

THREE CASE STUDIES OF REFORMING NATIONAL SYSTEMS OF TEACHER REMUNERATION IN EASTERN EUROPE

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PAYING THE TEACHERS:

**Three Case Studies of Reforming
National Systems of Teacher
Remuneration in Eastern Europe**

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PAYING THE TEACHERS:

**Three Case Studies of Reforming
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This publication presents in-depth reviews of recent reforms of national systems of teacher remuneration in three countries in the region, Poland, Lithuania, and Estonia, together with a comparative review and lessons learned for Ukrainian reformers. The reviews discuss the political and institutional context as well as the specific solutions adopted in different countries, in particular the separate roles of school directors, school founders and the national government in determining the salary of every teacher.

The book is written for Ukrainian politicians, experts, and reformers in the sphere of education management, education finance, and education decentralization.

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CHAPTER 1. COMPARATIVE OVERVIEW

Jan Herczyński

COMPARATIVE OVERVIEW

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Introduction

Teachers are the main asset of any education system (OECD 2005). Motivated, well-prepared, closely cooperating teachers are necessary for ensuring responsive, high-quality education. Therefore a national system of teacher remuneration should ensure constant inflow of able university graduates into the teaching profession and prevent outflow of good teachers to other sectors of the economy, such as advanced services or industry, where their skills and experience can be much better rewarded.

Further, there is growing body of research showing that higher teacher wages contribute to better education outcomes, even though some of the results are mixed (Hanushek, Rivkin 2006) and they hold on the condition that increase of teacher wages does not lead to reduction of other school resources (Greaves, Sibieta 2019). Higher teacher wages are associated with better student results in external tests (Dolton, Marcenaro-Gutierrez 2011), with lower student drop-out rates (Hendricks 2014), and with better supply of teachers, including entry, duration, mobility, and absenteeism (Leigh 2012). Teachers leaving the profession (teacher attrition) result in loss of experience and human capital, as well as in increased costs of replacement (Synar, Maiden 2012). Thus, the level of teacher salaries is important for good functioning of education systems.

At the same time, teacher salaries are the dominant expenditure item in education. In the EU countries, share of all personnel remuneration (wages) in overall expenditures of public institutions of primary, secondary and post-secondary education is on average 78% (see Table 5), however it ranges from 61% in the Czech Republic to 94% in Greece (OECD 2020). Share of salaries of teachers actually conducting classes is on average 63% (this means that teacher salaries amount to 80% of all wages in education).

Finally, we note that most countries use national systems of teacher salaries (or state systems, in the case of the US), regulating both the level of salaries and the specific factors on which these salaries depend (Galgóczy, Glassner 2008, EC 2019). Typically, teacher salaries depend on the individual characteristics of teachers (education, years of experience, specific tasks in schools), and not on the subject taught, on the location of the school, or on characteristics of students (such as immigrant or minority students). These national systems, often the result of national bargaining agreements, have the important consequence that teacher salaries are quite uniform across the country, while salaries in the productive and service sectors vary significantly between jurisdictions. Thus, in large cities teacher wages may be below the salaries in other sectors, while in poorer rural municipalities they often are much higher (Britton, Propper 2016, Podgurski 2010).

The national systems of teacher salaries are usually the result of long evolution and infrequent radical reforms, and strongly depend on local legislation, traditions, and culture. Over time, they often tend to become more complicated. Therefore their comparison is not easy, and the usefulness of lessons learned in one country to practitioners in other countries is often limited. It is not surprising that the comparative literature on national teacher salary systems is limited.

Nevertheless, for a country seriously considering a reform of its national system of teacher remuneration, such as Ukraine, experience of such reforms in neighboring countries may be relevant. This is especially true of countries sharing common origin in not too distant past, such as transition countries of Eastern Europe. Thirty years ago these countries broke with the Soviet model of governance and begun democratic transition. Their education systems, while initially similar to each other, begun to diverge (Herbst, Wojciuk 2016). However, reforms in different countries proceeded at different rates, as the case studies in the present publication indicate. While all transition countries begun with reforms of curriculum and teaching methodologies, reforms of management and finance were more challenging, and reforms of teacher salary systems even more so (see for example Radó 2001, Davey 2002, Bischoff 2009). As case studies in the present book demonstrate, teacher salaries were reformed in Poland in 2002, in Estonia in 2013, and in Lithuania in 2018.

The goal of the present book is to provide Ukrainian policy makers, education managers, teachers and the general public with accessible review of national systems of teacher salaries in Estonia, Lithuania and Poland. All three countries are important reference points for Ukraine. Poland is its Western neighbor, with a long shared history. Estonia and Lithuania were Soviet republics, alongside Ukraine, until 1990. All three are member states of the European Union, which is in line with present aspirations of Ukraine. All three have radically decentralized their governance structures. All three have implemented far reaching education reforms and have shown significant improvements in the international education assessments such as PISA. And finally, all three have radically reformed their systems of teacher salaries since the fall of Communism.

The comparative review focuses first on the state of decentralization of education in the three countries, reviews their education outcomes as measured by international assessments, then discusses teacher salaries and teaching time. In the final section we offer brief comments on their systems of teacher remuneration.

1.1. Decentralization of education

In Estonia, Lithuania, and Poland education is a decentralized function, and the responsibility for education management and finance, including paying teacher salaries, has been devolved to local governments. Therefore the structure of local governments is of particular relevance for education in all three countries. Basic country data are provided in the following Table 1.

Table 1. Basic country data

	Estonia	Lithuania	Poland
Population	1 329 000	2 794 000	38 383 000
Capital	Talinn	Vilnius	Warsaw
Capital population	445 000	580 000	1 790 000
Share of population living in the capital	33,5%	20,8%	4,7%
Population density	29,4	44,1	122,7
GDP per capita (PPP USD)	\$37 605	\$38 751	\$35 651

Source: Wikipedia

Estonia and Lithuania are small countries with a large proportion of their population living in the capital. However, they have significantly lower population density than Poland. Estonia and Lithuania are comparable in terms of their GDP per capita, while Poland is about 10% poorer.

Similarly, their systems of local governments differ considerably, as Table 2 shows. Average population is assessed without the capital city.

Table 2. Systems of local governments

	Estonia	Lithuania	Poland
Tiers of local government	1	1	3
Number of units of first tier of LG	79	60	2 478
Average population of first tier of LG	11 333	37 525	14 773
Average surface area of first tier of LG	572	1 055	126

Source: Wikipedia

Largest local governments units (of first tier) are in Lithuania, both in terms of their population and average surface area. Reflecting high population density, Polish local governments have on average much smaller areas.

Fiscal decentralization indicators are presented in the following Table 3. General government expenditures are calculated as consolidated value, without the intergovernmental transfers. Local governments include regional level if applicable.

Table 3. Fiscal decentralization indicators

	Estonia	Lithuania	Poland
General government expenditure as share of GDP	39,11%	34,05%	41,71%
Local government expenditure as share of GDP	9,43%	8,10%	14,14%
Local expenditure as share of general government expenditure	24,12%	23,78%	33,91%

Source: OECD Fiscal Decentralization Database

The value of general government expenditures (consolidated) indicates the "size of government". The EU average is 45,88%, with Scandinavian countries or France reaching 50% to 55%. Therefore the size of government in three selected countries is relatively small, especially for Lithuania. Average share of local government in EU countries is 13%. Poland is much more fiscally

decentralized than either Estonia or Lithuania, and accordingly much higher share of general government expenditures is made at the local level.

Expenditure on primary and secondary education by level of education in the selected countries is presented in the following Table 4.

Table 4. Expenditures on education as share of GDP (2017)

	Share in all education expenditures of:			
	Primary	Lower secondary	Upper secondary	Primary and secondary
Estonia	1,5%	0,7%	0,7%	2,9%
Lithuania	0,8%	1,0%	0,4%	2,2%
Poland	1,6%	0,7%	0,8%	3,1%
EU/OECD member states	1,3%	0,9%	1,0%	3,2%

Source: OECD 2020

Polish education expenditures are at the average EU level, but Estonian and especially Lithuanian expenditures are lower. This is certainly related to higher average teacher salaries (see Graph 5), because these constitute main education expenditure item (see Table 5).

As discussed in the three case studies, local governments manage and finance most of public education institutions, including the payment of teacher salaries. Recently, Estonia begun to establish a network of regional secondary schools, and Poland recentralized artistic schools and large agricultural vocational schools. Moreover, both Estonian and Lithuanian governments manage some special schools. These, however, in all three cases represent only a small fraction of national education systems.

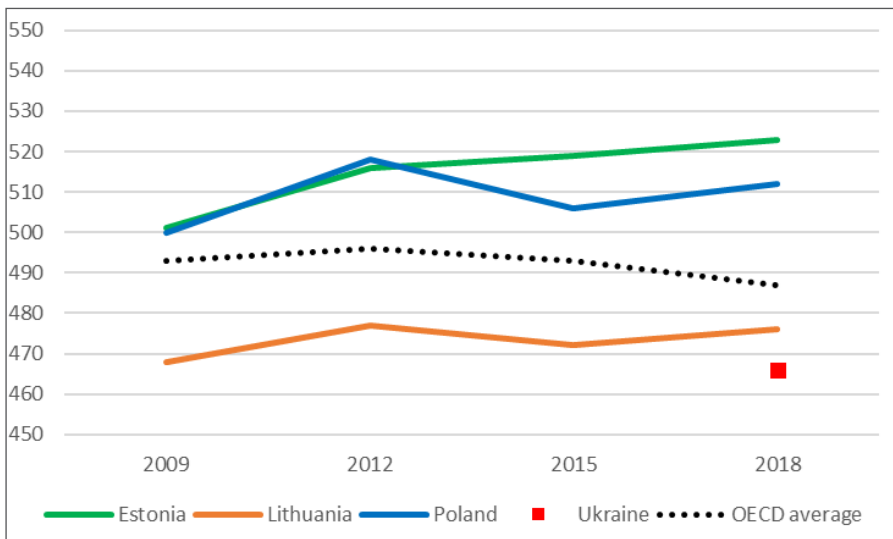
1.2. Education outcomes

Before we discuss the education outcomes, it is necessary to remark that quality of education, as measured by international assessments, is the effect of all the education reforms, changes of curricula, adjustment of teaching practices, and evolving student motivation. Reforms of teacher salaries do not have direct impact on student learning, although in the long term they may influence who chooses and who stays in the teacher profession.

There are three major international student assessment programs, PISA, PIRLS, and TIMMS. Estonia did not participate in PIRLS and only once participated in TIMMS, so we report only their results in PISA. Estonia and Lithuania began to participate in PISA in 2009, so the data are reported for the period 2009 to 2018.

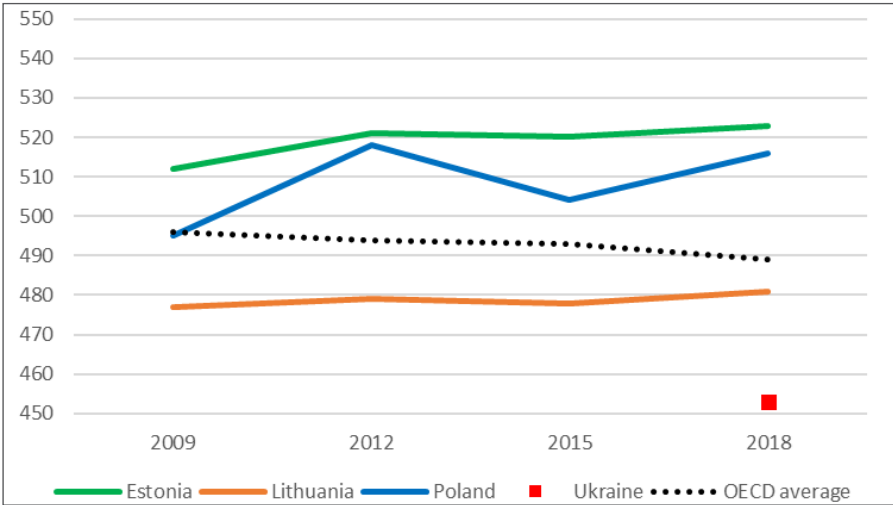
The following three graphs shows evolution of PISA scores of the three countries alongside the OECD average in reading (Graph 1), mathematics (Graph 2) and science (Graph 3). For year 2018, also result of Ukraine is presented.

Graph 1. PISA scores in Reading 2009-2018



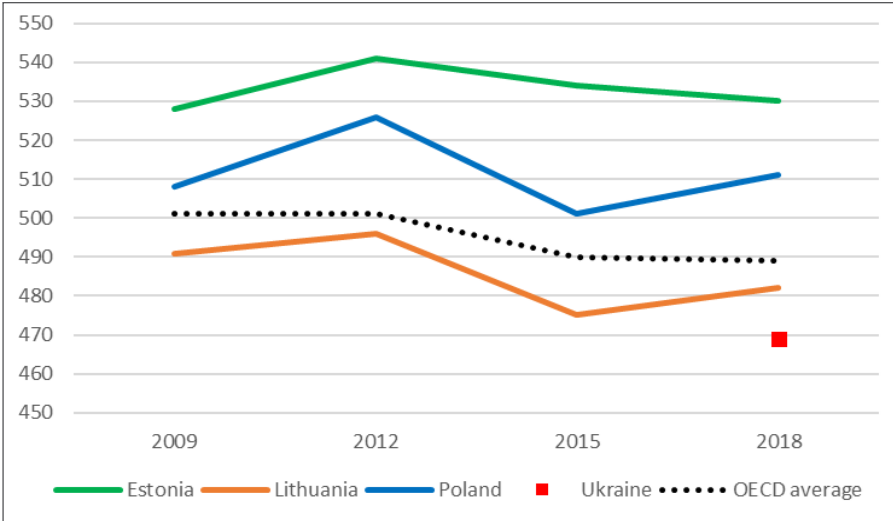
Source: OECD PISA

Graph 2. PISA scores in Mathematics 2009-2018



Source: OECD PISA

Graph 3. PISA scores in Science 2009-2018



Source: OECD 2020

All three countries have seen their scores increase in Reading and in Mathematics, while in Science they experienced limited fall in 2015.

