

Performance Based Pay for Teachers

Issues Paper:
Australian Primary Principals Association

Summary

Purpose of the Paper - by the Australian Primary Principals Association

To examine the concept of performance-based pay for school and identify potential benefits, disadvantages and challenges which would need to be met were such a system to be introduced into Australian Schools.

Background

In July, 2006, the Federal Minister for Education, the Hon Julie Bishop MP, made a statement suggesting teachers' pay should be linked to their performance. In doing so, the Minister said that teachers were one of the few groups of professionals not accountable for their performance.

In August, 2006, the then Shadow Minister for Education, Ms Jenny Macklin MP, made a statement signalling in-principle support by the Federal Opposition for performance-based pay for teachers, saying that there was a need to "build rewards and incentives to attract the best people" to schools, especially in "tough" areas.

The Australian Primary Principals' Association, as a body representing Catholic, government and independent primary school principals, does not presently have a policy stance in relation to performance-based pay for school teachers.

The APPA would welcome any strategy likely to improve the quality of teaching, especially where that strategy was accompanied by funding necessary for effective implementation.

The APPA is concerned however, to ensure that, prior to the making of any decisions to implement a measure of such significance as a performance-based pay scheme, *thorough and measured consideration is given to the wide range of implications which such a scheme would have for the quality, supply and morale of teachers; the administration of primary schools; and learning outcomes for primary school students.*

The intention of the 'Issues Paper' was to identify from a practical perspective the potential implications of implementation of a performance-based pay scheme; to elucidate the possible nature and content of such a scheme; and to identify the questions which need to be answered, and the challenges which would need to be addressed, for any such scheme to operate effectively and to the ultimate benefit of students, parents, teachers and the wider community.

Performance-Based Pay – The Concept

It is necessary to understand what is meant by the notion of performance-based pay. Traditionally, there has been a variety of models for recognising employees on the basis of the quality of their performance. Performance-based pay concept includes:

- paying employees, wholly or partially, on the basis of the quality of their performance
- The criteria for determining the payment of additional rewards are to be objectively determined: whether in volume of product or sales, increase in profits, or additional hours worked. More accurately put, the context of the industries in which systems of this kind work well are those where outputs and outcomes are easily, and objectively, quantifiable. This quantification can usually (although not always) be reduced to monetary terms.
- Not all industries and not all occupations share these characteristics.

Performance-based pay in schools

- An effective and workable system of performance pay in schools, one of the more crucial questions to be answered is that of whether the contributions of individual teachers can be measured in a way which will provide a valid, fair, and generally accepted basis for varying pay rates.

It is implicit in the statements of Minister Bishop that what is being talked about is, put very broadly, the use of student outcomes as a measure to inform pay decisions. What is currently under discussion, however, very clearly is the concept of performance-based pay schemes related to student outcomes

Other Parts of the World

There is currently there is only a small amount of evidence available about the operation of performance-based pay schemes in practice in countries around the world. In countries such as the United Kingdom, Canada and New Zealand it is more common-place to have increases in pay linked to teachers experience, qualifications, professional knowledge, performance appraisals than those linked to student outcomes. However, in some 32 states of North America have passed legislation of some kind designed either to reward schools for implementing performance-based pay systems or to sanction them for failing to do so. Despite this, there is currently no widespread usage of performance-based pay related to student outcomes.

Evidence about schemes which use student progress as measured by standardised tests as the sole predominant determinant of performance pay is more limited, simply because schemes of this kind have, at least recently, been uncommon.

In Australia, there is currently no significant usage of schemes of this sort in schools. Overseas, the evidence is again not clear in one direction or the other, but there is at least some evidence that schemes of this kind can work, and produce improvements in student outcomes.

Issues

How might the quality of teaching in our schools be improved?

Is it possible to devise a valid and fair scheme through which student performance is used to inform pay decisions for teachers?

Other impacts on the quality of teaching and learning

It is implicit (although rarely said directly) in the concept of performance-based pay that its usefulness lies essentially in improving the performance of teachers of average or above-average abilities and performance.

It is true that not all teachers in schools fall into these categories. It is well recognised that substantial challenges lie in the tasks of improving the performance of teachers whose work is (whether through lack of experience or other factors), below acceptable standards. Further toward the other end of the spectrum is the task of separating from schools teachers whose abilities and talents simply do not match the task and cannot, however much effort is applied, be made to do so.

