appears to be perfect. Clearly each system has introduced performance pay or performance systems to overcome a specific workforce challenge within the capacity of the sector to afford the initiative.

As a result there are not always strong linkages between salary structures, career pathways, performance management and performance thresholds and professional development. We can only suppose that effective linkages between them would provide greater potency in helping teachers progress professionally. For example, choosing a professional development indicator without providing appropriate professional development structures is not as effective as it would be otherwise. In Scotland, the country’s heavy reliance on professional development as an indicator of teacher performance improvement was supported by a number of documents, structures and organisations. However salary progression appears unaffected by performance management. In England and Wales student improvement indicators were supported by close linkages with a supportive, career-long, standards framework that clearly articulated the importance of student progress, and the need for teachers’ performance to be measured against them. This was supported through guidance, organisational support, the development of systems and structures and exemplar lessons. Moreover, improved student outcomes (assessed together with other indicators) resulted in increased levels of pay. In comparison, in Western Australia, teachers attempted to link improved student performance to the performance management system via a generalised State-wide annual performance management system, which had no direct linkage to teaching standards within the State’s competency framework for teachers. Neither was increased teacher performance linked directly to increased levels of pay - teachers receiving automatic time-served increments “subject to satisfactory service” rewarded by untrained line managers.

The above demonstrates that an indicator in one system will not necessarily work as well in another. It depends on the way the indicator is supported within the overall performance management framework.

According to our brief we have examined performance management systems that vary in the proportion of performance pay within them and the way performance is linked to either financial or professional rewards or incentives. In England increased performance is linked directly to financial rewards. However, standards need to be met for this reward to be given – a process supported by the Rewards and Incentives Group and the New Teacher Professionalism agenda. In Scotland performance is linked more closely to continuing professional development processes and certification. The CPD process is seen as central to raising achievement and improving the effectiveness of teaching and learning. However there is no direct linkage between teachers’ professional development achievement and financial rewards. Teachers in Scotland move up the pay scales on time-served criteria of as little as 26 weeks teaching per annum. Scotland also rewards teachers via certification but the small numbers of qualified Chartered Teachers shows Scottish teachers are
not persuaded by this process. The lack of interest in linking certification to financial rewards is also apparent in the Western Australian system with little enthusiasm amongst teachers for the Level Three Classroom teacher (L3CT) route. Western Australia is also similar to Scotland in that the process of linking performance to rewards/incentives is primarily a time-served process.

The Denver model suits small systems with localised school governance and significant district (or systems) support institutions. It is a broad-based remuneration strategy, accessed by all or most teachers, that requires considerable investment by government. If it were to be scaled up it would require considerable redevelopment of salary scales, standards and assessment, evidentiary-based systems, professional development options and reform of school governance and performance management. On this basis we would be cautious about recommending a similar model for all Australian schools.

The emerging policy priority is the distribution of quality teachers among high needs schools. This is an issue of concern among Australian employers, teachers unions and policy groups. However it is not an issue that has received research attention, although this is changing. Any model of pay needs to be carefully crafted so that high performing teachers are found in hard to fill schools; and the model does not create barriers or disincentives for these teachers. We cautiously conclude that incentives paid directly to these teachers or additional budgets for hard to fill schools earmarked for senior teacher roles are the most effective ways of attracting our best teachers.
4 Part B: Effective Mechanisms for Assessing and Rewarding Performance

Drawing on national and international research and particularly stakeholder feedback we have identified effective mechanisms for assessing and rewarding outstanding teacher performance.

4.1 Effective Indicators of Teacher Performance

There are various ways of expressing the standards expected of teachers. The UK model provides a thorough set of standards to guide a teacher’s career across a whole national profession. The Denver ProComp scheme provides a set of standards that are contextualised for each school for a region. Specific accomplished teacher programs in Scotland and Western Australia provide specific standards for smaller groups of high performing teachers. Needless to say the setting of standards is a centrepiece of any effective intervention to enhance teacher effectiveness. The case for this proposition is laid out compellingly in the recent McKinsey report.

In our analogous professions we found that the standards set for health professionals was useful to apply to teaching. Performance pay initiatives for the health sector have incorporated strong national statements about performance standards that are multi-dimensional, focussing primarily on the quality of inputs and also structural and outcome indicators. The programs are evidence-based and rewards are directed to high performing individuals.

Throughout Australia there is a sincere desire to ensure that students receive the best possible teaching. This largely explains the pressure to make the rather private world of the classroom more accountable and subject to scrutiny. The body of research and preference of stakeholders demonstrate that teacher performance should be judged primarily on the quality of the teacher’s performance in the classroom. Additional to teacher practice teachers should be judged on their:

- Professional knowledge – particularly of their subject area, curriculum and pedagogy.
- Professional learning – particularly their ongoing learning that reinforces teaching practice and professional knowledge
- Collaboration and professional transfer – teaching is a highly collaborative professional environment and the best learning is achieved by teachers sharing best practice and engaging in mentoring and coaching of their colleagues about effective practice.

This list is broadly aligned with standards themes that are being developed around Australia.

There is considerable activity directed at the development of teaching standards which is being supervised by MCEETYA. Colleges of Teaching in the States and Territories, Teaching Australia (a company wholly owned by the Commonwealth Government), the Australian Education Union and peak groups in the independent and Catholic systems, as well as professional associations, are developing a range of general and specialist standards for teachers within their jurisdiction or constituency.

However there is some reluctance to link standards assessment and accreditation to performance pay.

There is general agreement that system, jurisdictional or national wide standards are appropriate regardless of the employment arrangement. Few Australian employer
representatives feel that externally mediated standards unduly interfere with the employment relationship.

4.2 Linking Performance to Rewards

Our four teaching examples evidenced linkage between performance and rewards, either by direct payment for performance that meets specific standards; or by using performance thresholds to access new salary bands.

In analogous professions, like the public service and military service, there is a greater tendency to link performance to rewards based upon specific agreed outcomes. These systems are usually underpinned by regular cycles, usually annual cycles, of performance management. The key performance indicators are usually more contingent, based upon contemporary organisational challenges. Some recent reforms to remuneration policies for civilian personnel in the large US military will be useful for large teaching systems in Australia. The pay structure has been well designed and implemented, focussed on banded pay, some pay flexibility and hiring and promotion aligned to performance standards. There is some linkage of performance to rewards and other incentives are linked to the completion of a mission. The strategies are intended to address workforce retention in a short supply labour market.

There is little evidence that teacher performance is linked to rewards in Australia. The only evidence that we could find were the AST teachers in South Australia and fragments of the Catholic systems, the Level 3 teachers in Western Australia, TEP in the Northern Territory, the new performance threshold system for independent schools in New South Wales and performance contracts in some independent schools.

By and large teachers are remunerated according to an industrial agreement that embed automatic incremental progression based on seniority, even where performance management systems sit alongside salary progression. We noticed in our consultations an interest in restructuring salary scales to create distinct bands that are related to increasingly sophisticated performance and which do not necessarily rely upon seniority.

Some schools and systems have in place performance management systems, most of which are not linked to remuneration. However they do provide the basis of regular conversations about effective practice, professional development and career planning. As the McKinsey report concluded regular reflection and attention to practice improvement is critical to building the instructional capacity of teachers. We suggest that regular performance conversations are the foundations of an effective performance system. Where there is performance pay these conversations will be critical in laying out the pathway for teachers to achieving performance pay. This is commonplace in many professional and corporate workplaces in Australia.

Performance management can be fraught in industrial environments where it is equated with poor performance and disciplinary processes. Australian systems with mature performance management systems are using competency or standards frameworks in job design including performance indicators. Teachers in these systems regularly are engaged in conversations that take into account their aspirations for professional development and accreditation. The performance management conversation can be helpful to identify gaps in experience and professional development that require attention in readiness for the teacher’s accreditation or promotion. Australian systems where there is less familiarity with concepts of performance management, are using conversations about standards to get teachers used to regular work based conversations about their skills. Feedback provided by structured performance management systems will be a vital fragment in the teachers’ preparation for assessment, especially if the assessment has a component of peer and school management input.
4.3 Rewards for Outstanding Teacher Performance

In our non-teaching examples the rewards for outstanding employees were cash-based, usually as bonuses. The Denver ProComp teaching model paid cash rewards based on several indicators.

There is an appetite to reward high performing teachers in Australia. However most stakeholders are uneasy about awarding one off bonuses, largely because they imply a competitive approach to work that may offend the strong collaborative culture that underpins schools; or the rewards will not be sufficient; or if they are they will not be affordable.

What is agreed is that teachers pay should encompass in its design recognition of performance to agreed expectations, however those expectations are defined.

Stakeholders prefer rewards that are presented to individual teachers who meet high professional standards demonstrated by deliberate and sustained performance of professional practice. Professional practice is very much tied to the needs of their students. However, from our conversations, we can discern that some teachers desire professional recognition that is more enduring and self referential than a periodic judgement based on the particular challenges faced in the classroom or school at a point in time.