1.3. Teacher salaries and teaching time

We first review the share of teacher salaries in all expenditures on public education (covering primary, secondary and post-secondary education). The following Table 5 provides breakdown of education expenditures, Indicator C6.3 of OECD Education at a Glance. The category "Salaries of teachers" includes all pedagogical staff actually conducting lessons. "Other salaries" includes school directors, auxiliary pedagogical staff, and technical staff.

Table 5. Breakdown of expenditures in public primary, secondary and post-secondary education

	Share in all education expenditures of:			
	All salaries	Salaries of teachers	Other salaries	Non salary expenses
Estonia	72%	46%	26%	28%
Lithuania	80%	56%	24%	20%
Poland	74%			26%
EU/OECD member states	78%	63%	16%	22%

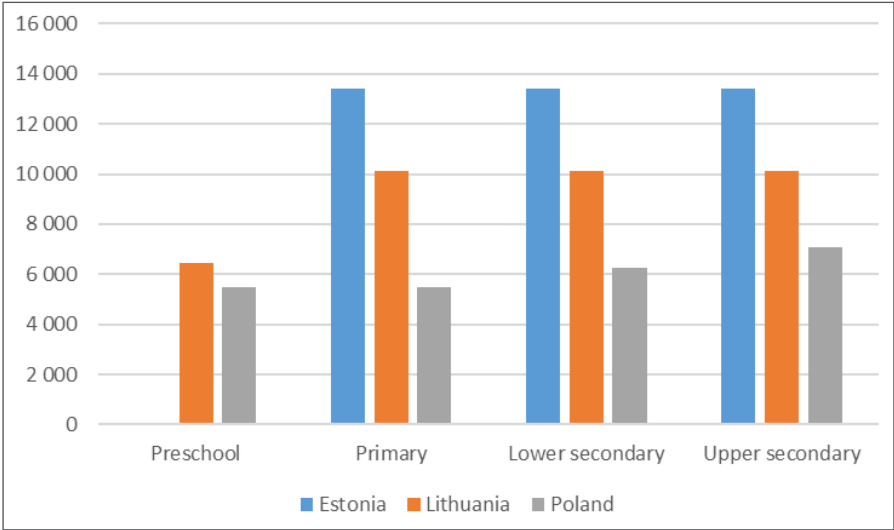
Source: OECD 2020

The levels of teachers' and directors' salaries in EU countries are reported in Eurydice publication (EC 2020). The following Graph 4 shows starting annual salaries in 3 countries by level of education, before taxes and social contributions (preschool data for Estonia are missing).

Lowest starting annual salaries are in Poland, but they are also the only ones depending on education level. Higher salaries for secondary schools are the result of local policies.

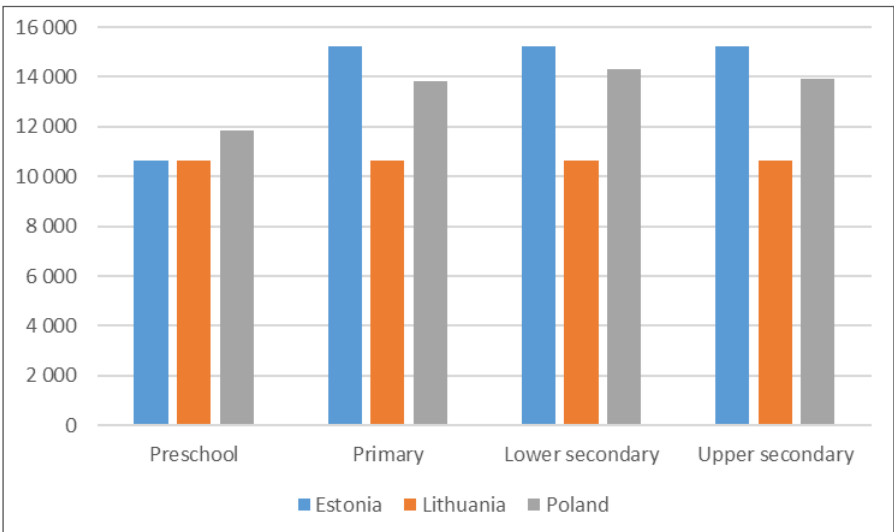
Average annual actual salaries of all teachers before taxes by level of education are shown in Graph 5.

Graph 4. Starting annual salaries of teachers by level of education institution (Euro)



Source: EC 2020

Graph 5. Average annual salaries of teachers by level of education institution (Euro)

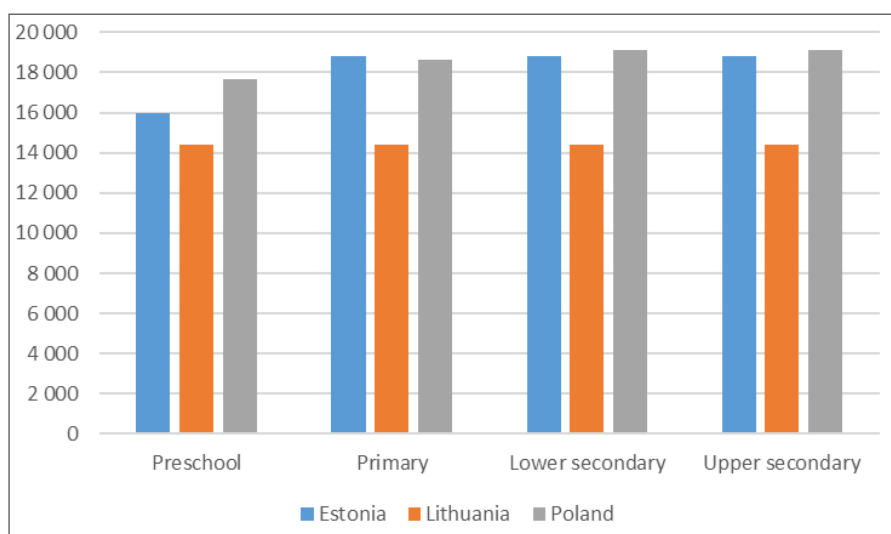


Source: EC 2020

We note that, as in Graph 4, only in Poland average salaries depend on the level of education. Comparison of two graphs above shows also that progression of salaries from beginning teachers to teachers at the end of their careers is steepest in Poland. While starting salaries in Poland are lowest among the three countries, average salaries are close to Estonian and above Lithuanian ones. This is a reflection of large differences of salaries for different levels of teacher advancement (see Chapter 4.2).

Finally, in the following Graph 6 we display average annual salaries of school directors before taxes, by level of education.

Graph 6. Average annual salaries of school directors by level of education institution (Euro)



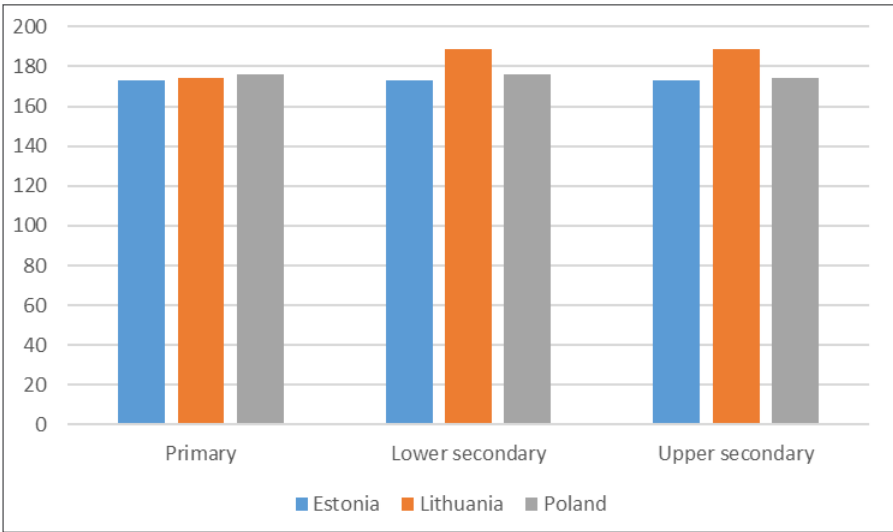
Source: EC 2020

Polish school directors have highest salaries among the three countries, and they significantly depend on the education level, unlike in Estonia and in Lithuania.

It is necessary to warn the reader that while these comparisons are based on objective data, they may be misleading because of different tasks of teachers and different purchasing power of Euro. Further, the salaries need to be compared to actual teaching time. The following Graph 7 shows average actual teaching days during the school year by level of education (the indicator takes into account not only the start and beginning of the school year, but also all holidays).

The number of days per school year spent teaching is similar for all three countries and for the education levels, except that Lithuanian teachers

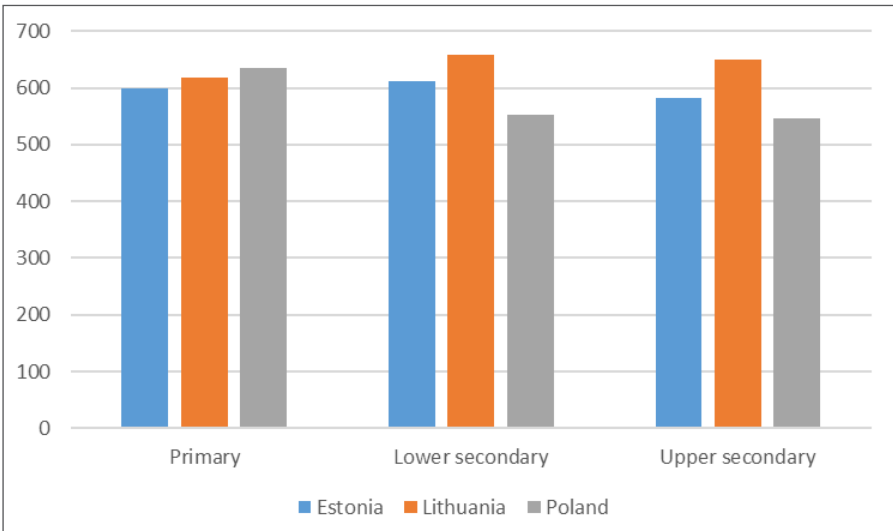
Graph 7. Number of teaching days per school year by level of education



Source: EC 2020

of secondary education spend about 15 days more in schools than their colleagues in Estonia and Poland. Another important measure of working time is the average number of teaching hours, shown in Graph 8 below.

Graph 8. Number of teaching hours per school year by level of education



Source: EC 2020

While teachers of primary school spend about the same time per school year actually teaching, it is clear that in secondary schools Lithuanian teachers conduct significantly more lessons and Polish teachers significantly less. In lower secondary education, Polish teachers spend 20% time less teaching than their colleagues in Lithuania. This is especially striking when their average salaries are compared (see Graph 5), although one needs to take into account also non-teaching responsibilities of teachers.

1.4. Moving away from the stavka system

A key difference between Estonia and Lithuania on one side, and Poland on the other, is due to the fact that both Estonia and Lithuania were member republics of the Soviet Union, and as such in 1990 had inherited the Soviet system of teacher remuneration, called the *stavka system* (this is also the case of Ukraine).

The stavka system essentially determines individual teacher salaries on the basis of weekly teaching load assigned to the teacher (and on some other factors, such as the number of student copybooks marked by the teacher). As such, it creates significant instability of teacher remuneration from year to year, and limits seriously teacher autonomy. The stavka system received significant attention from the research community (UNICEF 2011, Steiner-Khamisi 2016). One positive aspect of the stavka system is identified, namely that it is very flexible with regard to teaching hours. However, research identified erosion of teaching quality induced by the remuneration system (UNICEF 2011):

- Across the region, the Stavka system results in fragmented teacher salaries, with rather low basic salary,
- Many add-ons and supplements, most of them contributing little to overall teacher salary,
- Salaries are non-transparent and unpredictable,
- Salaries are unattractive for young teachers (low starting salary),
- Salaries are unattractive for experienced teachers (after 15-20 years teachers reach maximum),
- Teachers seek work outside of school (seasonal absences, teaching profession not a priority),
- Teachers seek fees from parents (private tutoring of own students, gifts from parents),

- Teachers seek additional teaching hours, leading sometimes to very long working week (teaching other subjects, competition for additional hours),
- Schools maintain “strategic vacancies” and use funds from vacancies to increase salaries of employed teachers.

