



## Summary:

# The Career Stage Reform and the Teachers' Salary Boost – higher pay but less cohesion

## Audit background

The Career Stage reform<sup>1</sup>, introduced in 2013 and the Teachers' Salary Boost, introduced in 2016, are two governments' responses to Swedish pupils' poor school outcomes. The reforms are aimed at increasing the attraction of the teaching profession so that more people will want to be teachers and more teachers remain and develop in the profession. This is to increase quality in schools and improve pupil outcomes.

Expenditure on the Career Stage Reform amounted to SEK 1.2 billion in 2016 and the expenditure on the Teachers' Salary Boost is expected to be SEK 3 billion annually. These are large initiatives that may potentially have a major impact on the attractiveness of the teaching profession.

The reforms are to work in parallel and have great similarities. They are both intended to reward qualified teachers and raise their pay through targeted government grants.<sup>2</sup> They mainly cover the same group of teachers. The school authorities choose the teachers who are to receive the government grants and have a relatively free hand when implementing the reforms, but the initiatives entail restrictions on determining teachers' pay. The Government has announced that the initiatives are long-term and they may exist concurrently for a long time to come. The Swedish National Audit Office has decided to study both reforms as part of the same audit.

Any effects of the reform on the attraction of the teaching profession can be expected in the longer term. The Swedish NAO has audited whether the Career Stage Reform and the

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<sup>1</sup> First teachers and senior teachers are called career stages in the Education Act. Chapter 2 Section 22 of the Education Act (2010:800). Hence the use of the term Career Stage Reform. Other terms are career post and career path reform

<sup>2</sup> The Teachers' Salary Boost can be given to teachers, pre-school teachers and recreation instructors. Since the comparison between government grants concerns teachers, only the term teacher is used in the report.

Teachers' Salary Boost have created conditions for increasing the attraction of the teaching profession on the basis of the following questions:

- Have the government grants impacted teachers' salaries as intended?
- Has the career stage teachers' pay premium endured?
- Have the reforms affected the salary structure at the school authorities?
- Has the Government's governance given school authorities good conditions for implementing the reforms?
- Have the school authorities implemented the reforms appropriately?
- Have the reforms created a clear career path and development opportunities for teachers?

The audit question on whether government grants have impacted teachers' salaries as intended are answered via two sub-questions: Have the government grants increased teachers' relative salaries? Have the government grants increased teachers' general salary level and wage spread between teachers?

The audit investigates the potential of the reforms to impact the attractiveness of the teaching profession. A description of how this attractiveness developed before and after the Career Stage is given in the final part of the audit report.

## Findings

The audit shows that to date the Government's pay objectives for the reform have largely been achieved but at the expense of a deterioration in working climate among teachers. The Government's governance of the reforms can be coordinated and clarified to give them legitimacy, thus providing a better framework for increasing the attractiveness of the teaching profession.

### *Have the government grants impacted teachers' salaries as intended?*

#### **The salary outcomes are on the whole favourable for the attractiveness of the teaching profession**

The Career Stage Reform has increased the general level of teachers' pay and teachers' relative pay in relation to other comparable professions. The results indicate that the Teachers' Salary Boost will further increase teachers' general salary level and relative pay. These pay outcomes are in line with the Government's objectives for the reforms and are expected to create favourable conditions for increasing the attractiveness of the teaching profession.

The Career Stage Reform and the Teachers' Pay Boost provide relatively large pay increases for a limited number of teachers and each lead to increased wage dispersion. Increased wage dispersion is also an objective of the Career Stage Reform but the Government has not declared that is an objective of the Teachers' Salary Boost.