For many stakeholders pay reform should focus upon high performing teachers either solely or initially. The Chartered Teacher in Scotland and the Level 3 teacher in Western Australia provide examples of financial rewards for high performing teachers. It has the attraction for many employers and professional associations of lifting the status of teaching and retaining outstanding classroom teachers who might otherwise seek leadership or administrative roles.

Some stakeholders support the creation of pay points for high performing teachers that endure until such time as the teacher is re-assessed. They suggest that the pay point should equate to the bottom of the scale for teacher promotional leadership positions; or alternatively it should be a sufficient increase to the top of the teaching scale to be meaningful to the applicant. The BCA in its model suggested the top of the classroom scale should sit below the promotional leadership scale.

Several employers have cautioned that the design of the top of the classroom teachers’ roles and salary scale should be carefully articulated with the bottom of the promotional leadership positions. The two issues that they foresee are:

- The design of jobs for leader teacher and heads of departments and deputy principals may overlap, creating internal inefficiencies;
- The accreditation route to accomplished and leader teachers may be more onerous than the route to promotional positions, which will discourage take up of accreditation.

Other stakeholders, mainly employers and standard setting bodies, argue against linking standard-based accreditation and remuneration. Employers are worried that they will inherit a payroll liability and lose control of the rate of access to accreditation that drives up employment costs; and standard setting bodies do not want to lose momentum for the adoption of assessment among industrial negotiations or potentially politicise the assessment process.
4.4 Definitions of Teaching Quality

What counts as ‘quality teaching’ has been a matter of enduring interest to educational researchers. A series of influential handbooks published by the American Educational Research Association have attempted to summarise this large body of research (see Gage, 1963; Travers, 1973; Wittrock, 1986; Richardson, 2001). Three traditions of research on teaching quality may be distinguished: research on teacher behaviours associated with learning growth; research on the differences between novice, experienced and expert teachers; and research on the kinds of knowledge required for effective teaching.

Behaviour associated with learning gains

In the first tradition, Brophy and Good’s (1986) process-product research synthesis identifies seven groups of behaviours demonstrated by effective teachers: quantity and pacing of instruction, groupings and individualized instruction, giving information, questioning students, reacting to student responses, handling assignments, and specific approaches to teaching in particular grades and contexts. Within each of these groups, the authors identify a further set of factors. Within the group ‘giving information’, for example, Brophy and Good argue that effective teachers structure learning, teach with a high degree of redundancy, clarity and enthusiasm, and appropriate pacing and wait-time (1986, p. 362).

Attributes of experts

The second tradition of research (e.g. Berliner, 1992) has focused on the attributes of expert teachers. Hattie and colleagues, for example, conducted a meta-analysis of over 500,000 studies and identified five dimensions on which expert teachers differed from other experienced teachers. Across these dimensions, they identify a total of 16 attributes of expertise in teaching (Hattie, 2003). These dimensions and attributes appear in Table 1 (below).

Table 1. Attributes of teacher expertise (Hattie, 2003)

<table>
<thead>
<tr>
<th>Identify essential representations of subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Deep representations about teaching and learning, resulting in ability to concentrate on instructional significance and adapt lessons to student needs.</td>
</tr>
<tr>
<td>• Problem solving approach to their work, focusing on individual students’ performance and a flexible approach to teaching</td>
</tr>
<tr>
<td>• Anticipating, planning and improvising, seeking and using feedback</td>
</tr>
<tr>
<td>• Decision making, skill in keeping lesson on track but also building on student input</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Guide learning through classroom interactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Optimal classroom climate – increased probability of feedback, error welcomed and engagement the norm</td>
</tr>
<tr>
<td>• Multidimensional perspectives on classroom situations – effective classroom scanning</td>
</tr>
<tr>
<td>• Sensitivity to context – knowledge of students</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monitor learning and provide feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Feedback and monitoring learning</td>
</tr>
<tr>
<td>• Testing hypotheses about learning difficulties</td>
</tr>
<tr>
<td>• Automaticity of classroom skills – ability to deal with situational complexity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attend to affective attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Respect for students – ability to overcome barriers to learning</td>
</tr>
<tr>
<td>• Passion for teaching and learning</td>
</tr>
</tbody>
</table>
Influence student outcomes

- Motivation and engagement of students in learning
- Challenging tasks and goals
- Positive influence on student achievement
- Enhancement of surface and deep learning

Teachers’ knowledge

The third research tradition focuses on the contribution of teachers’ knowledge to teaching quality. Unlike research syntheses such as those conducted by Brophy and Good (1986) and Hattie (2003) which characterise expertise in general terms, teachers’ knowledge studies focus on the kinds of knowledge required to teach in specific subject areas or phases. Shulman (1986), for example, distinguishes between the content knowledge teachers require in specific subjects, the general pedagogical knowledge they require to teach children, and the pedagogical content knowledge that enables them to teach in particular subject content and learning contexts:

- Within the category of pedagogical content knowledge I include, for the most regularly taught topics in one’s subject area, the most useful forms of representation of those ideas, the most powerful analogies, illustrations, examples, explanations, and demonstrations – in a word, the ways of representing and formulating the subject that make it comprehensible to others (Shulman, 1986, p. 9).

These ideas about the importance of teachers’ knowledge have been applied widely in a range of subject areas. In the context of science education, for example, Loughran, Berry and Mulhall (2006) identify the characteristics of pedagogical content knowledge required to teach dozens of topics in particle theory, chemical reactions, the circulatory system, forces, and electrical circuits.

Together, the insights of the three traditions of research lead to the conclusion that learning gains can be linked empirically with particular teaching behaviours, that expert teachers are different from novices and merely experienced teachers in how they apply these behaviours, and that teaching quality is subject specific, requiring knowledge of the ways in which particular content is best represented to students.

Standards-based definitions of teaching quality

Since the early 1990s, many sets of teaching standards have been developed in Australia. These standards are of two broad types: those developed by employing authorities and teacher registration agencies; and those developed by teacher professional associations (Louden, 2000).

Employer/registration authority standards

The earliest of the standards in the employer/registration authority group include those in the document “Teachers’ Work” (Education Department, South Australia, 1992) and those developed through the National Project on the Quality of Teaching and Learning (1996). Since then, at least a dozen sets of standards have been developed by employers or teacher registration authorities.

What these standards have in common is a structure based on a small group of domains, each of which is made up of a small group of standards, each of which is further described by a set of elements or characteristics, and then further identified through a set of indicators. The logical structure of such sets of standards is a tree diagram: domains, subdivided into
standards, subdivided into elements, subdivided into indicators. In many cases, the structure is repeated at different levels of skill or expertise, representing multiple career stages. The National Framework for Professional Standards for Teaching (MCEETYA, 2003) conceptualises this as a two-dimensional matrix, with quality of teaching defined through ‘professional elements’ and career stages defined through ‘career elements’. Figure 1 provides an overview of the structure of such standards; Appendix 1 provides a list of the most recent of these standards and their characteristics.

Figure 1. Typical structure of standards developed by employers & registration authorities
Figure 2: Standards of Professional Practice for Full Registration, Victoria Institute of Teaching (2003)

<table>
<thead>
<tr>
<th>STANDARDS OF PROFESSIONAL PRACTICE FOR FULL REGISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STANDARDS</strong></td>
</tr>
<tr>
<td><strong>PROFESSIONAL KNOWLEDGE</strong></td>
</tr>
<tr>
<td>1. Teachers know how students learn and how to teach effectively.</td>
</tr>
<tr>
<td>2. Teachers know the context they teach.</td>
</tr>
<tr>
<td>3. Teachers know their students.</td>
</tr>
<tr>
<td><strong>PROFESSIONAL PRACTICE</strong></td>
</tr>
<tr>
<td>4. Teachers plan and assess for effective learning.</td>
</tr>
<tr>
<td>5. Teachers create and maintain safe and challenging learning environments.</td>
</tr>
<tr>
<td><strong>PROFESSIONAL ENGAGEMENT</strong></td>
</tr>
<tr>
<td>6. Teachers use classroom management strategies for learning students in effective teaching.</td>
</tr>
<tr>
<td>7. Teachers reflect on, evaluate and improve their professional knowledge and practice.</td>
</tr>
<tr>
<td>8. Teachers share their professional practice.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHARACTERISTICS OF EFFECTIVE TEACHING</th>
</tr>
</thead>
<tbody>
<tr>
<td>-- Teachers have knowledge of the current, processes, and skills their students develop.</td>
</tr>
<tr>
<td>-- Teachers have knowledge of the learning, and the impact of discussion, group interaction and reflection in the learning process.</td>
</tr>
<tr>
<td>-- Teachers know how to engage students in active learning.</td>
</tr>
<tr>
<td>-- Teachers know how to design and program activities that are meaningful, relevant, and accessible to all students.</td>
</tr>
</tbody>
</table>

---

© 2009 Gerard Daniels
The Standards of Professional Practice for Full Registration published by the Victoria Institute of Teaching (2003), for example, comprise eight standards distributed across three domains, and each of these standards is exemplified by four characteristics of effective teaching.