Moving away from the stavka system towards a modern, more flexible system of teacher remuneration proved to be remarkably difficult. As the case studies in the present volume indicate, in Estonia this was achieved with the reform of 2013, and in Lithuania, after unsuccessful attempt in 2004, only with the reforms of 2016. However, these difficulties are not limited to Estonia and Lithuania. The stavka system proved resilient to reforms in all countries emerging from the Soviet Union, with the resistance coming mainly from teachers themselves. Teachers are accustomed to it and view it as a just system of remuneration. In Lithuania, teachers went on a strike in 2018 to stop the reform. Another relevant example is Kyrgyzstan, where the reform of 2011 was ultimately unsuccessful, and within the period of two years the stavka system was in effect reintroduced (Belyavina 2016, Steiner-Khamsi, Belyavina 2017). On the other hand, the Mongolian reform of the stavka system in 2007 was a success (UNICEF 2012). This shows that with good preparation it is feasible to prepare and implement such reforms.

Conclusions

The objective measures and comparative indicators of the Estonian, Lithuanian and Polish education systems, presented above, provide only a part of the overall picture. As three case studies included in the present publication show, national systems of teacher salaries, like other systemic aspects of education, are the result of complex political processes and conflicts, embedded in different social, cultural and legislative context. Change of governments, and sometimes even change of the Minister of Education, impacts the discussions, the plans of the reform, and the options for achieving consensus. The most extreme version of such conflicts are school strikes. Indeed, in recent years teachers went on national strikes in Bulgaria (2007), Lithuania (2018), and Poland (2019).

Therefore it is not surprising that the discussions regarding education conducted in every country focus on different topics and have different characters. While in every country teacher trade unions always argue for an increase of teacher salaries, and the national governments, under hard

budget constraints, try to resist these demands, the specific forms of teacher remuneration and the most hotly debated issues are different in every country. These differences are also apparent from the three case studies.

In Estonia, the key topic of discussions was how to strengthen the school director as the key agent of improving school quality. The reformers abolished prescribed weekly teaching time of teachers and made teacher salary independent of either the number of lessons taught or of teaching experience. Instead, teacher salary can now depend, and in many cases does depend, on the difficulty of teaching and on the subject taught. To prevent abuse, Estonian reformers defined national minimum teacher salary. But the number of hours taught per week, other tasks in the school, and the salary level of every teacher is determined by the school director.

In addition, Estonian reformer faced shortages of teachers, especially of teachers of science and mathematics. Increasing the salaries of all teachers would be a reasonable policy response, but very expensive one. Giving school directors the responsibility to negotiate individual salaries with interested candidate teachers allowed to address this challenge as well.

In Lithuania, the key topic of discussions was the definition of tasks and activities for which teachers are paid. Starting with the inherited Soviet model of paying teachers only for the number of conducted classes per week, Lithuanian reformers slowly expanded the tasks included, and in the long process changed the definitions several times. This is clearly an important discussion of what it means to work as a teacher. More detailed definitions reduce teacher autonomy and their professional status. Recent changes towards broader definition, as documented in Chapter 3, strengthened teacher autonomy.

In addition, Lithuanian reformers wanted to address the problem of very few graduates willing to enter the teaching profession. They introduced a system in which teachers in their first two years of work in the school have decreased teaching tasks and receive some financial bonuses.

In Poland, the key topic of discussions was always who will set individual salaries of teachers and what will be the autonomy in taking such decisions. Here the unions argued for more role of the national government, and the education reformers wanted to delegate significant powers to local governments as school founders. The role and initiative of school directors in this area was always limited. The important issue of discussions was the control of the process. After long debate, as discussed in Chapter 4, the present consensus gave the instruments of control to the national government, in the form of publicly available, special budget reports on actual teacher salaries. This indicates the limitation of trust in both school directors and in local governments.

In addition, Polish reformers wanted to reward better teachers with higher salaries, but knew that the number of years worked in the school was not a good indicator of teaching quality. To address this, they introduced a system of professional advancement of teachers, described in Chapter 4. This introduced large differentiation of individual teacher salaries, as intended, but has now become a cumbersome, bureaucratic system, rather difficult to correct.

More specific details of these fascinating discussions, including some elements of historical narratives, may be found in the case studies of the present volume.

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CHAPTER 2. ESTONIA

Anzori Barkalaja

| ESTONIA

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Introduction

In the years since regaining independence, Estonia introduced radical changes to its education system. In particular, it replaced inherited, Soviet, highly centralized system of setting teacher salaries and in its place created a highly decentralized system with minimal national regulation, in which the key role is played the school directors. Present day Estonian system has many similarities to Scandinavian model of setting teacher salaries. The purpose of the present chapter is to discuss this remarkable reform.

In recent years, Estonia progressed in international comparative student assessments, such as PISA. As European Commission states, despite its good results, *Estonia has kept questioning and addressing its weaknesses in order to become even more performant, basing their education on evidence-based policy making and making effective use of European funds. Estonia gives particular attention to equity and inclusiveness: every school has coordinators who provide services to pupils with special needs, and a mandate to give additional personalised support to prevent pupils from dropping out of education, so that no one is left behind. Compulsory attendance at school until completion or until the pupil is 17 years old, and the high autonomy of schools that are obliged to conduct self-evaluations every three years, contribute to the strong performance (EC 2019).* It is not possible to state that the reform of teacher salaries

contributed to this success, but certainly well motivated and confident teachers are very important for any national education system.

In 2014, Estonia adopted its Lifelong Learning Strategy 2020 (MER 2014), designed to implement an approach to learning that supports each learner's individual and social development, the acquisition of learning skills, creativity and entrepreneurship at all levels and in all types of education. This objective is directly linked to the strategic objective of making sure that the assessment of the work and the salaries of teachers and directors are consistent with the qualification requirements for their jobs and the work-related performance.

In Estonia, schools have significant decision-making power concerning the development of the curricula and organisation of instruction. Schools are responsible for at least half of the decisions regarding the organisation of instruction, planning, structure, resource and personnel management.

The development of the Estonian education system was influenced by two tendencies. On the one hand, there is a trend towards maximum autonomy for students, teachers, schools and school founders. On the other hand, due to the principle of convergence of schools, there is a need to ensure quality education across the country, regardless of whether in the urban or rural area. Finding the most appropriate and effective balance between the two trends is inevitably challenging policy issue.

In the present chapter we report briefly on main aspects of Estonian system of setting teacher salaries. In section 2.1, we give a brief overview of general education institutions and the regulations related to their operation and financing. In section 2.2 we discuss key elements of the current system of teacher and director salaries in Estonia. In section 2.3 we discuss the process of implementation of the reform, and we identify its main challenges and success factors.

Further materials and data used in the chapter are provided in the Background Report, Barkalaja (2000), available on-line.

2.1. Context

In the first section we review the Estonian system of local governments, as well as basic context of the education system in the country.

2.1.1. System of local governments in Estonia

One of the first systemic reforms undertaken in Estonia after independence was creation of modern system of local governments (Olle, 1996, Trabucco 2015). After adopting the main principles of local government, on January 1, 1990 the *Local Government Bases Law*¹ came into force. In order to acquire the status of local government with the legal rights and obligations arising from this, village, town and borough councils had to draft statutes and development plans and develop a primary structure to be able to perform the functions assigned to them. Granting of the status of local government was decided by the administrative reform expert committee, specially formed for this purpose.

By autumn 1993, by *Local Government Organisation Law*, all first-tier administrative units had acquired the status of local government and 255 local governance units were formed as a result. Local government in Estonia initially consisted of two tiers: cities and rural municipalities as the first tier (213 units), and counties as the second tier of local government (42 units).

In 2017, the administrative reform created the current one-tier system of local governments, with new legislative basis for their organization and financing. The purpose of this reform was to strength the capacities of local governments in regard to provision of public services, the use of development opportunities of regions, increasing competitiveness and guaranteeing more equalized regional development. The counties remained as accountable units with deconcentrated offices of the Government. Several, mostly coordinative tasks of the existing county governments were handed over to associations of local governments organized on a county basis.

Presently, there are 15 cities and 64 rural municipalities in Estonia (total of 79 units), all of which have the same legal status. Irrespective of their size and name, local governments perform similar functions throughout Estonia and have to offer the same services to their residents. The following Table 1 provides a comparison of the first tier of local governments in 2016 and 2017.

1 See list of main legal acts of regulatory framework of education in *References*.

Table 1. Structure of first tier of local governments in Estonia before and after reform of 2017

	Before 2017	After 2017
Total number of local governments	213	79
Local governments with fewer than 5 thousand residents	169	17
Local governments with 5 to 11 thousand residents	28	36
Local governments with more than 11 thousand residents	16	26
Average population of local government	6 349	16 835
Median population of local government	1 887	7 558
Average surface area of local government	204 km ²	550 km ²

Although the administrative reform of 2017 resulted in certain convergence, the sizes of local governments still vary. The capital, Tallinn, is the biggest in terms of population; Saaremaa Rural Municipality is the largest in terms of territory. The local governments with the smallest population are located on the small islands in Western Estonia.

The *Local Government Organisation Law* (adopted in 1993) determines the functions, responsibilities and organisation of local government, as well as their relations with national bodies. The *Local Government Financial Management Law* (adopted in 2020) provides the principles of preparation, adoption, implementation and reporting of local government budgets, measures for ensuring financial discipline and principles for eliminating the risk of difficult financial situations.

According to article 6 “Functions and competence of local authority” of *Local Government Organisation Law* “the functions of a local authority include the organisation, in the rural municipality or city, of the maintenance of pre-school child care institutions, basic schools, secondary schools, extra-curricular institutions, libraries, community centres, museums, sports facilities, shelters, care homes, health care institutions and other local agencies if such agencies are in the ownership of the local authority. Payment of specified expenses of such agencies from the state budget or other sources may be prescribed by law”.

Each city and rural municipality have an independent budget. The revenues of local authorities consist of taxes, grants, sales of services, and other income. Estonian local governments are very dependent on the national government for their revenues and more than 80% of their budgets come from grants and transfers (Santiago et al. 2016).

The equalisation grant is designed to harmonise the budgetary opportunities of municipalities with different revenue levels, including educational expenses.

The earmarked block grant consists of several sectoral specific-purpose components, including general education, pre-school education, extra-curricular education, maintenance of local roads and a number of social security services. The general education component is designed to finance the following expenditures:

- School teacher salaries
- Costs of school directors and their deputies
- Provision of school lunches
- Educational literature
- Enhanced and specific education activities
- In-service teacher training.

Sometimes the earmarked block grant includes also investment funds for construction or renovation of school facilities.

As the following Table 2 shows, general education is the largest component of the earmarked block grant.

Table 2. Main grants for Estonian local governments in budget years 2018, 2019, 2020 (million Euro)

	2018	2019	2020
Equalization grant	90	102	107
Earmarked block grant	516	546	561
Education components of earmarked block grant	314	341	353

Teacher salaries component of the earmarked block grant is a specific grant from the national budget to school founders. It is further discussed in section 2.2.5 below.

2.1.2. Estonian education system

The Estonian educational system is divided into four levels:

1. Preschool education is provided at kindergartens and other childcare institutions.
2. Primary education (grades 1-6), as well as basic education (grades 7-9), is compulsory in Estonia.
3. Secondary education (grades 10-12) may be completed in a gymnasium (general secondary education school) or in a secondary vocational school.
4. Higher education may be completed in three ways: vocational higher education, diploma level (applied) higher education, or academic higher education.

Municipalities have the obligation to guarantee a place in a child care institution of the child's residence for all children aged between 1,5-7 years.

Parents can choose freely the child care institution they want to send their child, provided there are places available. They can also choose the type of pre-school child care institution – private or municipal. Pre-school child care institutions must hold an education licence, which can be verified at the website of the Estonian Education Information System.

Regarding the enrolment of children to the pre-school child care institutions, priority is given to children who live permanently in the same municipality, followed by children whose parents work within the catchment area. Children from other areas are accepted if there are places available. Application for enrolment should be submitted to the pre-school child care institution as early as possible.

Municipalities have also the obligation to provide basic education for all children of compulsory school age who live within the territory of the town or municipality. The local government designates a school for every child in the area where the child lives. The main criteria for designating a school are the proximity of the school to home, a sibling already attending the same school and, if possible, the parents' choice of school.

Basic education can be provided by home schooling upon request of a parent or for health reasons. Parents can request that the admission of their child to school is deferred by one year if the child has not achieved the required readiness for school for health reasons.

Distance learning is available for individuals of at least 17 years of age and in special cases and on the recommendation of the advisory commission for younger students.

Secondary education is based on basic education and divided into general secondary education, provided by gymnasiums, and vocational secondary education, provided by vocational educational institutions. General secondary education constitutes a set of knowledge, skills and competences, set out in the national curriculum for upper secondary schools, the acquiring of which is the precondition for further studies at universities and vocational educational institutions. Secondary education is not mandatory.

The upper secondary school is a general education school, which follows on from basic school and has a nominal study period of three years. Historically, secondary schools consisting of grades 1 to 12 (i.e. the study period lasts 12 years) have prevailed in Estonia. Since 2010, the Government is actively promoting upper national secondary schools that provide exclusively secondary education, to achieve higher quality and to ensure a more efficient school network. The Ministry of Education and Research has initiated the establishment of state upper secondary schools, where studies are pursued in grades 10-12 in regional centres. Under the *Basic and Upper Secondary Schools Law*, each county shall have at least one state upper secondary school by 2023.

Upper secondary schools for adults provide an opportunity to acquire secondary education for all adults, primarily in a part-time study format. Part-time study places more emphasis on independent work and the number of optional courses provided in the national curriculum for upper secondary schools is smaller; students choose to study only certain subjects, there are no physical education classes and persons who have acquired vocational secondary education may select the courses which are required for state exams or for admission to higher education institutions. Upper secondary education can also be completed by external studies, i.e. by studying independently and sitting the state exams. Upper secondary schools for adults admit persons who have completed basic education and are at least 17 years old.