It is essential to recognise that improvement of the quality of teaching lies not simply in lifting the performance of the average and the talented. A major challenge also lies in improving the inexperienced and borderline performers, which require strategies and skills beyond the reward of remuneration. Finally, while the numbers of teachers whose underperformance cannot be remedied by any strategies reasonably open to colleagues and school executives may be small, any principal will attest to the effort, and potential damage to the fabric of the school, inherent in the task of dealing with such teachers. It needs to be recognised that the overall improvement of the quality of teaching requires a broad approach going much beyond the ambit of

performance-based pay. It can be said with confidence that the analysis of experienced educators would be that teacher quality is dependant on a wide range of factors, requiring a carefully crafted and broad-ranging set of strategies.

Feasibility of using student performance for pay decisions

Questions & Considerations: (p13 -17)

- Validity of Measurements of student performance
- Factors affecting student performance
- Pre-existing standards of student performance
- Factors beyond the control of schools or teachers
- Attributing changes in student performance to individual teachers

Desirability of using student performance for pay decisions

Questions & Considerations(p.17 – 21)

- Incentives to teacher performance
- Collegiality and cooperation
- Teacher Supply and Demand
- Staffing schools in rural, remote and low socio-economic areas

Practical and Structural Issues

Questions & Considerations: (p.21 – 23)

- Criterion referenced or quota-based schemes
- Criteria for making pay decisions
 - Range of Criteria
 - Incentives for serving in remote or unpopular areas

Implications for school administration

Questions & Considerations: (p.23 – 29)

- The Primary school sector in Australia
- Administrative structures of primary schools
- Standardised-testing in Australian primary schools
- The responsibility for administering performance-based pay schemes
- Administration in the primary school context
- Disputes, morale and industrial relations implications

Funding a performance-based pay scheme

Questions & Considerations: (p.29 – 32)

- Funding issues generally
- Size of performance-based pay increases
- Nature of performance-based pay increases
- Application beyond the classroom teacher level

Mechanism for introduction of a performance-base pay scheme in Australian primary schools

Questions & Considerations(p.32)

- State or Federal Government – Funding???

Summary

There can be little doubt that, in comparable school systems around the world, performance-based pay schemes are "on the agenda". More fundamentally, it is difficult to argue against the notion of providing better rewards for better workers, whether they are in health, education, transport or any other field of endeavour providing goods or services to the public. Importantly, all schools are, to a greater or lesser extent, the recipients of public funding derived from taxation revenue, and taxpayers are entitled to be satisfied that their tax dollars are used to best effect in the provision of public services.

The predominant questions which might sensibly be asked of the Commonwealth Government are as follows.

- *What criteria are intended to form the basis of a performance-based pay scheme?*
- *If the predominant criterion used is to be student progress as measured by standardised testing, what measures will the Government take to ensure the implementation of valid and appropriate testing regimes and instruments?*
- *Will testing be able to differentiate between school-based and non-school-based influences on student performance?*
- *Will testing be able to differentiate between the influences of different teachers on individual students or groups of students? What might be the ultimate extent of increased standardised testing?*
- *If student progress measured by standardised testing is not the predominant criterion, and other criteria are used, what will these criteria be?*
- *How does the Government propose to ensure that outcomes are consistent both within schools and school systems? How does the Government propose to ensure that outcomes are understood and seen as valid by parents and the wider community?*
- *What additional funding does the Government propose to allocate in order to fund pay increases? Is it intended that every teacher satisfying the scheme's criteria will receive a performance-based pay increase, or is a quota or some other kind of restriction envisaged? How might the value of any such scheme be maintained in the long term?*
- *What resources, funding and other support does the Government propose to provide for the management and administration of the scheme; ensuring that school teachers and executives, parents and other stakeholders clearly understand the scheme; and that school executives and teachers are provided with adequate training?*
- *In some places systems were in place to deduct merit pay from teachers whose performance drops once they have the merit pay. Would this be the case for teachers in Australia. How would this be determined? What would be the industrial ramifications.*
- *Does the Government intend that the introduction of a performance-based pay scheme in schools be genuinely optional, or will there be adverse funding consequences for schools choosing not to implement such a scheme?*

Does the Government intend to facilitate widespread consultation with teachers, school executives, parents and the wider community before making decisions?