These standards draw on all three traditions of research on teaching quality (see Figure 2). For example, VIT’s Standard 5 (Teachers create and maintain safe and challenging learning environments), covers some of the terrain Brophy and Good (1986) associate with effective teaching. Where the VIT standards speak of ‘a learning environment that engages and challenges their students’, ‘a stimulating and safe environment’ and ‘clear and consistent expectations’ Brophy and Good speak of high levels of engaged learning time (p. 360), clarity of questioning (p. 363), and meaningful and challenging tasks (p. 364). Similarly, Standard 6 (Teachers use a range of teaching strategies and resources to engage students in effective learning) contains many of the attributes of expert teachers identified by Hattie (2003). Where the VIT standards speak of teachers communicating to ‘build rapport’, ‘manage a range of teaching and learning strategies’ and teachers providing ‘meaningful feedback’, Hattie speaks of the importance of ‘respect for students’, ‘automaticity of classroom skills – ability to deal with situational complexity’, and ‘feedback and monitoring learning’. Finally, Standard 2 (Teachers know the content they teach) echoes Shulman’s insights on the importance of teachers’ knowledge. Where the VIT Standards speak of teachers having ‘a sound, critical understanding of the content, processes and skills they teach’, Shulman (1986) speaks of knowledge of ‘the most regularly taught topics’ and ‘the most useful forms of representation of those ideas’.

Teacher professional association standards

Whereas the standards developed by employers and teacher registration authorities are generic – in the sense that they are general enough to apply to teachers in all subject areas – standards developed by national subject associations have focused on the specifics of teaching English and literacy (AATE /ALEA, 2002), mathematics (AAMT, 2006), science (ASTA, 2002), history (HTAA/AHA, n.d.), teaching of English to speakers of other languages (ACTA, 2005) and modern languages (AFMLTA, 2005). These subject-specific standards typically use the three domains agreed of the National Framework for Professional Standards for Teaching (MCEETYA, 2003) – professional knowledge, professional practice and professional engagement, responsibility or commitment – divided into eight-to-twelve separate standards. In this regard, subject-specific standards produced by professional associations are very similar in layout to the generic standards produced by employers (see Table 2 for a summary, and Appendix 2 for a more elaborated summary).
Table 1: Teacher professional association standards

<table>
<thead>
<tr>
<th>Subject</th>
<th>Document</th>
<th>Domains</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mathematics</td>
<td>Standards for Excellence in Teaching Mathematics in Australian Schools (AAMT, 2006)</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>English / Literacy</td>
<td>Standards for Teachers of English Language and Literacy in Australia (NATE/ALEA) (2002)</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Science</td>
<td>National Professional Standards for Highly accomplished Teachers of Science (ASTA, 2002)</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>History</td>
<td>National Professional Standards for Teachers of History (HTAA/AHA, n.d.)</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>TESOL</td>
<td>Professional Standards for TESOL Practitioners (ACTA, 2005)</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Modern Languages</td>
<td>Professional Standards for Accomplished Teaching of Languages and Cultures (AFMLTA, 2005)</td>
<td>8 dimensions + program standards</td>
<td></td>
</tr>
</tbody>
</table>

The key difference between the generic and subject-specific standards is that almost all of the subject standards are all pitched at a high level of performance: they are standards for 'highly accomplished science teachers', 'accomplished TESOL teachers', 'accomplished English/literacy teaching' and 'excellent teachers of mathematics'. That is, what the MCEETYA National Framework calls professional elements are offered at a single career level, at the high end of the teaching quality scale. Figure 3 provides an example drawn from the mathematics standards (AAMT, 2006, p. 2).

*For TESOL: the 3 domains are dispositions, understandings & skills*
Like the generic standards prepared by employers and teacher registration authorities, the mathematics standards draw on process-product research, research on expert teachers, and research on teachers’ knowledge. Domain 1 (see Figure 3), for example, is strongly influenced by research on teachers’ knowledge: knowledge of mathematics and knowledge of students’ learning of mathematics. In Domain 3 (Professional Practice), a series of the issues concerning planning, teaching and assessment identified by process-product research are included. From the teacher expertise literature, there are affective attributes such as respect for students and belief in the ability to overcome barriers to learning (Domain 2 - Professional Attributes), and teaching goals such as challenging students thinking and engaging them actively in learning (Domain 3 – Professional Practice).
4.5 Issues in Assessment of Teaching Quality

In principle, there is a difference between describing a performance and measuring the level of that performance. Consider the example of track and field athletes. The characteristics of good performance in, say, high jump, may be described in terms of the optimal physical attributes of successful jumpers, the preparation and training these people should undertake, the technical skills of run-up and launch they need to master, and the ideal body position in flight. The measurement question, however, is 'how high, in metres or millimetres, was the highest successful jump?'

In these terms, standards developed by Australian employers, teacher registration authorities and professional associations typically describe rather than measure: they provide descriptions of the duties teachers undertake, the knowledge they should have and use, and the personal attributes they need to bring to the task of teaching. These descriptions reflect the kinds of issues identified in research on teaching quality, but such descriptions alone are insufficient in measuring whether a particular person meets or exceeds the standard. For assessment, professional standards need to be characterised in terms of measurable performances, and these performances need to be capable of reliable and valid grading into those that are judged below the standard and those that are above the standard. Or, to put it another way, 'standards' in the sense of measureable performance rather than descriptions of an ideal type of person or practice, only come into existence when there is an attempt to assess the level of performance.

In order to explore the complexity of measuring, as opposed to describing teaching quality, the following section explores three existing approaches to measurement of teaching quality: externally assessed performance portfolios, school-based ratings by supervisors or colleagues, and value-added calculations of student growth.

External assessment of teaching portfolios

In Australia, external assessment of teaching quality has been used with both generic and subject specific standards. Generic standards have been used for assessment for the Western Australian Level 3 Classroom teacher scheme (DET, Western Australia, 2008); in a more limited way, trials of subject-specific assessment of teaching quality has been undertaken in mathematics (Brinkworth, 2004). Internationally, the best-developed example of portfolio-based assessment of teaching quality is the subject-specific standards assessment conducted by the National Board for Professional Teaching Standards (NBPTS) in the United States of America.

Good practice in external assessment of teaching portfolios

Formed in 1987, and independent of teachers' employers or unions, the NBPTS has developed standards and assessments in 24 fields or developmental levels of students (NBPTS, 2007). The standards are set at a very demanding level and are assessed by highly trained external peer assessors working in assessment centres. The assessments are based on elaborate portfolios of evidence including video recordings of teaching, evidence of student work, and teachers' analyses of this evidence. Careful attention to educational measurement issues has ensured that the assessments meet high standards of reliability and validity (Luecht & Sireci, 2004).
The NBPTS’s research guide argues that National Board Certification is “the most comprehensive, rigorous, and widely accepted policy tool for improving teaching in [United States] history” (2007, p. 3). They report seven empirically supported conclusions about the impact of National Board Certified Teachers (NBCTs).

1. Student achievement. Students of NBCTs generally outperform those of non-NBCTs at statistically significant levels (Cavalluzzo, 2004; Goldhaber & Anthony, in press; Clotfelter, Ladd & Vigdor, 2007; Vandevoort, Amrein-Beardsley, & Berliner, 2004).

2. Inspiring deeper learning. Students of NBCTs are more likely to demonstrate a deep understanding of concepts and have better writing and comprehension skills (Smith, Baker, Hattie, & Bond 2008; Smith, Gordon, Colby, & Wang, 2005).

3. Improving teacher practice. NBCTs are more likely to believe that they can influence student achievement (Whitman, 2003; Yankelvich Partners, 2001), use a wider range of teaching resources (Dagenhart, 2002; Petty, 2002; Ralph, 2003), and are more likely to use teaching practices supported by educational research (Bond, Smith, Baker, & Hattie, 2000).

4. Bolstering professional development. Through the assessment process, NBCTs become more reflective practitioners (Lustick & Sykes, 2006).

5. Influence on schools in areas that lead to improved learning. Nearly all NBCTs are involved in school leadership and this involvement increases over time (Frank, Sykes, Anagnostopoulos, Cannata, Chard, Krause & McCrory, 2008) and are more effective mentors (White & Mason, 2001).

6. Retaining teachers. NBCTs are more likely to report that they intend to remain in teaching (Sykes et al 2006), and to remain in their current school and school system (Goldhaber & Hansen, 2007).

7. Underrepresentation of NBCTs in schools serving lower-performing students. Poor, minority and low-performing students are less likely to be taught by NBCTs (Koppich, Humphrey, & Hough, 2004).

The NBPTS acknowledges that some research is more equivocal about the impact of NBCTs, especially impact on student achievement (NBPTS, 2007). McCloskey, Stronge, Ward, Tucker, Howard, Lewis and Hindman (2005) found no significant student performance differences, although they identified some differences in teachers’ planning, assignment design and classroom management. Sanders, Ashton and Wright (2005) argued that although students of NBCTs did better on standardised tests in some grades and some subject areas, the differences were rarely statistically significant. A recent reanalysis of Sanders and his colleagues’ data, however, confirms that “students of NBCTs learn significantly more than students of regularly certified teachers” (Amrein-Beardsley, 2008, p. 71). Finally, it is possible that even if NBCTs have a statistically significant influence on student performance, the process of preparing for the assessment does not actually improve teachers’ capacity to influence students’ test scores (Goldhaber & Anthony, 2004).