Vocational education can be acquired either in secondary vocational education or professional higher education institutions. At least one vocational education institution operates in every Estonian county. In the 2018/2019 academic year, there are 32 vocational educational institutions and 6 professional higher institutions active in Estonia that offer a range of 160 specialities.

Vocational education institutions are divided based on the ownership status into state, municipal and private institutions. Vocational education institutions operated by the Ministry of Education and Research are considered state schools, numbering a total of 26 institutions in the 2018/2019 academic year.

According to the Basic and *Upper Secondary Schools Law*, § 2, (3), there are many allowed forms of operation of basic schools and upper secondary schools (grade configuration), from a basic school operating together with a preschool, to an upper secondary school operating together with a vocational school.

Extra-curricular education for the purposes of the *Extra-curricular institutions Law* and further training for the purposes of the *Adult Education Law* may be provided in a school, as well.

Educational institutions can be owned by state, local municipality or private sector.

The qualification requirements for school directors, teachers and support specialists² are established by a regulation of the minister responsible for the field (Annex A.1).

2.1.3. Teacher working time and student-teacher ratio

International survey data indicate that in 2010-11, Estonia was one of 11 out of 35 education systems in the OECD where schools had full autonomy over the hiring and dismissal of teachers (OECD, 2012, Chapter 5). They also have considerable freedom to decide on how much and in what form teachers work.

By *Employment Contracts Law*, paragraph 43, the standard statutory weekly workload in Estonia is 40 astronomical hours. However, the working time of educational staff is lower. As established by the Government of the Republic by a regulation *Working time of educators*, it is 35 astronomical hours in week.

Using the national curriculum as a basis, the school director has freedom to allocate the teacher's teaching time to different professional activities within the full-time working load of a 35-hour work week. This includes both contact hours (direct teaching) and other tasks as specified in the employment contract. As of 1 September 2013, there is no longer a specified minimum number of contact hours for teachers, this is decided

² Support specialists are service providers specified in the regulation of the Minister of Education and Research «*Description of the service of support specialists and the procedure for implementation of the service*». A support specialist may be employed by an educational institution on the basis of an employment contract or provide a service through the purchase and sale of a service. Support specialists include: special education teacher, speech therapist, school psychologist and social pedagogue. Their salaries are established on the basis ordinary employment laws.

by the school director. The Ministry uses 35 working hours to calculate the minimum teacher salary.

At the same time, many general education teachers, due a small number of students and therefore smaller grant for each salaries, are still working part-time, as the following Table 3 shows.

Table 3. Distribution of teachers in general education by percentage of workload

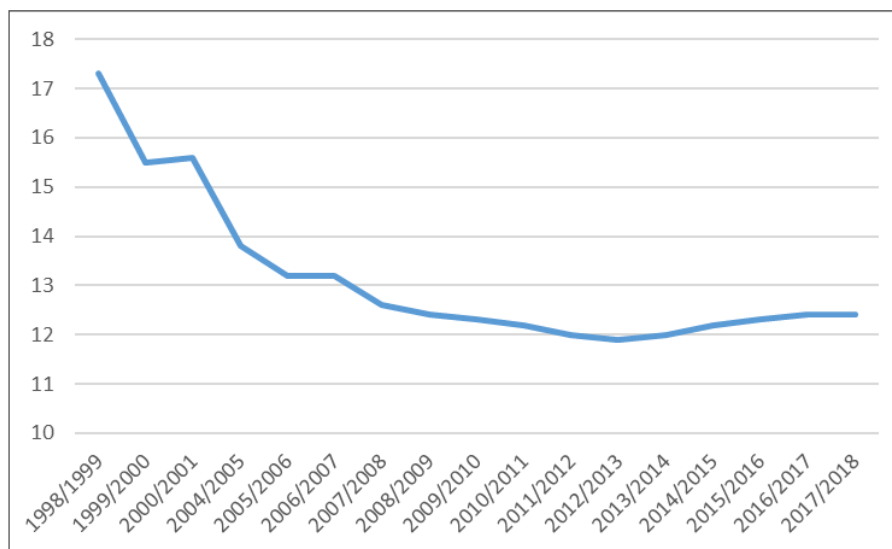
	2015/2016	2016/2017	2017/2018	2018/2019
<50%	17,3%	16,6%	16,7%	16,8%
50% – 99%	27,2%	27,0%	25,6%	25,4%
100%	48,7%	47,0%	49,0%	48,1%
>100%	6,8%	9,3%	8,7%	9,7%

Table 3 indicates that the share of teachers working part-time is stable. However, the situation is expected to improve as a result of the ongoing reorganisation of the school network.

The regulation *Working time of educators* also regulates annual leave (in paragraph 55). The duration of annual holidays of usual employee's is 28 calendar days. However, the annual holiday of educational staff is up to 56 calendar days, unless the employee and the employer have agreed upon a longer annual holiday or unless otherwise provided by law. Same paragraph, part 2 says, that the Government of the Republic shall establish by a regulation a list of positions of educational staff where the annual holiday is up to 56 calendar days, and the duration of holiday by positions. Governmental regulation *List of posts for teaching staff with up to 56 calendar days of annual leave and duration of leave by post* says, that teachers and directors of general education schools and vocational educational institutions have annual leave 56 days, teachers and directors of preschool child care institutions have 42 calendar days. The exception is for preschool teachers who work in school, where preschool and school levels are united in one educational institution and then annual leave is 56 calendar days.

The student to teacher ratio in Estonia is very low – in recent years it has been about 12 students per teaching position (FTE teacher). 20 years ago the ratio was 19 students per teaching position. The following Graph 1 is based on Barkalaja (2020).

Graph 1. Evolution of student-teacher ratio in general schools 1998-2017



Since 2012/2013, when the student to teacher ratio was the lowest, the ratio has increased slightly. For comparing, by *Basic Schools and Upper Secondary Schools Law*, the upper limit of the size of a class is 24 students in basic school (exceptionally, 26 students by special decision of the school owner). Where studies have been organised in study groups, the upper limit of the size of a class is applied to the study groups as well.

The size of schools differs between cities and in countryside drastically and this has an impact on real size of class and teacher workload accounting. In cities, for example, the current size of primary school classes is very often 28-30 students per class. In the upper secondary school level, where the limit of the class set is not regulated, classes with 40 students can also be found. This is made possible by an amendment to the law introduced in July 2013 and which entered into force in September, which allows schools, if they have a justified need and with the consent of the school owner, to increase the size of the class set for one school year. However, this derogation, which was initially of a temporary nature, has become a permanent rule.

2.1.4. Basics of financing of general education

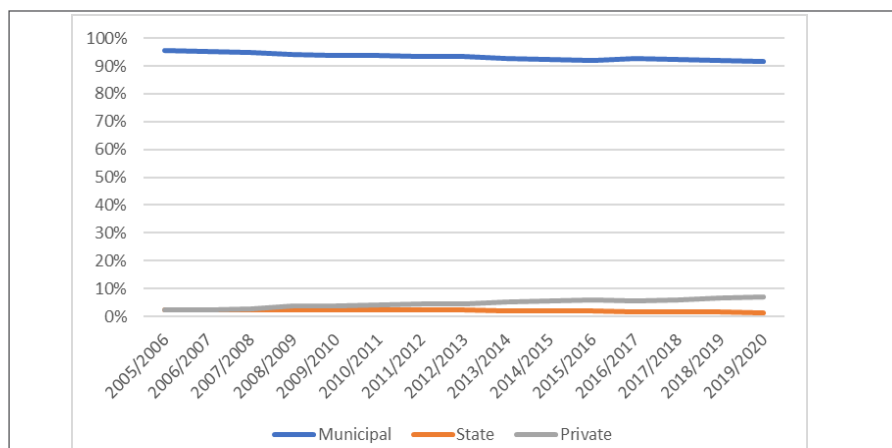
Financing of general education is based on the constitutional right of all learners to obtain general education.

Estonian schools operate within a national regulatory framework, based on *Republic of Estonia Education Law* as well as a specific school framework (the school statutes, adopted by local governments). The national regulatory framework specifies requirements such as the national curriculum including student assessment regulations, the maximum class size, minimum teacher salaries, etc. The area in which Estonian schools enjoy most autonomy is resource management (OECD 2016).

According to the *Basic Schools and Upper Secondary Schools Law*, Chapter 6, the school's running and capital costs is covered by the school founder. According to this, financing of educational institutions depends on the ownership of the institution. The following two graphs show the evolution of shares of general education schools by school founder in recent years (based on Barkalaja 2020). The share of municipal schools declined in the last 15 years, while the share of state and private schools increased. Presently (in school year 2019/20), the vast majority, 83% of students of general education schools are attend municipal schools, 6% attend state schools and 11% private schools.

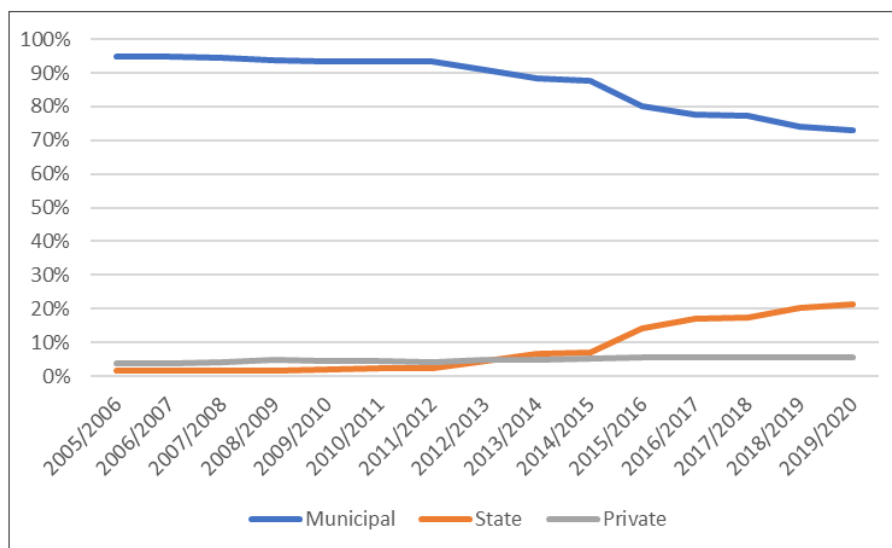
The situation is however very different for primary and secondary schools. The following Graph 2 shows the case of primary schools.

Graph 2. Distribution of students of primary schools by school owner (2005-2020)



Less than 2% attend primary schools managed by the state, and 7% attend private primary schools. The increased share of enrollment in private schools led to slow decrease of the share of students in municipal schools. In contrast, as the following Graph 3 indicates, recent program of creation of state lyceums has resulted in significant change.

Graph 3. Distribution of students of secondary schools by school owner (2005-2020)



We note major reduction of share of students in municipal schools, from 95% in 2005 to 73% now, and corresponding increase in state schools. The share of students of secondary education in private schools is less than 6%.

All expenses of state-owned schools are covered from the state budget through Ministry of Education and Research (central government as school founder). Municipal educational institutions are financed from the local government budgets, but the central government allocates them education components of the earmarked block grant (see section 2.1.1). These grants are allocated based on the number of students in municipal schools (see section 2.2.5).

Until 2015, there was also a grant for investments. Out of the government sector's general education expenditures (518.6 million euros), 42% is covered by local municipalities and 58% from the central government (data from 2017). In 2017, the government expenditure on general education as a share of GDP was 2.18%.

Expenses of a private educational institution are covered by the management of the private educational institution. Since 2018, in order to guarantee the right to free general education to all students, the state allocates per student funding to the founders of private schools to the extent of 100% of the average operating expenses of municipal schools (regulated in the amended *Private Schools Law*). As for municipal schools, this funding covers the expenses related to teachers' and directors' salaries and in-service training, textbooks and study aids as well as the school lunch costs of the students.

In addition, the central government allocates funds to cover the expenses related to the boarding school facilities created at the school. A reasoned application of the rural municipality or city government of the place of residence of the student is the basis for the admission of the student to a place in the boarding school facilities.

All expenses that exceed the grant received from the state budget must be borne by the founder of the school. Typically, this concerns the operating costs of schools. This may also be the case with teachers' salaries if these are, for some reason, higher than the grant from the state budget.

The administration of general education schools is primarily the responsibility of their founder, i.e. generally a local municipality (in other cases a private enterprise or the state). The minimum rates of teachers' salaries are established at the national level and founders of schools must guarantee payment of minimum salaries to teachers (depending on their working time). The guarantee does not cover salaries of non-teaching staff. In addition, the school and local municipality must provide students with school lunch (both in basic school and upper secondary school) and free educational literature (workbooks, exc. in upper secondary school).

Every local municipality is responsible for its children's educational opportunities. If there is no school in a municipality or a city or if a school exists but some students prefer to study at a school of a different municipality or a city, offsetting with the other local government will be performed, meaning that the local government where the student lives partially covers the costs of his education. This voluntary offsetting is regulated in *Basic Schools and Upper Secondary Schools Law* (paragraph 83). Such expenses are usually related with the maintenance of the school buildings and other general administrative costs, which are not covered by education grant allocated by the central government. Relevant relations between local municipalities are regulated by the *Basic Schools and Upper Secondary Schools Law*, paragraph 83 and local government regulations.