The audit also shows that general wage dispersion between teachers increased up to and including 2015 as a consequence of the Career Stage Reform. The reform also seems to have contributed to increased wage dispersion in the group of teachers who did not share in the government grants for career stages, but to a limited extent. Wage dispersion in the teaching profession after the Teachers' Salary Boost is not only affected by the distribution of the government grant as such, but also by how the school authorities have decided to distribute the Teachers' Salary Boost to career stage teachers and the outcome in the ordinary pay revisions after the reform. The school authorities' decision to give the Teachers' Salary Boost to more than half of the first teachers should probably increase wage dispersion between teachers. However, wage dispersion may be narrowed in the ordinary pay reviews conducted in 2017, as about half of the head teachers in the audit stated that they will adjust pay upwards for the teachers who did not get a pay boost and give them greater pay increases than the Teachers' Salary Boost teachers. Future follow-ups will give a complete picture of the wage dispersion after the Teachers' Salary Boost.

It is difficult to assess how wage dispersion affects the conditions for increasing the attractiveness of the teaching profession; it depends on how wage dispersion is perceived. As described below, the reforms have led to a division within the teaching profession.

### *Has the career stage teachers' pay premium endured?*

The audit shows that the Career Stage teachers' pay premium, in other words their pay increase in relation to other teachers' salaries, has endured up to and including 2015. Thus the pay status of the career stage teachers has endured over the period. The school authorities have been able to choose whether they will give the Teachers' Salary Boost to the career stage teachers. About 40 percent of the school authorities have not given the government grant for the Teachers' Salary Boost to first teachers.<sup>3</sup> The total figure is just under half of the first teachers have not shared in the government grant. In these cases the Teachers' Salary Boost has meant a reduction in the career stage teachers' pay premium, which has undermined the pay status of these positions. This may have

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<sup>3</sup> As the number of senior teachers was low, 169 in autumn 2016, the part of the audit on which these results are based only covers first teachers. See also Section 1.5 Delimitations.

negative effects on teachers' willingness to hold a career stage position and thus on the potential of the reforms to increase the attractiveness of the teaching profession.

*Have the reforms affected the salary structure at the school authorities?*

**The reforms may have increased the total payroll distributed by school authorities to teachers**

The Swedish NAO has examined whether the reforms have affected the school authorities' salary structure in other ways than those regulated by the Government in the ordinances on government grants for the reforms. About 30 per cent of the school authorities state that the pay supplements given by government grants for career stages are included in their upward adjustment of the total payroll they distribute to teachers in the ordinary pay review and 40 per cent state that the pay supplements in the Teachers' Salary Boost are included in the upward adjustment. Thus the reforms may have stimulated the school authorities to increase pay for teachers in addition to the amount given by the government grants that would have been paid out if the government grants had not existed.

*Has the Government's governance given school authorities good conditions for implementing the reforms?*

**The reforms are mainly perceived to have improved the possibility of creating a good pay structure but have created divisions among teachers**

A majority of the school authorities and head teachers perceive that both reforms have had a positive impact on the ability to create a pay structure that corresponds to the teachers' performance and duties. A contributory reason is the major pay increases the government grants give to a large proportion of teachers. At the same time it is felt that in combination with each other the reforms have created far too sharp a division between first, "second" and "third" teachers, where the third teachers have not benefitted from any government grant. Through the way the government grants have been designed and implemented, and the way their outcomes have been interpreted, they have signalled that some teachers are competent and others not. This division has become sharper as a result of the Teachers' Salary Boost.

It is difficult to determine whether it is the Government's design of the Teachers' Salary Boost, the expectations that existed of the reform or the way the school authorities have distributed the pay increases in the Teachers' Salary Boost that have created the dissatisfaction. The Teachers' Salary Boost, as well as the Career Stage Reform reflect the

Government's objective that skilful teachers are to be rewarded, which also creates pay differences between teachers and as they are designed the government grants cannot be given to all teachers.