Whatever the impact of NBCTs may be on standardised test scores, the certification procedures have had an impact on the behaviour of teachers and their employers. More than 120,000 teachers have sought National Board Certification and 55,000 have earned it. Although the individual cost of assessment is substantial ($US 2,500), for many teachers the assessment fee is paid by schools, school boards or governments. In addition, more than 30 states provide salary supplements for NBCTs. In North Carolina, for example, teachers are
paid an additional 12% for the ten-year life of their National Board certification. The cost, according to one estimate, is an annual outlay of about $US 50 million in North Carolina (Goldhaber, Perry & Anthony, 2004). The high performance standards associated with the award of NBCT status is accompanied by a moderate success rate of 45% (Ingvarson et al, 2007).

An additional strength of the NBPTS processes is their professional independence. Unlike the other two key strategies for assessing teaching quality – school-based rating by supervisors and assessment of student growth in achievement – the decision to award or not award NBCT status is independent of any employment arrangements. The system is national, and the assessments are conducted by teachers trained for the purpose. Although there are significant advantages in salary terms for teachers who are successful, the specifics of these advantages are negotiated locally in thousands of separate collective agreements.

**An Australian example of external portfolio assessment**

The longest-established Australian example of portfolio assessment of teaching quality is the Western Australian Level 3 Classroom Teacher (L3CT) scheme. This scheme offers access to a two-step incremental scale beyond the Senior Teacher salary scale. Teachers are required to submit a teaching portfolio and to participate in a mediated professional interaction (“reflective practice”) with other teachers (DET, Western Australia, 2008).

Unlike the NBPTS assessments, where there have been many studies of the relationship between NBCT status and other estimates of teacher effectiveness, there has been very little research on the validity of L3CT assessments. One early study (Wallace et al., 1999) asked school principals to rate teachers who had sought Level 3 certification, and found a very weak association between principals’ judgments of their effectiveness and teachers’ scores on the Level 3 assessments. No studies have explored the relationship between student achievement and Level 3 teacher certification.

**School-based supervisor ratings**

The second broad strategy for measuring of teaching quality is through local school-based ratings by supervisors. Such ratings typically take place in the context of performance appraisal. In this context, it has long been argued that supervisors should use multiple data sources such as classroom observation, analysis of student achievement, student and parent surveys and review of teaching materials (Glass, 1974). Typically, assessments against these data sources are operationalised through strategies such as summative checklists, summative narratives, pre-observation conferences, observation checklists, post-observation conferences and portfolios (Kersten & Israel, 2005; Larsen, 2005).

Although the proximity of supervisors to teachers is a strength – making supervisor ratings inexpensive and locally responsive – there are long-held concerns about the reliability and validity of their assessments. Classroom evaluation of teachers by their supervisors is subject to a number of biases to interpretation, including the impact of the supervisory visit on the usual teaching practice, the unreliable sample of behaviour available from a few classroom visits, and the personal biases and teaching style preferences of evaluators (Scriven, 1981; Stronge & Ostrander, 1997). These assessment issues lead to relatively low levels of accuracy in principals’ judgments of classroom performance (Medley and Coker, 1987). In addition, competing objectives in staff supervision lead principals to over-rate their staff (Wise, Darling-Hammond, McLaughlin & Bernstein, 1984). It also has been observed that principals are not particularly effective at predicting which teachers’ classes will achieve the largest and smallest test-score gains, especially for teachers of about average performance,
with overall correlations of the order of 0.35 between principals’ assessment of teacher effectiveness in raising test scores and actual changes in test scores (Jacob & Lefgren, 2006).

Although some Australian school systems and sectors use supervisor ratings of teaching quality as part of a performance appraisal system, school leaders are not always required to make fine-grained or high-stakes judgments about teaching quality. As Ingvarson and his colleagues have noted (2007, p. 80), an analysis of the Victorian performance review system in 2003 showed that 99.85 percent of teachers received a ‘successful’ rating in their official performance review, a proportion that is not consistent with principals’ perception that 10 to 30 percent of teachers were ‘below average’.

In order for supervisors’ ratings to be useful for the assessment of teaching quality, the procedure for generating ratings would need to be much more robust than current Australian systems, providing clear guidelines about the evidence to be collected, standards against which the assessments were to be made, and procedures for ensuring that internal school assessments were validated by an external judgment process that could ensure a common standard. These are some of the design characteristics of the performance appraisal system recently introduced in England and Wales.

**Good practice in the use of school-based supervisor ratings**

England and Wales introduced a comprehensive national system of performance appraisal for teachers in 2000. Against the strong opposition of teachers and their unions, the new system offered teachers in state-supported schools the opportunity to progress up an extended pay scale based on performance instead of seniority (Marsden & Belfield, 2006). In return for access to the extended pay scales, teachers were required to participate in annual goal-setting performance reviews and to meet the standards of a “threshold assessment” of their skills and performance.

The procedures established to support principals in the assessment process include the following:

- an underpinning set of standards developed by the Training and Development Agency for Schools (TDA), the most recent of which were published in September 2007 (TDA, 2007);
- annual planning meetings that document and review progress;
- the requirement that progress against these plans be supported by evidence, such as professional development undertaken, observations of teaching, comments of students’ progress against academic attainment targets, and evidence of professional contributions to the school community; and
- procedures to support principals in making assessments, including external validation of their judgments by trained moderators.

Early research on teachers’ and principals’ attitudes to this scheme was not encouraging. According to Storey (2000), 62 percent of teachers rejected the idea of a performance management system. Farrell and Morris (2004) later concluded that more than 80 percent of teachers regarded the threshold assessments as unlikely to impact on teacher recruitment, retention or motivation. More recent research by Marsden and Belfield (2006), however, suggests that teachers’ acceptance of the link between pay and performance appraisal has grown over time. Whereas only a fifth of teachers and a third of heads agreed in principle in 2000, by 2004 between one- and two-fifths of teachers and between a half and two-thirds of heads accepted the linking of pay to performance appraisal. Over time, teachers and heads became more positive about the scheme. Fewer teachers believed that the scheme was
designed to make teachers work harder, that it would cause jealousies or that it would reward managers' favourites. More teachers agreed that it improved target setting and helped users to identify professional development needs, and more agreed that it was fair to reward teachers for student progress.

As was the case in Australia with the earlier Advanced Skills Teacher classification (Ingverson et al, 2007), most teachers in England and Wales saw performance appraisal as a means to provide an additional point on the salary scale. More than four-fifths of teachers held this view in 2004, compared with half of head teachers (Marsden & Belfield, 2006). In practice, however, it is the increase in pay that accompanied acceptance of performance appraisal that is the most obvious outcome: success rates between 2000 and 2004 were greater than 90 percent, at both the upper pay scale and threshold assessment points.

Whether or not teachers were positive about the system appeared to depend principally on whether the school took the attitude that the performance appraisal system was a means of reducing teacher shortages and increasing teachers’ pay, or a means of improving schools. Secondary schools appear to have been more likely to take latter option, using performance appraisal as an educational reform strategy (Marsden & Belfield, 2006).

Contrary to the experience in other countries, in England and Wales the national system of performance appraisal combined with reform of career and salary structures appears to be an effective reform strategy. Although the individual contribution of school-based ratings of teaching quality is hard to quantify, the performance appraisal system is part of a successful policy ensemble that appears to have been successful in increasing student performance and reducing teacher shortages.

**Value-added estimates of student achievement growth**

The use of student achievement data as a proxy for teaching quality has a history dating back to the British experiments with pay for pupil progress in the Nineteenth Century. In the United States, up to half of urban school districts had some sort of performance pay in the 1920s, but by the early 1950s performance pay was restricted to about four percent of school districts (Murnane & Cohen, 1986). New interest in the use of student achievement data and federal funding support through the No Child Left Behind legislation, has led to a variety of large-scale interventions in the United States. For example, under Florida’s STAR or MAP programs, performance-based pay is awarded to teachers for improved student achievement on the Florida Comprehensive Assessment Test (Florida Department of Education, 2007).

Such schemes build on the idea that growth in student performance is a strong indicator of teaching quality, and that it is the indicator for which it is worth paying. There are serious technical difficulties in making such schemes work, the most serious of which is that it makes no sense to pay for students’ average performance – because the quality of teaching explains only 30 percent of the variance in students’ test scores (Hattie, 2003). Much more of the variance (about half) is explained by prior attainment and the rest is the combination of average class test score, family background and school-level effects. In order to link teaching quality to student achievement, it is first necessary to account for such non-teacher influences on performance. The most commonly applied method is value-added assessment (Fitz-Gibbon, 1996; Goldstein & Woodhouse, 2000; Sanders & Horn, 1994). Used in combination with a statistical technique known as hierarchical linear modelling, value-added assessment attempts to partial out the known influences on growth of student achievement (such as prior achievement, indigenous status, social class, disability, language background and student cohort quality) and attributes the remaining unexplained variance to teacher effectiveness.
Good practice in value-added estimates of student growth

Perhaps the most sophisticated approach to the assessment of teaching quality through student achievement is the ProComp system introduced by Denver Public Schools and the Denver Classroom Teachers Association (see DeGrow, 2007, for a summary). Planned since 1999 and established in 2006, ProComp is a hybrid system, rewarding teachers for the test-score growth of their students, their credentials (such as NBCT status), their willingness to serve in hard-to-staff schools, and their satisfactory performance appraisal.