In case of all schools (general education and vocational schools as well as the schools providing higher education), supervision over finances is exercised primarily by the manager of the school; in addition, supervision is

exercised pursuant to the procedure established at state level – the supreme body exercising supervision over the use of public money is the National Audit Office of Estonia. Financial accounts of private educational institutions are supervised by audit companies (in cases prescribed by law).

The founder of a private educational institution has a separate budget for the institution which stands apart from the accounting of his or her other enterprises and businesses. Once every six months, the director of the private school must present the school board with an overview of the school's educational activities, economic situation and usage of funds received from tuition fees, as well as inform the board without delay of a significant deterioration of the school's economic situation and of instructions made by a supervisory institution.

In general, local municipalities support private preschool child care institutions from their budget in the amount of the cost of a place in a municipal preschool.

2.1.5. Preschools education

Vast majority of children attending preschool child care institutions attend municipal preschools, which represented 90% of the total number of preschools. Shares of students of municipal and private preschools is illustrated in the following Table 4 (based on Barkalaja 2020).

Table 4. Shares of children in municipal and private preschools 2008-2019

	Municipal	Private
2008/2009	96,6%	3,4%
2009/2010	96,9%	3,1%
2010/2011	96,6%	3,4%
2011/2012	96,3%	3,7%
2012/2013	96,2%	3,8%
2013/2014	95,9%	4,1%
2014/2015	95,8%	4,2%
2015/2016	95,9%	4,1%
2016/2017	95,7%	4,3%
2017/2018	95,6%	4,4%

2018/2019	95,7%	4,3%
2019/2020	95,3%	4,7%

Although in the last 10 years share of students in private preschools increased, it still remains very small. As of 11 September 2019, there are 58 private preschools or 9% of the total number; the rest are municipal preschools. Local municipalities may support private preschools, for example, if a municipality or a city does not have its own preschool or there is a shortage of preschool places. To reduce the shortage of preschool places, offer of childcare services has also been legalised. Local governments shall compensate for the use of childcare service pursuant to the established upper limit. Compensation for the use of childcare services can be applied only in case the service is purchased from a service provider holding an activity licence.

The expenses of a municipal preschool child care institution are generally covered by the founder, who also establishes the size of the parental contribution. Parents pay the so-called "place fee" and for meals of their children. The state budget allocates grant for in-service training of preschool teachers, and for project-based investment expenses. In addition, at a request of the local government, grant may be allocated for teaching of Estonian language for children whose native language is other than Estonian. Most of the government sectors' preschool education expenditures (288.6 mln euros) are covered by local municipalities (data from 2017). In 2017, the government expenditure on preschool education as a share of GDP was 1.21%.

2.1.6. General education

Out of all students of basic schools (grades 1 to 9) and upper secondary schools (grades 10 to 12), 89% study in municipal schools; 7% study in private and 4% in state schools. However, these shares depend on the level of study. The following Table 5 provides the number of students by stage of education and by school founder in school year 2019/2020 (based on Barkalaja 2020).

Table 5. Number of students in basic and secondary schools by school founder in 2019

	Municipal	State	Private	Total
Grade 1–3	40 283	494	3 558	44 335
Grade 4–6	41 590	544	3 230	45 364
Grade 7–9	37 722	743	2 302	40 767
Gymnasium	16 579	4 838	1 272	22 689
All	136 174	6 619	10 362	153 155

Data of Table 5 may be also reviewed as shares of students attending schools owned by different school founders, presented in Table 6.

Table 6. Shares of students in basic and secondary schools by school founder in 2019

	Municipal	State	Private
Grade 1–3	90,9%	1,1%	8,0%
Grade 4–6	91,7%	1,2%	7,1%
Grade 7–9	92,5%	1,8%	5,6%
Gymnasium	73,1%	21,3%	5,6%
All	88,9%	4,3%	6,8%

In the academic year 2018/19, a total of 15,465 teachers worked in 12,852 full time positions in general education schools. This means that a significant proportion of teachers still continue to work part-time. The number of both teachers and teaching positions has increased compared to the past. Estonian teachers are increasingly old. The average grade 7–9 teacher in Estonia is 49 years old and 54% of Estonian teachers are over 50 years old. Estonian school directors are on average 53 years old and 21% of our school directors are over 60. Ensuring the succession of teachers and school directors, increasing the attractiveness of the teaching profession, and providing support for teachers remain a major challenge.

2.2. Description of the current system

The key principles of system of teacher salaries in Estonia are as follows:

- The state defines minimum teacher salaries (Table 7)
- Municipalities adopt local regulations of salaries of pedagogical staff
- The salary of every teacher is established by the school director in the employment contract. Average teacher salary is about 30% higher than the minimum salary (Table 8)
- By regulations, the salary is not directly related to the number of weekly contact hours
- The salaries of school directors and deputy directors are established by the school founder
- Teachers and directors may also receive scholarships and awards.

2.2.1. Minimum and average salaries of teachers

According the *Basic Schools and Upper Secondary Schools Law*, on the conditions and in accordance with the procedure provided for in the *Collective Agreements Law*, the minimum wage of teachers is agreed every year in a national wage agreement signed between:

- For the employers: by the minister responsible for the field, authorised representatives of national associations of local authorities, authorised representatives of local authorities and authorised representatives of private legal persons that manage private schools;
- For the employees: authorised representatives of registered associations of teachers.

It is important to note that there are two registered associations of teachers at the national level: Estonian Educational Personnel Union (EHL, Eesti Haridustöötajate Liit³) and Estonian Association of Teachers (EOL, Eesti Õpetajate Liit⁴). The collective agreement is signed with EHL, which has more trade union characteristics, while the Association EOL has more professional character. EHL is an association of 17 member organisations, based on county and city level. County organisations have their own member organisations. For example Tartu County EEPU have 23 member

³ <https://ehl.org.ee/en/>.

⁴ <http://www.opetajateliit.ee>.

organisations. Some county level EEPUs have only physical person members, like Viljandu county EEPU, which have 430 physical members.

On the basis of the agreement specified above, the Government of the Republic establishes annually the minimum wage of teachers by a special regulation, The Regulation of Basic Schools and Upper Secondary Schools Teacher Minimum Salary. The regulation of the minimum teacher salaries do not take into account the qualifications or the years of service of the teacher are the same for all teachers⁵. The following Table 7 provides these values for recent years.

Table 7. Minimum salaries of teachers 2011 – 2020 (Euro)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Minimum monthly salary of teachers	644	644	715	800	900	958	1 050	1 150	1 250	1 315
Average national salary	839	887	949	1 005	1 065	1 146	1 221	1 310	1 407	1 404 (first quarter)
Year to year increase of minimum teacher salary	0%	0%	11%	12%	13%	6%	10%	10%	8%	5%
Minimum monthly salary of teachers as a share of the national average salary	77%	73%	75%	80%	85%	84%	86%	88%	89%	94%

For the national context, the minimum teacher salaries is provided together with actual average salary in Estonia, as reported by Statistics Estonia. We also provide yearly increase of minimum teacher salary and minimum teacher salary as percentage of average salary in Estonia (minimum teacher salary in 2010 was 664 Euro).

As the table demonstrates, minimum teacher salaries as percentage of actual average salaries in Estonia were systematically, albeit slowly, increasing.

⁵ Qualifications requirements are the same for all teachers of primary and secondary schools, they are somewhat lower for preschool teachers.

Table 8. Average teacher monthly salary (Euro)

	2011	2012	2013	2014	2015	2016	2017	2018
Average monthly salary of a municipal school teacher	797	812	930	1 025	1 135	1 206	1 289	1 478
Average salary of municipal school teacher as percentage of minimum teacher salary	124%	126%	130%	128%	126%	126%	123%	129%
Average monthly salary of a municipal school teachers as percentage of the national average monthly salary	95%	92%	98%	102%	107%	106%	106%	113%

Alongside these national agreements, some local governments, such as the city of Tartu, conclude annual collective agreements with local educational organizations. Local collective agreements cover the salaries, working hours, volume of leave, etc. of all educators in the city, including preschool teachers, vocational school teachers, support specialists and directors of educational institutions. For example, city Tartu has such local agreements⁶. The local agreements stipulate salaries higher than the national minimum of Table 7, of course.

Every local government must develop and adopt a procedure for remuneration of school directors and all pedagogical staff, including teachers. One example local government regulation is *Procedure for remuneration of teachers* city of Narva. Another example is the system of collective agreements referred to above for the city of Tartu.

The salary of every teacher is fixed in the employment contract signed between the teacher and the school director. The school director must follow local procedure for remuneration of pedagogical staff, and may pay the teacher a basic salary higher than the minimum wage. In addition, school director decides on bonuses and on performance fee for additional work tasks. For this reason, average salaries of communal teachers are in general significantly higher than minimum salaries. The relevant data are provided in Table 8. This table lists average salaries of municipal school teachers, but average salaries of all teachers (including private and state schools) differ from them by a few Euro only. The values of minimum teacher salaries and of the national average monthly salaries may be seen in Table 7 above.

⁶ See <https://tartu.ee/en/node/825> for collective agreements from 2011 up to 2020.

Actual salaries of communal teachers as percentage of the minimum salaries are quite stable in recent years and oscilate at around 130%. This means that as minimum teacher salaries are increased from year to year (see Table 7), actual teacher contracts are adjusted upwards at the same rate. However, between 2011 and 2018 actual teacher salaries increased in comparison to average salaries in Estonia from 95% to 113%. Average teacher salary exceeded the average salary in Estonia in 2014. Of course, actual teacher salaries are different in different schools and in different municipalities, their values averaged for counties are presented in Table 10.

With the salaries of teachers continuing to grow, the state considers it important to bring the salaries of kindergarten teachers up to the level of teachers. In recent years, the focus has been on the wages of preschool teachers and in year 2020 the goal is to reach 90% of the minimum salary of a teacher in a general education school, or EUR 1,125 per month, and to ensure that the salary of a preschool teacher with a master's degree is at least 100% of the minimum salary of a teacher of a general education school, or EUR 1250 per month. To encourage salary increases for preschool teachers, limited state subsidies, through an earmarked grant, have been paid to local governments since September 2017, however much less than subsidies for salaries of teachers.

The salaries of preschool teachers vary between local governments, as the following Table 9 shows for two counties (Harju and Ida-Viru).

Table 9. Average monthly salaries of preschool teachers in two counties, 2014, 2019 (Euro)

	2014	2019
Harju County	736	1 147
Ida-Viru County	584	1 161

The table indicates that the salaries of preschool teachers in different municipalities have increased and equalised. This is the case for all municipalities across Estonia, and is the result of the state grant and contributions from local governments. In 2018, local governments raised the salary of kindergarten teachers to 85% of the minimum wage for teachers in general education school, i.e. to 978 euros, and by 2019, the salary of kindergarten teachers was in many counties at least 90% of the school teacher's minimum, i.e. EUR 1125 per month, and the salary of teachers with MA degrees should be 100% or EUR 1250 per month. The average salary of a preschool teacher in Estonia in spring 2019 was EUR 1,145.

Higher salaries are one of the main strategies to increase the attractiveness of the teaching profession. According “Education at a Glance: OECD Indicators (OECD, 2019), in 2013, a change in the way teachers’ salaries were calculated in Estonia (from contractual hours to full- time employment pay) led to considerable increases in teachers’ salaries (OECD, 2015[3]). Between 2013 and 2017, average actual salaries increased by 35% at all levels from pre-primary to general upper secondary education, one of the steepest increases across OECD countries. Despite this, teachers’ actual salaries are still among the lowest of all OECD countries at each level of education (OECD 2019).

2.2.2. Add-ons established for individual teachers

Teachers may receive a few types of add-ons to their salary:

- Beginner’s allowance for first-time teachers
- Scholarships
- Bonuses and performance fees
- Awards for school directors.

Beginner’s allowance for teachers

Beginner’s allowance for teachers is an allowance paid to a teacher who commences work in a school for the first time. Upon receipt of the allowance, teacher or support specialist undertakes to work in the school as required for five years.

The beginner’s allowance may be applied for by a person who:

- Has completed teacher training at a higher education level and commences work as a teacher in a school for the first time within 18 months as of completing the teacher training;
- A person who commenced work as a teacher for the first time in the course of teacher training or bachelor’s studies immediately preceding the teacher training may also apply for the beginner’s allowance within four months as of completing the teacher training at a higher education level, provided that the period of time between the completion of the bachelor’s studies and the commencement of teacher training does not exceed one year;
- Works as a teacher in a school with at least 0.5 workload, whereas the 0.5 workload also includes working at the same time as a vocational teacher in a vocational educational institution or as a teacher of general education subjects;

- complies with the qualification requirements established for the position;
- is proficient in Estonian at the C1 level provided for in the *Language Law*.

The amount of the beginner's allowance is specified in the annual *State Budget Law*. In 2019 it was 12,783 Euro. The allowance is payable in three equal installments over a period of three years (however, from September 2020, it will be paid as a lump sum in one installment). If a teacher work less than full-time, the amount of the beginner's allowance is revised in proportion to the occupied position in the academic year of payment of the beginner's allowance.

A person who has received the beginner's allowance is required to return the allowance paid to them if their continuous employment as a teacher ends before five years have passed from the receipt of the first portion of the allowance.