A source of the dissatisfaction is that the Teachers' Salary Boost is not sufficient for all teachers that school authorities, head teachers and teachers themselves perceive to be qualified for the government grant under the criteria in the Ordinance, while the pay increments given by the government grants are large in relation to the teachers' previous pay level. According to this perception, the large pay differences and the clear division of teachers that has arisen is not justified by the differences in teachers' skills. The school authorities and head teachers interviewed in the survey also had expectations in advance that the Teachers' Salary Boost would give a general pay boost to all teachers. They also state that the teachers had expected a general pay boost. This can partly explain that many school authorities chose to differentiate pay increments to a limited extent and distribute the Teachers' Salary Boost to as many teachers as possible. Given that the Government designed the Teachers' Salary Boost so that it could not be given to all teachers, it is possible that more differentiated pay increments could have mitigated the clear division between the teachers who benefited from a government grant and the teachers who did not.

Regardless of what caused the dissatisfaction, a majority of the school authorities and head teachers feel that the Teachers' Salary Boost, along with the Career Stage Reform, have led to a deterioration in cohesion between teachers. Almost half also state that the Teachers' Salary Boost has had a negative impact on staff teams. That is a large proportion, given that teaching and school activities to a great extent must be developed by the teachers together. This weakens the potential of the reforms to increase the attractiveness of the teaching profession.

*The Government's inadequate guidance on the selection of teachers for the government grants has created a dilemma in their implementation*

As the reforms are designed, school authorities have the freedom to implement them in a way that suits each organisation locally and themselves determine whether they will give the Teachers' Salary Boost to teachers that share in the government grant for career stages or not. The ordinances for each respective government grant stipulate criteria for the qualifications a teacher must have to be able to receive the grants. A large majority of the school authorities and head teachers consider that the career stage teachers under these selection criteria should have access to the Teachers' Salary Boost. In combination

with the fact that the pay increments given in the reforms are large, the school authorities and head teachers are faced with a dilemma when implementing the Teachers' Salary Boost. If they give the Teachers' Salary Boost to the career stage teachers they risk creating pay differentials between teachers that they perceive to be unreasonably large. If they do not give the Teachers' Salary Boost to the career stage teachers they risk undermining the Career Stage Reform. This dilemma has made the reforms unclear, made implementation of the Teachers' Salary Boost difficult for the school authorities and impaired their ability to justify the distribution of the Teachers' Salary Boost to teachers.

*The Government's governance of the Teachers' Salary Boost has created a lack of clarity in its implementation*

The Ordinance on Government Grants for the Teachers' Salary Boost states that the pay increase provided by the government grant for teachers who share in it “shall exceed the salary that would otherwise have been paid under the ordinary pay review.”<sup>4</sup> This condition is to ensure that the teachers who share in the government grant do not lose out in the ordinary pay review and that the school authorities do not reduce their own pay increases for these teachers as a result of the government grant. The wording has been interpreted in different ways among school authorities. Some school authorities have understood that they must break with the intention of this condition in the Ordinance on Government Grant if they are to be able to correct any incorrect pay structures that the Teachers' Salary Boost gives rise to. Thus they consider that the teachers who have not shared in the Teachers' Salary Boost cannot be given a higher pay increase in the ordinary pay review than the teachers who have shared in the grant. After the introduction of the Teachers' Salary Boost, the Government also encouraged school authorities to focus pay increases on qualified teachers if the government grant was not sufficient for all teachers the school authorities considered to be qualified.<sup>5</sup> This gave rise

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<sup>4</sup> Section 9 of the Ordinance on Government Grants for increased salaries for teachers and certain other staff categories (2016:100).

The whole sentence is as follows: “The total pay increase for each school authority shall exceed the salary that would otherwise have been paid under the ordinary pay review on average by a minimum of SEK 2 500 and a maximum of SEK 3 500 per month and teacher, pre-school teacher or recreation instructor.” Thus the wording refers to an average pay increase for each school authority.