Three aspects of student achievement growth are rewarded:

- Setting and meeting objectives. Each teacher participating in the scheme is required to set two achievable and measurable objectives focused on student achievement. The assessment tools used must measure content learning and be tied to the curriculum. Teachers can earn a one-time (one percent) bonus for meeting one of these objectives and a permanent (one percent) salary increment for achieving both objectives.

- Student growth and state testing. An additional salary increase (three percent) is available for teachers whose students achieve a sustainable increase above the increase predicted by the statistical model. This model is based on value-added calculations.

- School bonus. Schools that exceed expectations of student growth and some other accountability measures are awarded Distinguished School status, which entitles teachers to a further one-off salary increase of two percent.

ProComp is a relatively new scheme, and the data needed to evaluate the effect on students’ achievement and acceptability to schools and teachers will not be available until 2009.
4.6 Professional Assessment

On the basis of this review of Australian professional standards for teaching and the literature on assessment of teaching quality, these observations are offered. They concern the use of professional standards, sources of evidence, precision of assessment, and institutional arrangements for the assessment of teacher quality.

Use of professional standards

In any robust performance-based process it is important to make assessments based upon evidentiary material that has integrity and is widely accepted. As the recent ACER project has shown (ACER, 2008), there are no serious conceptual or practical obstacles to aligning the various State and Territory standards to a new national set of beginning teacher standards. Similarly, for more experienced teachers, this paper has demonstrated that the standards that currently exist use the essentially the same conceptual frameworks. There are some differences in the level of detail provided across the various standards, but both generic and subject-specific standards examined in this review build on the same three research traditions.

Current standards provide adequate descriptions of the domains of teaching practice, but reliable and valid measurement against the standards requires well-developed assessment procedures. Independent of any member-checking that has been undertaken to test teachers’ opinions about the validity of the standards, procedures for measurement against the standards would need to be assessed for reliability and validity (see, for example, Luecht & Sireci, 2004). Historically, this second step has not been taken in the development of assessment procedures for Australian standards (Wallace et al, 1999).

If the core purpose in assessment of teaching quality is to improve the quality of teaching and learning in schools, an important consideration is the likely impact of various assessment processes on improvement of teaching quality and student achievement. The literature on assessment of teacher quality provides only one example of a system of assessment that has had a lasting and empirically demonstrated impact on improvement in teaching quality and improvement in student achievement (NBPTS, 2007).

After 15 years of operation, the NBPTS portfolio system can now make justified claims that students of National Board Certified Teachers outperform those of other teachers. Students of NBCTs are more likely demonstrate deep understanding of concepts and have better writing and comprehension skills; NCBTs are more likely to believe that they can influence student achievement; NCBTs are more likely be involved in school leadership; and they are more likely to remain in teaching and in their present school and school system. For all these reasons, the NBPTS system of eternal portfolio assessment appears to be effective as a reform strategy. In the face of this evidence, it would not be rational to make a substantial investment in a system of assessment of teaching quality that did not draw directly on the methods of the NBPTS.

This is not to say that the NBPTS system should be replicated in every aspect, because the contemporary professional and industrial conditions of Australia are not those of the United States 15 years ago (when the system was designed), but that departures from this approach should consider the likely impact on the effectiveness of assessment of teaching quality as a reform strategy.
Balance of sources of evidence

Several of the best practice examples of assessment described in this paper use multiple data sources. The Denver ProComp program includes direct school-based ratings of teaching quality as well as indirect assessments through student achievement (DeGrow, 2007). Similarly, the performance appraisal system developed in England and Wales uses school-based ratings of teaching quality as well as a basket of other evidence such as observations of teaching and discussions of the students’ progress against attainment targets (Marsden & Belfield, 2006). Locally, the New South Wales Institute of Teachers’ accreditation procedures, which have been documented but not yet applied in live assessments, will use a combination of teacher self reports, on-line portfolio entries, referees and school visits, and will then be subject to external moderation (NSWIT, 2008).

The assessment of teaching quality through external portfolio assessment has much to recommend it, especially in the highly developed form exemplified by the NBPTS. In addition to the evidence of the effect on student achievement, the NBPTS assessment procedures have been tested at scale with more than 120,000 teachers assessed in the last 15 years. The assessment procedures are well regarded by participants, who report that the process had made them better teachers (Whitman, 2002; Yankelvich Partners, 2001). Moreover, certification is valued by governments and employers, who often pay the cost of assessment or a salary increment contingent on achieving NBCT status (Goldhaber, Perry & Anthony, 2004).

School-based ratings of teacher quality overcome one of the apparent weaknesses of external portfolio assessment – that portfolio assessment fails to take account of local knowledge of teachers’ performance and runs the risk of certifying teachers who produce an excellent portfolio but who are not highly regarded by their school colleagues. But it does so at the risk of much higher pass rates, much lower levels of measurement precision, and more likelihood that judgments are contaminated by supervisors’ multiple goals in dealing with staff (Ingvarson et al, 2007; Medley and Coker, 1987; Wise, Darling-Hammond, McLaughlin & Bernstein, 1984).

For these reasons, clear support documentation, effective training of supervisors, and external moderation of supervisors' judgments are all necessary to support school-based ratings of teaching quality.

Some of the most prominent international attempts to measure teaching quality have relied on value-added assessment of growth in student achievement. One unfortunate consequence of this approach is that tests designed to measure student achievement become a proxy for measures of teacher achievement. The consequence, as Cooper, Ehrensal and Bromme (2005) have argued, is that teachers respond by narrowing their classroom goals and teaching to the test and this pressure to teach to the test is viewed by teachers as “a further reduction in their autonomy and discretion and consequently their professional status” (Cooper et al, 2005, p. 115).

Moreover, the consensus among measurement authorities is that value-added strategies are not technically adequate for high-stakes assessment, such as teachers’ career progression (see, for example, Raudenbush, 2004; Rubin, Stuart & Zanetto, 2004). Value added estimates of teacher effectiveness are not stable from year to year, and include large amounts of measurement uncertainty (McCaffrey, Lockwood, Koretz & Hamilton, 2006). In one recent Australian study, for example, multilevel measurement techniques identified approximately

---

1 For low stakes purposes, such as research attempting to identify the characteristics of effective teachers or to estimate the effect of alternative teacher education programs, these value-added strategies remain useful (see, for example, Kennedy, 2008; Lasley et al, 2006; and Boyd et al, 2006).
16% of teachers whose value-added scores were less than expected and 13% whose scores were more than expected. Although there were differences in student mean growth scores among the remaining 71%, their differences were not statistically significant (Louden, Rohl, Barratt-Pugh, Brown, Cairney, Elderfield, House, Meiers, Rivalland & Rowe, 2005). Moreover, estimates of statistically significant teacher effects are stronger for the teachers of young children (who have had only one or two teachers) than on older students who have been influenced by multiple teachers (Louden, Rohl & Hopkins, 2008). In addition, in secondary schools where teachers may teach multiple classes of the same subject at the same year level, different classes produce different estimates of teacher effectiveness, and the estimates of teacher effects are likely to be larger for teachers with classes that begin with higher average performance (Louden et al., 2008).

For all these reasons, assessment of teaching quality should not be based on value-added estimates of student growth. That is not to say that teachers should not refer to evidence of student growth in portfolios, or supervisors should not consider evidence of student growth in their ratings of teachers, but such evidence should be used indirectly, in context and with great caution.

In assessment of any kind, there is a trade-off between precision and expense. External assessment of portfolios by the NBPTS is highly credible with teachers and meet high standards of measurement precision, but portfolios are very expensive to produce and assess. More than $US400million has been spent by the NBPTS in establishing and assessing standards (NBPTS, 2007); there are significant recurrent costs of assessment, currently $US2,500 per teacher; and the evidence portfolio takes teachers up to 400 hours to produce (NBPTS, 2007).

In contrast, assessments made by supervisors are relatively inexpensive but have much lower levels of precision. In both England and Australia performance appraisal systems relying on supervisor judgments have led to very high success rates, with almost all applicants being successful, which suggests that judgments about acceptable teaching quality are being made very low in the performance distribution.

The quality of supervisor assessment may be increased, as it is in the English system, by high quality training, and by external moderation of school-based assessments. Attempts to reduce the cost of portfolio assessment while retaining precision of measurement, however, have not been so successful. In the Western Australian Level 3 Classroom Teachers scheme, for example, assessment procedures require less teacher effort, than the NBPTS process, and the assessments are conducted more cheaply, but the results of assessment procedures have been much less acceptable to WA teachers than the NBPTS assessments have been in the United States.