The minister responsible for the field establishes the procedure for application, payment and recovery of the beginner's allowance. All details of regulation of beginner's allowance are fixed in paragraphs 77 and 77(1) of *Basic Schools and Upper Secondary Schools Law*.

Scholarships and awards for teachers and school directors

The competition for national education scholarships has been introduced in September 2019 and will be organized annually. Applications may be submitted by teachers and support specialists from pre-school, basic, upper secondary and vocational schools. The scholarship is up to EUR 11,000 and is intended for use in the given budget year, with a maximum duration of six months.

The scholarship is awarded on the basis of priority topics in the field of education, the applicant's career and readiness to develop his or her professional competence, compliance with qualification requirements and the applicability of the scholarship to the wider education system.

The scholarship can be used for a variety of activities, such as participation in studies and internships, preparation of study materials, training abroad, etc.

Bonuses and performance fees

Teachers may receive bonuses and performance fees. However, these are regulated not in legislation, but in individual employment contracts. The teaching staff and management of all educational institutions work on the basis of contracts, regulated by *Employment Contracts Law*.

The contract may stipulate that the employer shall incur additional expenses for training the employee, and in return the employee shall work for the employer during an agreed period (binding period), to compensate for these expenses.

An employee has the right to a study leave (according to the procedure prescribed in the *Adult Education Law*).

The regulation of the length of leave for educators can be interpreted as an additional bonus: "The annual holiday of educational staff is up to 56 calendar days, unless the employee and the employer have agreed upon a longer annual holiday or unless otherwise provided by law." For other professions annual holiday is 28 calendar days.

All other issues of bonuses and allowances are agreed between the school principal and the teacher and fixed in the employment contract.

Awards for the directors of schools and preschool childcare institutions

Every year, two awards are made in Estonia: the title of School Director of the Year and Lifetime Achievement Award in Education. Financial values of these awards are 11 thousand Euro for School Director of the Year and 65 thousand Euro for Lifelong Achievement Award. Different professional organisations as well as persons may nominate candidates.

Scholarships and awards are awarded by special commissions. The commission is formed, and its composition and rules of procedure are approved by the Minister of Education and Research. The chairman of every commission is the Minister of Education and Research.

2.2.3. The roles of school director in determining salaries of individual teachers

School director, by the *Basic Schools and Upper Secondary Schools Law* (in terms of employment and determining salaries of individual teachers):

- Represents the school, acts in its name and uses the budgetary funds of the school within the limits of the competence granted under this law and the statutes of the school;
- Establishes the principles of remuneration of the school, presenting them to the teachers and the board of trustees before approval so that they could express their opinion as well as to the founder of the school for approval;
- Concludes employment contracts with teachers and other employees;

- Approves the composition of the school employees in accordance with the procedure established by the founder of the school;
- Approves the conditions of and procedure for organisation of development conversations.

By the same law, the board of trustees establishes the procedure for organising competitions for filling the vacancies of the director, teachers, support specialists and other positions of persons working in the field of teaching and education. The composition of school employees is approved by the director of school in accordance with the procedure established by the founder of the school.

The school director may, at his/her discretion, involve also the teachers' council when recruiting new teachers. Members of the teachers' council are the director of school, teachers, support specialists and other persons appointed by the director of school.

If no qualified teacher is found in a competition organised for filling a vacant teacher position, the director of the school may conclude a fixed-term employment contract for a period of up to one year with a person who has at least secondary education and whose qualifications and pedagogical competence are sufficient to ensure fulfilment of the study goals established in the school curriculum and the attainment of the learning outcomes. In such an event the director of the school organises a new public competition within a year.

The teaching staff and management of all educational institutions works on the basis of employment contracts, regulated by *Employment Contracts Law*.

The rights, duties, obligations and liability of school employees are provided for in the statutes of the school, in the rules of work organisation established by the employer, in a job description and in an employment contract, as well.

The teacher's working time is calculated and the teacher is remunerated on the basis of their position. The working time of the teacher is divided into direct teaching and education work and other tasks arising from the employment contract, job description and work organisations rules and tasks given by the employer.

2.2.4. The regulation and level of salaries of school directors

The school founder determines the salary of school director. Estonia is one of only 9 out of 35 education systems in the OECD where school director salaries and conditions of service are determined at the local level. As is the case for teachers, the salaries of school directors are paid by the school founder and, in the case of municipal schools, derive from the education component of earmarked grant (section 2.2.5).

The salaries of school directors are not officially defined by statute, by type of educational institution, previous experience, level of education etc. Their salary is a matter for local government autonomy.

Rules regarding remuneration of school directors are included in the procedure for salaries of pedagogical staff, which must be adopted by every municipality.

As noticed by OECD, municipalities may keep in reserve a small proportion of the centrally allocated funding for teacher and school director salaries and use this at the end of the year to reward school directors and other staff that have been successful on locally specified criteria.

Despite this high level of autonomy and responsibility, school directors in Estonia earn less than their counterparts in most other OECD countries and economies. Average actual annual salaries for school directors in primary to upper secondary (general programmes) in Estonia were in 2017 about 27 689 EUR, compared to OECD averages ranging from 54 671 EUR at primary level to 63 694 EUR at upper secondary. School directors in Estonia have some of the lowest earnings premiums over teachers across OECD countries, earning 24% more on average, compared to at least 50% more on average across OECD countries (OECD 2019).

By the CV-online statistics, monthly salary of school director in Estonia ranges between 1 053 and 2 185 EUR.

2.2.5. General education components of earmarked block grant

The Estonian state supports local governments in their financing of education through education components of the earmarked block grant (see Table 2). Financing from the state budget is allocated on equal grounds to state, municipal and private schools to cover the expenses related to teachers' and directors' salaries and in-service training. The preschool child care institutions were funded fully by local governments until 2017, when the state added a separate component «Support for labor costs for pre-school teachers» to the earmarked grant.

The general education component of the earmarked block grant is defined in the annual *State Budget Law* for the purpose of covering the operating expenses of the school. There are several components of the general education component, each with clearly defined use of funds:

1. Teacher Salary Component may be used solely for covering the labour expenses of teachers, and if coverage of the labour expenses of the teachers is ensured, then for covering the labour expenses of support specialists, provided that they receive salary equivalent to the minimum salary established to teachers.
2. School Director Component may be used solely for covering the labour expenses and in-service training expenses of directors, director teachers and teachers, for covering the labour expenses and ensuring the services of support specialists, and for enabling free use of teaching and learning materials required for completing the school curriculum.
3. Education Literature Component may be used solely for covering the expenses relating to education literature for enabling free use of teaching and learning materials required for completing the school curriculum and where the free use of teaching and learning materials required for completing the school curriculum is ensured, for covering the labour expenses and in-service training expenses of directors, and teachers, and for covering the labour expenses and ensuring the services of support specialists.
4. Special Needs Component may be used solely for the purpose of provision of enhanced support or special support and for covering the labour expenses of support specialists.

The calculation of the general education components of the earmarked block listed above is based on the number of students registered in the education information system as of November 10 in the year preceding the planned year.

Still - despite the fact that teachers' salary component is earmarked and school founders can only use it to pay teachers, there are municipalities that do not use all the grant they receive for teachers' labor costs, and of course do not add their own contribution. According to the Ministry of Science and Education, in 2016 out of 208 of local governments that managed schools, 56 (28%) spent less than 100% of the Teacher Salary Component of earmarked block grant received.

The formula for calculating the Teacher Salary Component of the earmarked block grant uses the following factors:

- Estimated salary in the given municipality, calculated on the basis of historical budget data (see Table 10);
- Standard student-teacher ratio 15;
- Regional coefficients for rural municipalities with small schools (ranging from 1 to 2);
- Coefficients for students with special education needs (ranging from 2 to 4);
- Coefficients for non-stationary learning (ranging from 0.06 to 1).

The financing model is based on the curriculum volume established for students of different ages and on the number of respective classes at school. At the same time, the financing model uses several optimisation opportunities that schools should implement in case of a very small number of students – e.g., the establishment of composite classes.

The following Table 10 provides comparison of average estimated and actual teacher salaries. Averages for counties are provided for 2018, values for individual municipalities of course display higher differentiation.

Table 10. Average estimated and actual monthly salaries by county, 2018 (Euro)

County	Estimated salary	Paid salary
Harju county	1 624	1 662
Hiiu county	1 312	1 371
Ida-Viru county	1 417	1 505
Jõgeva county	1 363	1 407
Järva county	1 386	1 428
Lääne county	1 315	1 370
Lääne-Viru county	1 452	1 486
Põlva county	1 421	1 495
Pärnu county	1 605	1 579

Rapla county	1 502	1 570
Saare county	1 396	1 496
Tartu county	1 592	1 607
Valga county	1 405	1 513
Viljandi county	1 467	1 442
Võru county	1 443	1 448

If actual salary is lower than estimated salary (for example, in Pärnu county), than a municipality is in a comfortable budget situation. If actual salaries are higher than estimated (in most counties), than municipality must add from own revenues to teacher salaries.

2.3. The process of implementation of the current system

In 2013, the amendments to the *Basic Shools and Upper Secondary Shools Law* introduced the current system of teacher remuneration in Estonia, as described in section 2.2 above. The statutory number of contact lessons per week as teachers' workload was abolished, and is no longer used as the basis for calculation of actual salaries. The dependence of teacher minimum salaries on teacher qualification levels and on years of service was also discontinued.

The present section reviews how these far-reaching reforms were prepared and implemented.

2.3.1. Context of reform of teacher remuneration and workload in 2013

The reform of remuneration and workload was in fact part of a much broader general education reform, which was a continuation of a series of reforms in the field of education since the 1987 April Estonian Teachers' Conference, where the educational community's strong initiative to bring about change led to a series of educational forums, up to a declaration of the superiority of Estonian legislation over Soviet federal legislation on 16th October 1988.

This was a clear message for Estonian educators that the time had come to take measures for building up a national system of education. In 1989 the main principles for the reorganization of public education in Estonia were published (Krull, Trasberg 2006). Brainstorming sessions through the 1989 Forum of Culture and Education and the Council of Education in 1989-1991 were precursors of what would become the Estonian Education Forum in the October 1995 (Ministry of Education 2001).

From then on, the education reform initiative gradually, but firmly, moved to the competence of state structures and political parties. The focus and intensity of the reforms began to depend more on the party's election promises and the preferences and personal characteristics of the ministers. However, policymakers periodically considered the Estonian Education Forum as a partner of civil society when the need arose to overcome inter-party stalemate. The stabilizing factor was also the European structural and investment funds launched in 2004, which required the preparation of strategy papers and the planning of activities with the involvement of the social partners.

The planning and implementation of Estonia's general education reform between 2007 and 2013 is a major topic beyond the scope of the present chapter. Moreover, in the same period Estonia undertook several administrative reforms, motivated in part by the same problems which motivated the general education reform. Therefore, we present here only the main challenges and the key proposed solutions:

- Demographic challenges

Due to the general decrease in the number of children and the movement of the population towards the capital and its surroundings (peripherality), it became necessary to start reorganizing the school network. This was done on the one hand by closing primary schools and directing children to basic schools, and later also by reorganizing the basic school network with the financial motivation of local governments to close "redundant schools".

- The uneven financial and human capacity of local governments to provide the population with the services prescribed by law.

Regional disparities and local declines in the quality of secondary education increased the risk of regional educational stratification. The solution was to separate the upper secondary school and the basic school, following the example of Finland, as full-cycle secondary schools were considered the most valuable in the hierarchy of schools in the eyes of society. For example, according to the head of the National Audit Office, the ratio of schools closed by 2010 between primary schools and upper secondary schools showed that "... rural municipality

leaders are ready to sacrifice a primary school close to home for the child rather than close to the upper secondary school”.

There were two main instruments for implementing education reform. Main objectives of reforms were formulated in the document “Development Plan for the General Education System for 2007–2013”, developed within a systemic project funded by EU structural funds (its components concerning teachers’ remuneration and work organization are discussed in Section 2.3.3). The second instrument were laws in the form of both laws and their implementing provisions.

In 2010, a new *Basic Schools and Upper Secondary Schools Law* was passed, replacing the first law of 1993.

The main new elements of the law were:

- For the first time, important basic principles of the national curriculum have been defined at the level of law. Basic school and upper secondary school curricula were separated from each other;
- Provisions were introduced to improve students’ compulsory schooling and reduce early school leaving;
- Provisions were introduced to support students with special educational needs;
- A chapter on mental and physical safety and health at school was introduced.
- A chapter on the application of sanctions to students at school was introduced, in connection with the need to define the rights of teachers and school leaders in intervening in the actions of conflict or abusive student.

The initial plan to separate the basic school and the upper secondary school met with strong opposition from local government leaders and school principals and found no support in the Parliament (Riigikogu). It was postponed until 2013 (see below).

To date, this law has been amended a total of 26 times, of which the most relevant for the present chapter is the law of 2013 (*Basic Schools and Upper Secondary Schools Law and Other Related Laws Amendment Law*).

The main changes in the 2013 *Amendment Law* were as follows (according to the explanatory note to the draft law):

- Clear and increased responsibility. The director of the school is responsible for the activities of the school, including the organization and effectiveness of teaching. The decision-making rights and responsibilities of the school director were increased.