<sup>5</sup> “The Teachers' Salary Boost” is enough for more than 60 000 teachers. But if there are more teachers who have the wrong salary that responsibility must be taken locally. [...] [...] We see school authorities that are now taking their own responsibility through local pay boosts to raise salaries for more teachers than those for whom the government grant covers [...] This is welcome and we hope more follow suit.” Helene Hellmark Knutson, Minister for Higher Education and Research and Gustav Fridolin, Minister for Education. *Vi kan inte ge alla lärare ett lärarlönelyft (We can't give all teachers a salary boost)*, opinion piece published in the evening paper *Aftonbladet* on 11 November 2016, <http://www.regeringen.se/debattartiklar/2016/11/vi-kan-inte-ge-alla-larare-ett-lonelyft/>, taken from the Ministry of Education and Research website, 5 July 2017.

to the perception that the Government had given contradictory signals as to how the Teachers' Salary Boost should be implemented.

*The Government's method of creating legitimacy for the Teachers' Salary Boost was inadequate*

The audit shows that the Teachers' Salary Boost does not have sufficient legitimacy with school authorities and head teachers. Despite the fact that these initiatives give the school authorities major financial supplements to increase teachers' salaries, dissatisfaction with some parts of the reform is great. School authorities and head teachers state that they predicted that the Teachers' Salary Boost would create strong reactions in the teaching profession when the conditions of the reform became known. This risk of negative reactions was not identified by the Government when designing the Teachers' Salary Boost.

The Government anchored the reform through close cooperation with the social partners, who functioned as representatives of the opinions of the school authorities and teachers. The parties have also had direct responsibility for designing certain parts of the Teachers' Salary Boost. In light of the dissatisfaction that arose the Swedish NAO considers that the Government's method for anchoring and designing the reforms was not adequate. If the Government had involved school authorities and head teachers more when designing the Teachers' Salary Boost and not just anchored the reform with the social partners the dissatisfaction could have been prevented and legitimacy for the reform would have been greater.

*The timeframe for the Teachers' Salary Boost was too short*

The Teachers' Salary Boost entails major changes in teachers' pay structure. Consequently it is important that the pay differentials that arise are perceived to be fair if the reform is to have a positive influence on the attractiveness of the teaching profession. This would be facilitated if school authorities had time to clarify the selection criteria for teachers that are to receive the government grant and get them accepted by teachers. This work is extensive for the school authorities. In view of this, the Swedish NAO considers that the timeframe for implementing the Teachers' Salary Boost was too short.

*Have the school authorities implemented the reforms appropriately?***The school authorities could have done more to clarify the Teachers' Salary Boost to teachers**

The school authorities can influence how the reforms are perceived within the framework of the Government's governance. According to the Swedish NAO the school authorities could have done more to further develop and clarify the criteria for selection of teachers who could share in the Teachers' Salary Boost. Given that the school authorities and head teachers predicted that the Teachers' Salary Boost would create dissatisfaction among teachers they could have increased the number of information measures directed at teachers and targeted them more individually. However, the Swedish NAO does not consider that the Government's management of the reforms should be changed in response to the deficiencies identified. These measures should be within the framework of the school authorities' own responsibility.

*Have the reforms created a clear career path and development opportunities for teachers?***Teachers' professional development and career opportunities are considered to be good by school authorities and head teachers**

One purpose of the Career Stage Reform is to create career paths for teachers who wish to continue teaching. The Teachers' Salary Boost is to reward skills and development in the profession. A majority of school authorities and head teachers consider that to some extent there is a clear career path for teachers who wish to continue teaching. A majority also consider that the Career Stage Reform has had a positive effect on teachers' professional development opportunities. About 40 per cent of school authorities and 30 per cent of head teachers feel that the Teachers' Salary Boost also had a positive impact on teachers' development opportunities. According to school authorities and head teachers the reforms have thus contributed to some extent to increasing teachers' professional development opportunities. Teachers' perceptions have not been obtained in the survey, however, which means that the audit cannot present a complete picture of teachers' development and career opportunities.