The MCEETYA national Framework for Professional Teaching Standards includes ‘career elements’ that allow for standards to be expressed at multiple levels of career development. Many jurisdictions have taken up this opportunity and defined standards at multiple career stages. In NSW, for example, there are standards for graduate teachers, professional competency, professional accomplishment and professional leadership (NSWIT, 2008). Given the expense of producing reliable and valid individual assessments of teaching quality – especially if the mix of sources of evidence includes portfolios or ratings by colleagues – assessment at multiple levels is likely to be very expensive and lead to increases in teachers’ workloads. For this reason, it is recommended that only one level of assessment be attempted at this time, and that this should be at the level of ‘expert’ or ‘highly accomplished’ level.

While some employer will negotiate teacher assessment and teacher pay simultaneously the institutional arrangements necessary to provide a system for assessment of teaching quality
could, alternately, draw directly on the experience of the NBPTS in the United States. There, the strategy of separating assessment of teaching quality from employment contracts appears to have been successful in changing the behaviour of both teachers and their employers. Teachers who have participated in the assessment process have found it demanding and professionally enriching, and over time employers have been prepared to increase remuneration of teacher who have been successful in the assessment process (Goldhaber, Perry & Anthony, 2007; NBPTS, 2007). Compared with the English or Australian approaches to assessment of teaching quality (Gerard Daniels, 2007; Ingvarson et al, 2007; Marsden & Belfield, 2006), all of which have been implemented through industrial negotiations, the independent NBPTS has had a much greater impact on career structures, remuneration and growth in teaching skill. For this reason, it is posited that procedures for assessment could be independent of industrial negotiations.

Using the NBPTS as a benchmark for quality, it is clear that there is a significant capital cost in developing a robust, reliable and valid process for assessing teaching quality. At present, only one jurisdiction has a fully-developed assessment process (NSW, 2008). It would be inefficient for other states to develop parallel but slightly different assessment processes, in the way that parallel but slightly different professional standards have been developed in every state and territory in the last decade.

The value of common national processes has been recognised elsewhere in the current teaching quality reform agenda. The preparatory work on a national system for accreditation of initial teacher education programs undertaken by a MCEETYA working party involving employers, teacher registration authorities and the deans of education has demonstrated that it is possible to reach national agreement on processes to support teacher quality at the point of entry to the profession. It seems reasonable to expect that a similar level of agreement could be negotiated among the employers and teacher registration authorities on assessment of teaching quality at a later point in the career cycle.

The proposed Australian Curriculum, Assessment and Reporting Authority (ACARA) provides a contemporary example of a coordinating authority that will bring together complementary strands of the national educational reform agenda. Similarly, a new national teaching quality agency could bring together accreditation of teacher education and assessment of accomplished teaching. Like the proposed national teacher education accreditation process, this agency could provide common national assessment process which are then operated in a distributed way through existing state and territory teacher registration authorities. Alternatively it could be a moderating body ensuring a level of consistency between various systems so as to achieve national integrity and enhance teacher mobility.
5 Part C: Perception by Teaching Profession

5.1 General Observations

Stakeholders at Appendix 4 were consulted in 2007 and 2008.

There is a very strong desire among stakeholders to build a career path for their best teacher that retains them within classrooms as an alternative to promotional leadership and management positions. The plateau of teaching salaries is challenging many employers. Many teachers are at the top of their pay scales and by implication there will be pressure to create a new pay point in any remuneration redesign.

While stakeholders reported that their remuneration philosophy is based on the values of schools, by and large the philosophy is based on keeping in touch with the relativities of the school sector in each jurisdiction, and, where there is some discretion, building incentives to retain high performing teachers. They reported there is very little practice of performance pay in Australian schools, except in a tiny minority of commercially assertive schools, largely elite schools, which have local governance, strategic planning and a linked performance management system. There is not a practice of sophisticated performance management (including talent management) of teachers in schools across Australia; or linkages of remuneration to key performance indicators and school strategies.

5.2 Universal Agreement

The strongest point of agreement, among all stakeholders, is that a pay system should not be based solely on student testing and their benchmarks. However all agreed that the primary purpose of any pay system reform is to improve teaching instruction so as to improve the growth of students.

Stakeholders are interested in systematic ways of rewarding ‘excellent’ or ‘exemplary’ or ‘very good’ or the ‘best teachers’ or ‘accomplished’ teachers, whose performance is proven against agreed criteria.

None could identify a legislative impediment to pay reform.

No-one supports the idea of diminishing pay rates for some teachers to afford paying other high performing teachers. There is a general sense that this will damage the attraction and retention of teachers.

Pay reform is important to the retention of teachers; and the retention of high performing young teachers and the standing of teaching as a desirable profession. (There is not quite as a strong consensus that it would assist to attract people to the teaching profession).

No one suggested that all teachers will receive pay for high performance but they all agreed that there should be no barriers to any teacher’s eligibility (other than their own performance). Therefore teachers from all schooling years, from preparatory or K to 12, and teachers in all types of classrooms, including special, isolated and disadvantaged classrooms should be offered a performance pay system that is sufficiently robust and sensitive to judge the effectiveness of their practice. It was often noted that a system built on student scores will limit a scheme to teachers of students in the national assessment years.
5.3 Strong Agreement

Many stakeholders agree:

- They are not comfortable with ‘performance pay’ as the discourse, preferring either reward-based pay or standards-based pay or rewards for accomplished teachers.
- A scheme of annual at risk performance bonuses is not what is envisaged by the teaching sector when it talks about performance pay. Almost universally the sector envisages the assignment of the moniker ‘excellent teacher’ to a teacher on a periodic basis (two to five years, re-assessable) that attracts additional remuneration. The AEU preferred that the pay point should be ongoing and not re-assessed.

Most stakeholders did not accept that access to pay points should be limited by a quota.

Rewards should be largely cash-based. Additional non-cash elements include scholarships for teaching related study, conferences and HECS and PELS relief.

Most stakeholders, other than employers, agreed that restructured pay should not be used as an opportunity to restructure roles of accomplished teachers and require them to take on additional duties.

Most are concerned that the creation of bonus pay for high performing teachers runs the risk of being normalised into the teacher pay structure.

A number of stakeholders, including the BCA, are concerned that high performing teachers will be recruited by already advantaged schools and that some measures need to be put in place to ensure that students throughout Australian school have access to accomplished teachers. All stakeholders rejected school quotas but some did comment that other incentives like payments to teach in hard to fill schools could be used to equalise access to accomplished teachers.

Many stakeholders commented that teaching is complex and it is hard to measure its effects on students, schools and the community. Teaching is a vocation and carries with it intrinsic rewards. These rewards have offset remuneration awards in many systems. This partly explains the ambivalence some teachers feel toward the more commercial concept of performance pay.

Schools are primarily, but not only, focused on the academic performance of their students. There are many aspects to the school and classroom environment and professional development that should be celebrated and rewarded. A pay system should assess the broader effectiveness of teachers.

There should be some consensus about the performance standards – either nationally, state and territory or systems derived – to be achieved by high-performing teachers.

The success of any system relies upon broad agreement among the profession, employers and unions. The acceptance and integration of new rewards rely on careful planning and implementation over a considerable period of time and accompanied by robust validation and review.

Most supported the idea of multiple sources of assessable evidence of higher performance, including portfolio, observation, and peer and leader feedback. There was significant discussion about holding teachers more accountable for their classroom practice, via observation. Some schools will have data about classroom performance, professional
development and parent opinion that might be fed into an assessment process. In short, there are fragments of data. Any multiple data sources system will need to be designed.

Whatever assessment of high performance is put in place, there should be mechanisms that moderate (compare and validate) the outcomes between teachers and schools. Many noted that validation of assessments will be a significant challenge for any performance-based assessment of teachers.

There is concern about the possibility of a pay system distorting the efforts of teachers, particularly where it encourages teachers to ‘perform’ to the system rather than dedicate to ongoing pedagogy.

The early experiments, of 15 years ago, of rewarding excellent teachers known as the (AST) senior teacher 1 and 2 were a failure in many systems and older teachers hold long memories about the failures.

Team-based remuneration is too imperfect and too problematic. Although teaching is highly collaborative, stakeholders are concerned that a team-based remuneration system would require schools and teams to confront variable contributions and the problem of free-loading in teams. This could damage collaboration within schools.

Many stakeholders are concerned about the possible re-alignment of the labour market as a consequence of pay reform. A poorly designed performance pay system may see teachers tactically congregate among classrooms or employers who improve their chances of remuneration. Additionally a new pay policy may undermine the viability of some at risk schools in the non-government sectors, either because they can’t or won’t participate in initiatives that affect their payroll or they won’t be competitive employers for teachers who wish to demonstrate their craft of excellent teaching.

The teaching culture of collaboration will resist individual rewards. The culture also suffers from the tall poppy syndrome. A reward system that does not capture the school culture will be resisted by the school community.

5.4 Divided Positions

Portability of a teacher credential is a significant point of difference between the systems and sectors. For some stakeholders this is a moniker that belongs to the individual teacher and is portable between schools (similar to the credentialing system envisaged by ACER). For others it is assigned by the employer and only retained for the period of employment, being judged as either contextual to the school or an inconvenient remuneration liability for the subsequent employer. Some independent employers are concerned that they will take on a salary liability that they cannot afford.