- Valuing the teaching profession. The teacher is provided with a salary corresponding to the general working hours, which includes the performance of all official duties. The aim is to bring the minimum wage of a teacher to the level of the national average wage. National hourly workload standards will be abolished, they will be left to the school to decide. The system of qualification levels and attestations will be gradually replaced by the unified Estonian qualification system and motivation systems agreed at school.
- Substantive support for teaching. The national curricula of basic schools and upper secondary schools differentiate between priority learning outcomes and programmatic issues left at the discretion of the school.
- Simplifying the organization of school / teachers. It is important to make national regulations more flexible (class completion limits, minimum composition, internal assessment procedure, etc.) and to give more decision-making power to the school head.
- Functional separation of primary and secondary education. The integrated basic school and gymnasium (upper secondary school) may still continue to operate. However, the *Basic Schools and Upper Secondary Schools Law* provides for their functional separation, including in the previously integrated educational institutions. No new integrated schools may be established.
- Making funding more transparent. The regulation of the grant to local governments will be amended, the allocations will be made earmarked in accordance with the *Basic Schools and Upper Secondary Schools Law*.

2.3.2. *The main motivation for reform of teacher remuneration in 2013*

As discussed in the previous subsection, the reform of teacher remuneration was introduced in 2013 in the key amendments to the *Basic Schools and Upper Secondary Schools Law*. Three main reasons for undertaking the reform:

- The quality of upper secondary education was/is very uneven by regions, which started to create educational stratification by place of residence.
- The risk of a lack of professional community of teachers due to the unpopularity of the teaching profession and the high average age of working teachers, one of the main reasons for which was considered to be low salaries.

- Lack of additional resources for the increase of teachers' salaries in a situation where expenditures on general education accounted for 3.1% of total government sector expenditures and the share of teachers' salaries in Estonian general education expenditures was 36%.

From the point of view of the Ministry of Education and Research, the use of education grant to local governments was non-transparent, did not support sustainable education organization and allowed the maintenance of small upper secondary school sections that offered students little choice and uncompetitive education at the expense of basic school resources. As an additional measure to offer more choice, the creation of a network of state gymnasiums on the basis of former county centers was launched.

As a second measure, it was decided to concentrate as much available salary resources as possible directly at the disposal of the school director and to give her/him the opportunity to use it flexibly.

So, one of the goals of the reform was to change and improve the bases of teachers' remuneration and to contribute to the growth of teacher salaries, which has become one of the central priorities of the Estonian education sector in recent years.

Under the old system, teachers were remunerated according to qualification levels and years of service, as well as the number of contact hours per week taught by teachers. However, from a new point of view, this approach did not take into account the contractual freedom of the parties to the employment contract (teacher and school) and did not ensure equal treatment of different employees, because tasks other than actual teaching and in-service training were not always taken into account when determining the employee remuneration and workload.

In order to contribute to these goals, nationally established qualification grades and associated minimum wages were abolished in 2013. Whereas previously a separate minimum wage was applied to each level, the amendment established a uniform minimum wage for all teachers of basic and upper secondary schools.

At the same time, the principles for calculating working time were changed. The main change was to treat all professional work of teacher as a whole, not just by contact hours in classroom. As a result, from autumn 2013, teachers' working time is treated as full-time workload, which must include all tasks performed by the teaching profession, including preparation for lessons, conduction of lessons, assessment of students' work, study visits, selection and adaptation of study materials, professional meetings, in-service training, class leadership, mentoring of younger teachers etc.

2.3.3. *The design and implementation plan for the new system of teacher remuneration*

Unfortunately, it is not easy to describe in detail the preparations for the reform of teacher remuneration and workload. The written traces of how the reform was designed and presented to the public are fragmented. The staff turnover in the ministry also does not contribute to the continuity of the historical memory within the organization. However, it is important to note that preparatory work on this reform started well before 2013.

As indicated above, main objectives of education reforms were formulated in the document "Development Plan for the General Education System for 2007–2013", developed within a systemic project funded by of EU structural funds. The first version of the development plan was created by the departments of the Ministry of Science and Education and adopted in 2007.

The development plan sets, among other, Sub-Objective 2.2: "Motivated and professional teachers working in educational institutions". Two specific measures were defined for the Sub-Objective 2.2, listed in the following Table 11.

Table 11. Measures for the implementation of the reform of teacher remuneration

Measure 2.2.1. Motivating working conditions are created for teachers	
2.2.1.1.	Carrying out an analysis of teachers' work tasks, including job descriptions
2.2.1.2.	Participation in the OECD teacher survey TALIS 2013
2.2.1.3.	Additional motivation for teachers teaching in Estonian in Ida-Virumaa
2.2.1.4.	Continuing to provide young teacher initial support
2.2.1.5.	Continuation of the scholarship program for teacher training students
2.2.1.6.	Implement measures to increase the minimum wage for teachers and the average salary of a full-time qualified teacher to 20% above the national average at the expense of the internal organization of the education system: a) by reorganizing the school network, especially the upper secondary network; b) developing a salary structure that takes into account the teacher's workload and work input more flexibly
Measure 2.2.2. Functional models of teachers' professional development and career system will be created	
2.2.2.1.	Supporting the professional development of teachers and developing a system of in-service training

2.2.2.2.	Development and implementation of the principles of attestation of teachers' qualifications
2.2.2.3.	Development of pedagogical cooperation networks to support professional development
2.2.2.4.	Implementation of the school director's competence model

The development plan included also indicators used to measure its implementation. The indicators for Sub-Objective 2.2 are listed in Table 12.

Table 12. Indicators for teacher workforce

	2007/2008	2010/2011	2013/2014
The share of teachers aged 30 and younger in the total number of teachers in general education schools	12.2%	10.5%	12.5%
Ratio of positions filled by teachers meeting the qualification requirements to the total number of teacher positions in general education schools	89,5%	91,3%	92,5%
Percentage of teachers under 30 in the total number of teachers in pre-school institutions	12,5%	11,1%	12,0%

First amendments of the *Basic Schools and Upper Secondary Schools Law* implementing the development plan entered into force on 1 September 2010, with some setbacks, as noted above.

In 2011, the development plan was adjusted with a document "Approval of the implementation plan of the consolidated text of the «Development Plan of the General Education System for 2007-2013» for the period 2011-2013", with involvement of other ministries and stakeholders (There is no procedural information on the regulations of the Government of the Republic of previous implementation plans, ie until 2010, so it is not possible to identify their coordination processes and compare to the processing of the current document).

The discussions and agreement process for the reform included many stakeholders, who contributed many suggestions for amendments. Their list includes:

- Association of Municipalities of Estonia
- Association of Estonian Cities
- Cooperation Council of Education Leaders of Estonian Cities

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- Council for Educational Management
 - Estonian Education Forum
 - Estonian Education Personnel Union
 - Estonian Association of Parents
 - Estonian Association of Child Welfare
 - Estonian Association of School Directors
 - Estonian Association of Early Childhood Education Directors
 - Estonian Association of Kindergarten Teachers
 - Estonian Association of Special Educators
 - Estonian Physical Society
 - State Examination and Qualification Center
 - Tiger Leap Foundation
 - University of Tartu
 - Migration and Integration Foundation.

The process to reach an agreement was not easy. For example, Association of Municipalities of Estonia and Association of Estonian Cities initially criticized the draft in the letter (full text in Barkalaja 2020) to Ministry of Education and Research, pointing out:

“The amendments to the development plan 2011-2013 (and the corresponding implementation plan) contained in the draft envisage significant changes in the general education system that directly affect the local government tasks, but local governments and their associations are not involved in developing these changes or implementing their implementation mechanisms. The amendments to the development plan provide for activities, including at the local government level, which require additional financial resources, but they are not reflected in the implementation plan.

In conclusion, we find that the development plan of the general education system with the additions presented in the draft should be discussed with local governments through county associations and their opinions and proposals regarding the organization of the school network should be heard and only then should the draft be further processed. The Association of Estonian Cities and the Association of Municipalities of Estonia are ready to contribute to the discussions”.

One of the reasons for the association’s critical position was the experience of drafting and processing *Basic Schools and Upper Secondary Schools Law*, which brought to the attention of local municipalities an understanding of how serious contributions to reform are at stake.

As reaction, in September 2011, negotiations were started between the Association of Estonian Cities, the Association of Municipalities of Estonia, the Estonian Educational Personnel Union, the Estonian Association of Teachers, and the Ministry of Education and Research on the minimum teachers' salary levels and teacher salary increase opportunities for 2012.

On November 3, 2011, the Estonian Educational Personnel Union and the Ministry of Education and Research signed a joint declaration to value the work of teachers. The aim was to increase the minimum rates of salary for teachers and that the average salary of a full-time qualified teacher should be 20% higher than the national average. The parties saw the review of school network system as one way of achieving these goals.

On December 13, 2012, draft bill of *Basic Schools and Upper Secondary Schools Law and Other Related Laws Amendment Law* was submitted to Parliament⁷. The ministry's draftsmen considered it necessary to emphasize in the explanatory note:

"A brief summary of the document "Five Challenges of Estonian Education - Draft Estonian Education Strategy 2012-2020", prepared in cooperation between the Estonian Cooperation Council, the Estonian Education Forum and the Ministry of Education and Research, which unites various partners, says: "The most urgent tasks in Estonian education are the organization of the network of educational institutions, including the separation of basic school and upper secondary school; improving the quality of teacher training with a decent salary for teachers; the actual implementation of the provisions of the basic curriculum of basic schools and upper secondary schools and the *Basic Schools and Upper Secondary Schools Law*; introduction of a funding model that ensures fair access to higher education and vocational training and supports the quality of education, etc".

The law was adopted on June 20, 2013, after lengthy discussions and stakeholder views have been discussed at Parliament's culture committee (see section 2.3.1 for an overview).

On the basis of the new *Basic Schools and Upper Secondary Schools Law*, a new system of teacher professional qualifications has been introduced in association with a new career structure (see Table 13). Unique features of the career structure are that it has no formal links to salary levels and access to its higher levels is voluntary. Its main aim is to serve as a reference for teachers' competency development.

7 See full documentation of process (in Estonian): <https://www.riigikogu.ee/tegevus/eelnoud/eelnou/60b0d7c0-ab39-4283-919c-27888c9d8579>

Regulations stipulate that, for all educational levels, in addition to teaching, the following tasks were expected to be undertaken at the school by teachers:

- Individual planning or preparing lessons;
- Teamwork and dialogue with colleagues;
- Marking student work (except in pre-primary education);
- Supervising students during breaks (except in pre-primary education);
- Providing counselling and guidance to students (except in pre-primary education);
- Participating in school management;
- General administrative communication and paperwork;
- Communicating and co-operating with parents or guardians;
- Engaging in extracurricular activities after school;
- Engaging in professional development activities.

The associated required time for these tasks was not specified. The distribution of tasks for individual teachers across the stipulated workload depends on school-level arrangements and decisions by the school management. The only element which is regulated is the total working hours (35 hours a week). In addition to the tasks listed above, teachers can also develop subjects' syllabi, prepare students for competitions such as Olympiads and give substitution classes.

Crucial moment of regulatory solution hidden "between the lines" is the fact that the new amendments to the regulations distinguished subject teachers from other pedagogical staff of the school. To this end, the term "pedagogue" was abolished from the law and replaced by the term "teacher", which meant only a teacher who *gives narrower contact hours*. This was due to the fact that the state undertook to provide a minimum wage for teachers with earmarked grants to school owners. As the expected savings from the thinning of the school network did not materialize, *the magic of word* was used to keep down the costs of salaries of school support staff, including social pedagogues, free time leisure managers, and special educators.

Increased freedom of action and rights caused some stress for school directors due to an already unprecedented situation. To facilitate the tasks of school directors, the ministry issued supporting material "*Basics of teacher salary management*", where are explained principles of administration and formalization of teachers' work load and salary management.

2.3.4. Key challenges and key success factors

Key challenges to the reform of general education are:

- The teaching workforce is ageing but the number of students in teacher training programmes is insufficient to meet future demand.
- Transition to a modern concept of learning, when the teaching profession remains still a low-status profession.
- Ensuring a balance between the quality and availability of general education in the context of demographic decline and peripheralization of rural areas.

Key challenges of the reform of schools funding and teachers' remuneration and workload are not studied in the full sense of academic research. From a sketchy mapping of the recent history of events, it seems that they can be formulated as follows:

- Real stakeholder involvement at an early stage in the processes.
- In addition to school principals, systematic and wide-ranging awareness-raising as well among teachers about the situations involved in new legislation and how to deal with them.
- The «scissors» between, on the one hand, the amount of funding, based on the number of children, from the earmarked block grant and number of the full-time positions at the school and, on the other hand, the volume required to complete the school curriculum and syllabi. «Scissors» between the 35-hour work week and the total volume of work expected by director of school.

Estonian reform of teacher remuneration is generally considered successful. If we bring broadly out at the success factors of the last general education reform, which has led some regions to the top performance, then they are:

- The strongly increased teachers' and school directors' wages
- Competence of local government education officials
- High professional level of management ethics of school directors and adoption of a modern approach to learning by a sufficient number of teachers.

If we look more narrowly at the reform of schools funding and teachers' remuneration and workload, the key factors for success are:

- Existence of strategies and action plans covered by EU structural funds. The problem with many national strategies and action plans in Estonia has been that no state budget cover has been added to them and they have simply remained an empty formal document.