*Development of the attractiveness of the teaching profession over time***No signs of an increase in applicants to teacher training programmes in the short term**

There are various measurements of the attractiveness of the teaching profession. The Swedish NAO has studied two measurements that are considered to represent the long-term attractiveness of the teaching profession and to be stable over time: the number of

applicants to teacher training programmes and their qualifications. The number of applicants to teacher training programmes has not increased after the Career Stage Reform. Nor have the applicants' qualifications improved. However, it is probable that the possible effects of the reforms on the number of applicants and their qualifications will emerge in the longer term. Other measurements of attractiveness are the extent to which trained teachers decide to stay in the profession or decide to return to the profession after leaving it. It is not possible to draw the conclusion from the audit that the reforms have influenced the attractiveness in these respects. There are, however, indications that the reforms may influence the willingness of teachers to stay or return to the profession.

## Recommendations

The design of the Career Stage Reform and the Teachers' Salary Boost reflects a balancing between the Government's wish to reward skilled teachers and change their salaries in relation to earlier pay levels, as well as the school authorities' responsibility for the local salary structure and the freedom to implement the reforms in a way that suits each organisation locally. The audit shows that the Government's governance appears unclear in some respects. More detailed governance may lead to problems that cannot be predicted, but in the opinion of the Swedish NAO, governance of the reforms can be coordinated and clarified to enable the attractiveness of the teaching profession to be improved in a better way. The point of departure of the recommendations is that the Government will retain the Career Stage Reform and the Teachers' Salary Boost.

The reforms have helped to create a division in the teaching profession between teachers who have shared in a government grant and those who have not.

- To combat the division of the teaching profession to which the Career Stage Reform and the Teachers' Salary Boost have contributed, while at the same time retaining the possibility of rewarding skilled teachers, the Government should consider regulating the Teachers' Salary Boost so that it covers all registered teachers or the equivalent and provide a clear differentiation of the pay increments that are made possible by the government grant.

The Career Stage Reform and the Teachers' Salary Boost have created two officially produced selection criteria for assessing teachers' qualifications that to a great extent overlap. This makes the reforms unclear and reduces their legitimacy.

- The Government should consider creating common criteria for assessing teachers' qualifications that cover both the Career Stage Reform and the Teachers' Salary

Boost. The Government should consider regulating which qualifications should be achieved to be able to share in the Teachers' Salary Boost and what additional requirements must be fulfilled to obtain a career stage position. The Government may also consider regulating how the pay increments enabled by the government grant for the Teachers' Salary Boost could be distributed to first teachers and senior teachers.

The Schools Commission government inquiry<sup>6</sup> has presented a proposal for professional development for teachers that, if implemented, would create more state-determined criteria for assessing teachers' qualifications. In light of this, coordination of various criteria is particularly important.

The Government has instructed an Inquiry Chair to review the Teachers' Salary Boost and the Career Stage Reform.<sup>7</sup> The Inquiry Chair is to: "investigate whether it is possible, taking into account the School Commission proposals, to rectify deficiencies pointed out by amending current regulations for the career path reform, analyse whether any adjustments to the career path system need to be made so as best to interact with the teachers' salary initiative, and submit necessary legislative proposals."

The audit shows that the Teachers' Salary Boost to some extent has less legitimacy among school authorities than the Career Stage Reform and is felt to have created greater negative effects. In the opinion of the Swedish NAO there is therefore a risk that the remit is too one-sidedly focused on changing the Career Stage Reform.

- The Swedish National Audit Office recommends that the Government give the Inquiry Chair a more unbiased remit to investigate, taking into account the School Commission proposals, whether it is possible to amend current regulations for the Career Stage Reform and/or the Teachers' Salary Boost so that the reforms interact in the best way.

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<sup>6</sup> Swedish Government Official Report SOU 2017:35. *Action for schools. National strategy for knowledge and equity.*

<sup>7</sup> ToR 2016:76. *Better schools through more attractive education professions.*