Some stakeholders prefer a simple salary spine based on seniority; some a banded system that is only available when increments in the award have been exhausted; and other banded systems with hard barriers to movement in between the higher bands.

Some employees and the BCA prefer a re-negotiation of career pathways and the creation of standards-based career progression. The new pay agreement available to New South Wales independent schools was cited by a number of stakeholders. The BCA has modelled a professional pay structure of four bands.

Some stakeholders, including large employers and the New South Wales Institute of Teaching prefer that the process of acquiring standard based accreditation is separate from remuneration and industrial negotiations.
Some stakeholders would support teacher initiated applications for accreditation and rewards while others would support principal or leader initiated applications; or a partnership between the teacher and the school.

Some systems or employers are attracted to the idea of sending the message that not all teachers are the same and excellence will be differentially rewarded. Other systems struggle with the ethos, especially where they highly prize collaboration and the virtue of equality.

5.5 Interesting Observations

For some stakeholders pay reform would need to foreshadow and eventually demonstrate an improvement in teaching in Australia. For other stakeholders it is a pay justice issue and its implementation is sufficient.

A few stakeholders commented that the levels of remuneration for Australian teachers are sub-optimal and the ‘performance pay’ debate is masking general remuneration inadequacies.

The teacher education courses at universities are attracting many mature age students with experience of various workplaces and pay systems who will be impatient with the seniority remuneration system in the teaching profession; or who will be highly skilled and would be able to progress through a remuneration system focussed on performance.

There may be a generational divide in opinions among teachers about performance pay. Generation X and Y teachers may be more impatient with inflexible pay scales. The bimodal generational structure of the teaching workforce is forcing more discussion about attraction and retention strategies and the notion of professional attachment and a life-long teaching vocation.

Credentialing was often discussed. Some stakeholders, particularly professional associations, believed there is value in teachers applying for a personal credential, in much the same way lawyers, accountants and engineers seek advanced assessment from their professional bodies. Other stakeholders, particularly employers, wish to retain control of the assessment or the recognition of the credential. The different approaches affect the design of assessment and its portability.

The debate about performance pay inspires discussion about the profession of good teaching. The discourse in schools and systems will lead to hard discussions about what is really valued in schools (and conversely what is less valued).

Some employers made explicit mention that they would oppose mandated performance pay systems and any further control by the Commonwealth of their payroll. Some held very strong views about the perceived interference by governments in their employment arrangements. A number would be very concerned about the publication of league tables of schools based on their employment of accomplished teachers.

Some stakeholders are concerned that they would lose control of their payroll and workforce planning if a system was fully external and based on teacher initiated applications for assessment. This is one of the main reasons why employers want control of the assessment process and wish to separate accreditation from industrial agreements.

While all stakeholders are very supportive of retaining great teachers in the classroom, many reported that they have shortages of teachers prepared to take up leadership and other promotional roles in schools. A new teacher career path created by pay reform may exacerbate teacher leader shortages.
Some employers and unions discussed the effect on morale of teachers who were not successful in an assessment process. A number suggested that good processes would allow a teacher to receive appropriate feedback about the likelihood of success before making application. This could be done during a performance management interview; or initial reflection leading to application; or by a mock on-line application process.

Many stakeholders mentioned that teachers are not used to observation of their classrooms. Classrooms are often private domains, although this is breaking down in schools that have team-based, collaborative teaching. Teachers may be nervous about being accountable for their performance in a classroom. Most stakeholders commented that it is a good thing to break down this closed, private culture.

### 5.6 Fundamental Features of Teacher Pay System

The following is a composite list of the ideal features identified by stakeholders. Most stakeholders have identified most of these features:

- Reward teachers for having and practicing high level teaching skills;
- Commonly accepted definition of high performance;
- Quantitative and qualitative measures proving performance and contribution;
- Credible to teachers, schools, systems, community;
- Rigorous – but be careful about sensitivity of assessment (not too acute or dampening);
- Transparent;
- Accessible, aspirational, attainable but not universal;
- Additional pay over and above base remuneration;
- Properly funded;
- Applicable to all classroom settings – K to 12, special and disadvantaged, broader classroom (eg. classroom librarian);
- Build on the considerable development of standards around Australia;
- If there are national or sub-national standards they must be usable and credible locally, in the school community;
- Assessment must be aligned with work of teacher rather than creating more work or a parody of teacher work;
- Multiple sources of evidence of teacher performance (including portfolio, observation, principal, leaders and peer feedback, student growth);
- Some assessment at local level;
- Validation and moderation of assessment;
- Ongoing review of the teacher via re-assessment on periodic basis;
- Standards need to be sufficiently flexible to deal with the school context;
- Professional engagement as well as classroom teaching should be assessed;
- Assessment could measure teacher contribution to student improvement but not scores;
- Well communicated and easily understood; and
- Considerable attention paid to implementation and continuity.
However there was divergence of views among stakeholders about the following key matters:

- Seniority – should performance pay be linked to time served or should it be available at any point in career?
- Should it only focus on one pay point for accomplished teachers?
- Awards and agreements – should there be a re-write of remuneration bands to accommodate performance pay or should new pay points be added to existing structures?
- How much performance should be judged within the school and how much judged external to the school?

5.7 Failure of a Pay System

Stakeholders were very similar in their concerns about what would lead to the failure of a performance pay system:

- Poor reward structure – not sufficient to attract interest; too expensive for sector;
- Not attainable by teachers throughout schools;
- System and assessment too rarefied and complex;
- Assessment too soft and leads to "dumbing down" of professional standards;
- Not rigorous, too subjective;
- Too inflexible to capture different types of classroom challenges;
- Relies only on a qualitative performance management system;
- The process is not fair;
- The process is opaque;
- Not moderated;
- Not properly resourced;
- Resourced from current budgets;
- Resourced by diminishing other teachers’ salaries;
- Relies on one or few pieces of evidence of performance;
- Student test based;
- Antagonises direct comparisons among peer teachers;
- Not integrated with principles of learning;
- Is implemented differently by different employers and distorts the labour market and opens up large remuneration gaps across the education sector;
- Is implemented in a way that distorts teaching in schools, eg. encourages privatisation of classroom teaching; rewards easy classes; discourages collaboration; reinforces disadvantage in schools;
- Requires accomplished teachers to take on duties that take them out of the classroom on a significant basis;
- Not well communicated;
- Costs of implementation outweigh performance pay funding or efficacy;
- Does not have industrial support;
- Not supported by community;
- Promotes mistrust among stakeholders; and
- Is a once-off political decision rather than providing remuneration continuity and predictability.
However there was some divergence about whether the following features would lead to its failure:

- Assessment relies solely on principal’s discretion;
- Application is initiated by the individual teacher; and
- Whether seniority remains a structural feature of remuneration based on performance.

5.8 Summary

All stakeholders reject a simple annual bonus for teachers whose students perform well in standardised exams. Remuneration reform of Australia’s teaching profession requires more complex solutions, and many of the solutions do not relate to performance pay. They relate to start pay to attract high quality graduates in sufficient numbers and incentives to attract and retain teachers in high demand and hard to fill schools and curriculum areas.

Pay reform may attract support if it promises to:

- Support retention and career development strategies;
- Build the status of the profession and the teaching brand; and
- Align with effective classroom practice.

Two approaches to teacher pay were regularly suggested by stakeholders:

- Improved pay for high-performing teachers; and
- Performance-threshold based salary spines.

Some employers also have in place annual performance management systems that while not related to remuneration could be more aggressively aligned to career mapping and professional development to support performance thresholds systems and allow teachers to map their progress toward the high-performing pay points.

Teaching standards are being used in different employment settings to determine ongoing professional development and engage in annual performance management conversations. In New South Wales teachers can be formally assessed for standards based accreditation. However the idea of attaching accreditation to remuneration is the threshold question for many stakeholders.
6 Appendices

Appendix 1 - Standards developed by employers and registration authorities ........................................ i
Appendix 2 - Standards developed by subject professional association ............................................... iii
Appendix 3 - Bibliography ......................................................................................................................... iv
Appendix 4 – Stakeholders ....................................................................................................................... xv
Appendix 5 – Acknowledgement ............................................................................................................. xvii
### Appendix 1 - Standards developed by employers and registration authorities

<table>
<thead>
<tr>
<th>Authority</th>
<th>Document</th>
<th>Career stages (Career Elements)</th>
<th>Domains (Professional Elements)</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales Institute of Teachers</td>
<td>Professional Teaching Standards (2008)</td>
<td>4 Graduate Competent Accomplished Leader</td>
<td>3 Knowledge Practice Commitment</td>
<td>7 (elements)</td>
</tr>
<tr>
<td>Teacher Registration Board of the Northern Territory</td>
<td>Professional Standards for Teachers (2006)</td>
<td>3 Graduate Competent Accomplished (Leadership)</td>
<td>4 Ethics Knowledge Practice Engagement</td>
<td>8</td>
</tr>
<tr>
<td>Department of Employment, Education and Training, Northern Territory</td>
<td>Teacher of Exemplary Practice (TEP) (2006)</td>
<td>3 TEP L1 TEP L2 TEP L3</td>
<td>2 Teaching Professional standing</td>
<td>7</td>
</tr>
<tr>
<td>Education Queensland</td>
<td>Professional Standards for Teachers – guidelines for professional practice (2005)</td>
<td>4 Graduate Competent Accomplished Leadership</td>
<td>2 Teaching &amp; learning skills, Knowledge &amp; commitment</td>
<td>*22</td>
</tr>
<tr>
<td>Department of Education and Children’s Services, South Australia</td>
<td>The Professional Standards for Teachers (PST) (2005)</td>
<td>2 Beginning teachers Established teachers Accomplished teachers Teacher leaders</td>
<td>4 Values Knowledge Relationship Practice</td>
<td>9</td>
</tr>
<tr>
<td>Teachers Registration Board of South Australia</td>
<td>Professional Teaching Standards for Registration in S.A (2006)</td>
<td>2 Entry to register, Change of status</td>
<td>3 Relationships Knowledge Practice</td>
<td>9</td>
</tr>
<tr>
<td>Teachers Registration Board, Tasmania school sectors and systems, Australian Government</td>
<td>Professional Teaching Standards Framework (2007)</td>
<td>3 Graduate Competent Accomplished Leadership</td>
<td>4 Knowledge Practice Relationship Values</td>
<td></td>
</tr>
<tr>
<td>Authority</td>
<td>Document</td>
<td>Career stages (Career Elements)</td>
<td>Domains (Professional Elements)</td>
<td>Standards</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Victoria Institute of Teaching</td>
<td>Standards of Professional Practice for Full Registration/ Graduating Teachers (2003)</td>
<td>2 Graduating teachers, Full registration</td>
<td>3 Knowledge Practice Engagement</td>
<td>8</td>
</tr>
<tr>
<td>Department of Education and Training, Western Australia</td>
<td>Competency Framework for Teachers (2004)</td>
<td>3 Phase 1 Phase 2 Phase 3</td>
<td>3 Knowledge Practice Attributes</td>
<td>5 (dimensions)</td>
</tr>
<tr>
<td>Western Australian College of Teaching</td>
<td>Professional Standards for Teaching (2008)</td>
<td></td>
<td>3 Knowledge Practice Engagement</td>
<td>9</td>
</tr>
</tbody>
</table>
## Appendix 2 - Standards developed by subject professional association

<table>
<thead>
<tr>
<th>Authority</th>
<th>Document</th>
<th>Career stages (Career Elements)</th>
<th>Domains (Professional Elements)</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Association of Mathematics Teachers,</td>
<td>Standards for Excellence in Teaching Mathematics in Australian Schools (2006)</td>
<td>1 Excellent</td>
<td>3 Professional Knowledge Professional Practice Professional Attributes</td>
<td>10</td>
</tr>
<tr>
<td>Australian Association of Teachers of English/ Australian Literacy Educators’ Association</td>
<td>Standards for Teachers of English Language and Literacy in Australia (2002)</td>
<td>1 Accomplished</td>
<td>3 Professional Knowledge Professional Practice Professional Engagement</td>
<td>9</td>
</tr>
<tr>
<td>Australian Science Teachers’ Association</td>
<td>National Professional Standards for Highly accomplished Teachers of Science (2002)</td>
<td>1 Highly accomplished</td>
<td>3 Professional Knowledge Professional Practice Professional Attributes</td>
<td>11</td>
</tr>
<tr>
<td>History Teachers’ Association of Australia / Australian Historical Association</td>
<td>National Professional Standards for Teachers of History (n.d.)</td>
<td>Not specified</td>
<td>3 Professional Knowledge Professional Practice Professional Engagement</td>
<td>9</td>
</tr>
<tr>
<td>Australian Council of TESOL Associations</td>
<td>Professional Standards for TESOL Practitioners (2005)</td>
<td>1 Accomplished</td>
<td>3 Dispositions Understandings Skills</td>
<td>9</td>
</tr>
</tbody>
</table>
Appendix 3 - Bibliography


AISV, Rewarding High Quality Teaching Program AISV Discussion Model 2008


APSC (2003). Staffing the Public Service. The Australian Experience of Public Sector Reform Barton Australian Public Service Commission


Australian Bureau of Statistics: 4221.0 – Schools, Australia, 2007 (Issued 29 February 2008)


Australian Education Union. Professional Pay and Quality Teaching for Australia’s Future: The AEU Proposal


DET (2004a) Performance Management (CD Rom): simplifying the approach to accountability and development, Strategic Human Resources, Department of Education and Training, Government of Western Australia, Perth

DET (2004b) Competency Framework for Teachers Department of Education and Training, Government of Western Australia, Perth


Education Department, South Australia. (1992). Teachers’ work. Adelaide, SA: Education Department of South Australia.


Ewing, M. (2001). An evaluation of the assessment processes used to select Level 3 classroom teachers in Western Australia. Nedlands WA: Department of Education of Western Australia and Graduate School of Education, University of Western Australia.

Ewing, Megan (2001) An Evaluation of the Assessment Processes used to select Level 3 Classroom Teachers in Western Australian Government Schools, Department of Education of Western Australia and supported by the Graduate School of Education, University of Western Australia


Green Paper (1998) Teachers: meeting the challenge of change Presented to Parliament by the Secretary of State for Education and Employment by Command of Her Majesty


Independent Education Union of Australia (2007). Recognising Accomplished Teaching


Jasman, Anne & Barrera, Susan (1978) Final report Teacher Career Structures: Level 3 Classroom Teachers, Centre for Curriculum & Professional Development, Murdoch University, in association with Nexus Strategic Solutions


Ministry for Education, Finland, Attracting, Developing and Retaining Effective Teachers Country Background Report for Finland for OECD teacher project, June 2003


NSW Institute of Teachers, “Accreditation at Professional Accomplishment and Professional Leadership”, April 2008


Strike T, 2007, UK HE Pay Determination, Australian Higher Education Industrial Association (AHEIA) Annual Conference, Fremantle, Western Australia


Wessel, David. It's the Teachers, Stupid. Wall Street Journal. 6 April 2006


Appendix 4 – Stakeholders

Following is a list of all stakeholders who have met with Gerard Daniels regarding the project:

- Association of Heads of Independent Schools of Australia
- Association of Independent Schools of New South Wales
- Association of Independent Schools of South Australia
- Association of Independent Schools of Tasmania
- Association of Independent Schools of Victoria
- Association of Independent Schools of the ACT
- Association of Independent Schools of the Northern Territory
- Association of Independent Schools of Western Australia
- Association of Principals of Catholic Secondary Schools Australia
- Australian Association of Christian Schools
- Australian Association of Mathematics Teachers
- Australian Chamber of Commerce and Industry
- Australian College of Educators
- Australian Council for Educational Leaders
- Australian Council for Educational Research
- Australian Education Union
- Australian Parents Council
- Australian Science Teachers Association
- Australian Secondary Principal’s Association
- Australian Special Education Principals Association
- Business Council of Australia
- Catholic Education Commission New South Wales
- Catholic Education Commission of Victoria Ltd
- Catholic Education Office – Canberra and Goulburn Diocese
- Catholic Education Office of Western Australia
- Catholic Education Office South Australia
- Department of Education (Tasmania)
- Department of Education and Training (Australian Capital Territory)
- Department of Education and Training (New South Wales)
- Department of Education and Training (Victoria)
- Department of Education and Training (Western Australia)
- Department of Education and Children’s Services (South Australia)
- Department of Education, Training and the Arts (Queensland)
- Department of Employment, Education and Training (Northern Territory)
- Independent Education Union of Australia
- Independent Schools Council of Australia
- Independent Schools Queensland
• Lutheran Education Australia – National Office
• National Catholic Education Commission
• New South Wales Institute of Teachers
• Queensland Catholic Education Commission
• Tasmanian Catholic Education Office

Meetings have not been held with the following stakeholders:

• Aboriginal Independent Community Schools of WA (not available)
• Australian Council of State School Organisations (no response to correspondence)
• Australian Primary Principals’ Association (no response to correspondence)
• Catholic Education Diocese of Darwin (no response to correspondence)
Appendix 5 – Acknowledgement

This report was produced by the international services firm Gerard Daniels, headquartered in Perth, Western Australia.

The project was led from Gerard Daniels by Alison Gaines, Global Practice Leader Board Consulting, with Pamela-Jayne Kinder (Senior Remuneration Consultant), Gillian Angel (Remuneration Consultant), Kristy Stewart and Cara Taylor (Project Co-ordinators).

Professor Bill Louden, Dean of Education, University of Western Australia has provided significant consulting advice about teacher quality and assessment.

The project team also comprised:

- Rich Krasnoff, Consultant, Company Director and School Board Member
- Alan Thompson, Workforce and Human Resources Consultant
- Dr Bryn Roberts, Education Consultant and former member of the UK School Teachers Review Board
- Michael Jones, Manager Employee Capability and Engagement, Murdoch University