For example, the Praxis (2013) report «Mid-term evaluation of Structural Fund measures in the field of general education and youth» provided support activities such as in-service training and development of pedagogical networks to support the implementation of the National Curriculum for Basic Schools and Upper Secondary Schools adopted in 2010, or the training of those specialists involved in the issuing of professional certificates which supported the implementation of the system for awarding professional qualifications. The mid-term evaluation of the program «Improving the qualification of general education teachers», from which the performance indicators referred to in subsection 3.3 were derived, concludes that the planned activities brought significant benefits in the opinion of the representatives of the target group.

- In the course of negotiations, finding an additional, relatively flexible funding mechanism in the form of an earmarked grant for general education to compensate for the insufficient and uneven income base of local governments.
- Addressing the issues of teacher salary increases and the reduction of the school network independently of each other, despite initial visions.

For example, EU structural funding is being used to create regional state-owned gymnasiums with modern learning environments as well, but the basis of the agreement with local governments is the ending of upper secondary education in integrated municipal schools.

2.3.5. The main results and conclusions of reform of teacher remuneration

Three years after the implementation of the reform, the Estonian Ministry of Education and Research commissioned Ernst & Young Baltic AS to carry out an independent study regarding the practices of teachers' working time and remuneration. The study aimed to obtain relevant up-to-date information on the teachers' working time allocation and remuneration practices in order to facilitate the implementation of the new approach. The focus of the study was on mapping practices of general education teachers and teachers of general subjects in vocational education institutions. It did not include teachers working in preschool child care institutions, vocational schools, extra-curricular institutions or special education. The study was conducted between April and October 2016.

The final report "A study of teachers' working time use and practices of additional remuneration for extra work tasks" (Ernst & Young Baltic AS 2016) highlighted the following observations and conclusions:

1. *The directors' awareness of the recent legislative changes regarding the calculation of teachers' working time and remuneration is high, while almost one in four teachers does not understand or has not even heard of these changes.*

Directors stated that they were aware of and understood the changes. Awareness among the teachers, however, was lower. 97% of the directors and 73% of the teachers (74% of those with over two years of experience) said they understood the essence of abandoning the statutory number of contact lessons. 93% of the directors and 76% of the teachers (77% of those with over two years of experience) said they understood the essence of abolishing teacher's qualification levels. This means that almost one in four teachers (7%) does (rather) not understand or has not even heard of these changes, indicating a need to raise the teachers' awareness of the principles used for calculating their working time and remuneration.

2. *Teachers' workload is calculated based on general working time and contact lessons, workload calculation practices vary significantly from school to school.*

More than half (56%) of the teachers who took the on-line survey said that their workload is still calculated based on the number of contact lessons (without agreeing on general working time) either prescribed by school management or agreed between the teacher and management on an individual basis. 43% of the teachers stated that their workload is calculated based on agreed general working time (which may or may not include an agreed number of contact lessons).

Directors found the calculation methods based on general working time to be more common. According to the directors, most of the schools (59% of the respondents) calculate teachers' workload based on agreed general working time that includes an agreed number of contact lessons. There are also schools (12%) where the calculation is based exclusively on general working time (i.e., without considering the number of contact lessons). The directors' survey results indicate that there are also those schools who calculate workload based on the number of contact lessons, not general working time. 28% of the directors said that their school is calculating workload based on the number of contact lessons agreed with the teachers on an individual basis, and 20% that their school is calculating workload based on the number of contact lessons prescribed by school management.

Directors were of the opinion that the differences between the answers provided by teachers and directors could arise from a lack of awareness among teachers regarding their workload calculation practices. That could mean that the teachers have not managed to interpret these changes correctly and/or the school management has failed to explain the concept of general working time to their staff with sufficient clarity. This indicates that better communication is needed in the field of workload calculation (as well as remuneration) in order to develop a clear understanding of the concept of general working time and the new role of the teacher within this system.

3. *Overtime agreements are rare, more than half of the teachers are not compensated for the hours exceeding their contractual working time.*

The results of studies conducted in Estonia as well as the results of the mapping of working time in this study both indicate that teachers' workload often exceeds the standard 35-hour working week. For the extra hours to be considered overtime the teachers have the right to claim compensation for their amount and compensation should be agreed on in advance. Without such an agreement the hours do not qualify as overtime and are treated as voluntary work.

The teachers' survey revealed that almost 50% of the teachers do not seek the management's prior approval for their expected overtime hours and therefore receive no compensation. One in ten teachers said they do agree on the amount of overtime in advance, but these hours are not compensated. The study also uncovered a distinct difference in how common teachers and directors believe overtime to be. Almost every second teacher admitted they work more than their contractual working time without seeking the proper approval and compensation, while only 5% of the directors believed this practice to be widespread in their school. Around 90% of the directors stated their teachers approach them and agree on the amount and compensation of overtime in advance. The results of the study, however, indicate a clear difference in how common teachers and directors believe overtime to be, leading to a conclusion that the agreements reached may not be totally unambiguous and parties are likely to interpret them differently.

4. *Differentiation of teachers' salaries is not widespread, the basic salary of only a quarter of the teachers is differentiated.*

Around 75% of the teachers said their basic salary equals the wage minimum for teachers set by the Government of the Republic of Estonia and the basic salary of only a quarter of the teachers is differentiated. Satisfaction with the remuneration system is, however, higher among those teachers whose basic salary is differentiated based on their specific set of responsibilities. Approximately 70% of the teachers do

not find their current remuneration system (not the amount of their remuneration) motivating.

Directors consider the differentiation of teachers' salaries based on their performance to be the fairest solution, while teachers prefer less subjective alternatives (e.g., level of education). More experienced teachers deem the length of teaching service to be the fairest basis for differentiation.

Directors are of the opinion that the differentiation of teachers' salaries should remain within the competence of the school, so it could be tailored to reflect the school's educational concept and goals. They believe the biggest hindrance to the differentiation of salaries to be the current education support system (i.e., the number of contact lessons required).

5. *The specification of a teacher's primary and additional responsibilities varies from school to school and additional remuneration practices are not transparent.*

Teachers say their primary and additional responsibilities are not defined in any official documents, meaning there is no common understanding of whether a task belongs to their primary or additional responsibilities. The situation seems much clearer for directors though, who explained that teachers' responsibilities are generally stipulated in their job description, which is unfortunately mostly forgotten by teachers in their everyday work. It is important to note, however, that the wording in job descriptions tends to be rather ambiguous at times, allowing for multiple interpretations of the teachers' responsibilities. Directors are of the opinion that there is no need for defining the teachers' primary responsibilities at the state level, as this would make it impossible to account for the school's character and educational concept.

Over half (61%) of the teachers stated in the on-line survey that their salary includes basic salary plus possible additional remuneration and/or performance fee. The remaining 39% said to receive only the basic salary stipulated in their employment contract without the additional remuneration and/or performance fee component.

Additional remuneration practices vary significantly from school to school and there are several schools where the practice is not transparent and as such not understood by the teachers. It became also apparent that even if the activity is officially subject to additional remuneration, it is not always paid out (i.e., is compensated by free time or not compensated at all).

6. *Around one third of a teacher's working time is spent in the classroom teaching, together with preparation and assessment this amounts to 60% of their total working time.*

An annual average of around a third (35%), i.e., the largest portion of a teacher's working time is spent in the classroom teaching. Preparing for contact lessons takes 16% of the total working time. Close to one tenth of a teacher's working time goes on assessment and marking (9% of total working time), and individual coaching (7% of total working time). Other activities such as documentation, professional development, class teacher responsibilities, cooperation with colleagues, communication with parents and organizing various events total to about a third of a teacher's working time.

A more noticeable public response from various stakeholders (local governments, professional associations, teacher trade unions and general public) arose in connection with the Ernst & Young Baltic AS survey. At the same time, three interest groups felt rather involved - teachers, school directors and ministry officials, who all have some complaints about each other. What complicates the picture, is the fact that teachers have two representative organizations - the Estonian Association of Teachers and the Estonian Education Personnel Union (see section 2.2.1), which have slightly different views on the situation due to different focuses in partnership with the Ministry. The main concern of the local governments - the coverage of the money coming for the increase of teachers' salaries - was solved at the beginning stage of the reform, and in their opinion, the other task is already responsibility of the school director.

Teachers' satisfaction with the changes in the law was rather low. More than half of the respondents considered that the changes in the law were (rather) negative (56% of the respondents in the case of laws on ranks and 59% in the case of contact hours). At the same time, almost one in five teachers is dissatisfied with the loss of qualification levels, and 17% of teachers believe that abandoning full-time assignments based on the number of contact hours was a very negative change. However, the study does not show how much of the focus group was "old school" teachers and how much were teachers who have recently entered the labor market.

Representative comments on results of survey from the parties can be found in the Teachers' Magazine (2017) (full texts in Barkalaja 2020). The main phrases that ran through the comments of the various representatives of parties were:

- Uneven awareness of the nature of new regulations, both between different schools and between directors and teachers. There is a need to raise awareness about working time and its use, work tasks and their regulation, remuneration and additional remuneration, the need for and possibility of cooperation.

- Insufficient communication and dissemination of information from directors to teachers and from ministry to teachers. Too much tension, confusion, disagreement between directors and teachers on the same issues, misunderstanding and ambiguity.
- A large part of teachers' working time is related to direct teaching and preparation for lessons. An Estonian teacher spends more time per week teaching and preparing lessons than teachers in neighboring countries and more than the OECD average. On average 35% of working time is spent on conducting lessons, making it possible to estimate that the total working time is about 60 hours, which is significantly more than the 35 hours described by law. In many cases, teachers' workload continues to be calculated on the basis of contact hours. This is also one of the reasons why the actual working time does not always fit within 35 hours.
- It is essential to reduce the workload of teachers. But the work organization of a school depends on local circumstances, opportunities and agreements and is an internal matter of the institution. It is not clear whether this should be regulated, especially at the national level. In terms of the teacher's overall working time, it is important that all components of the work are taken into account when defining the workload. It is important that things are talked about honestly and openly and agreed upon - whether all work methods are effective, what can be done less and what can be done more.

Unfortunately, a large proportion of teachers do not agree in advance on overtime and its remuneration, and it is therefore considered voluntary work for the benefit of the employer. In this way, more effort becomes a recurring part of the ordinary work. That must not be accepted.

- Uneven awareness and understanding among school directors of the principles and logic of formula of calculating teachers' salary component of the earmarked grant and budgetary distribution between schools by local municipality.

Similarly, the report "OECD Reviews of School Resources: Estonia 2016" (Santiago, P. et al. 2016) pointed out that:

"Dual budgeting by the state and municipalities is adding to the ambiguity. A striking structural aspect concerns the separation of the budget process for teachers' and school directors' salaries (by the state) from the budget process for other school operating costs at the municipal level. In many ways this system of "dual budgeting" has served Estonia well by ensuring that school directors have fairly autonomous control over the pedagogical process while allowing the national government to regulate minimum teachers' salaries. On the one hand, it encourages the idea that the national

government is responsible for teacher salaries and that it should determine how much labour really needs to be employed in schools. On the other hand, it encourages local governments to ignore the decisions of school directors that may have systemic implications – like keeping salaries low in order to maintain small classes – while discouraging them from developing system-wide personnel policies to facilitate network consolidation, policies that might include severance payments for redundant teachers or higher salaries for new entrants or for those remaining in the system”.

Annex A. Legal regulation of teacher profession

Strategic focuses of teacher policy have been specified in the Estonian Lifelong Learning Strategy 2020. The strategy emphasises the need to transfer to a modern concept of learning that is focused on the learner, deems key competences important and integrates subjects and different fields; and considers teachers and directors of schools the key actors of the process.

For the purposes of the strategy, teachers mean all the persons who guide learning processes and form learning environment in kindergartens, general education schools, vocational schools, higher education institutions, extra-curricular institutions, non-formal and informal education centres, continuing education centres, open youth centres, museums and other cultural institutions. Directors of schools mean the directors of the educational institutions mentioned. The teacher's role is to support a student's development into a learner who can manage his or her own learning, who can independently cope with changes in the environment and take responsibility for his or her own development and learning. A teacher is also a person who creates connections and forms value judgements, whose task is to develop critical and creative thinking in a student, as well as analytical skills, entrepreneurship, teamwork skills and written and oral communication skills.

Implementation of the Estonian Lifelong Learning Strategy and development of academic staff takes place under the leadership of the Ministry of Education and Research, largely in the framework of the programme “Competent and Motivated Teachers and Directors of Educational Institutions” funded by the European Social Fund. Strategy 2020 provides for the development of competence centres at Tallinn University and the University of Tartu that are responsible for the development of teacher training and educational sciences. The competence centres are targeted at collecting and developing knowledge about learning and teaching, and passing on such knowledge to other educational institutions, incl. institutions of higher education.

A.1. Legal requirements to become a teacher and a school director

According to *Basic Schools and Upper Secondary Schools Law* and to *Preschool Child Care Institutions Law*, the qualification requirements for directors, teachers and support specialists in schools and preschools are established by a regulation of the minister responsible for the field. These requirements may be summarized as follows:

- For directors of preschools and of child care institutions: higher education, teaching and management skills.
- For directors of basic schools and upper secondary schools: Master's degree or an equivalent qualification, completed teacher training, management skills.

An employer, mainly a local authority, shall assess compliance with the qualification requirements, the required competencies and the readiness of an employee to work in the respective position. In case of directors of schools, also management skills are evaluated at least in the following areas: organisation development management, teaching environment creation, human resources management, resource management and self-management.

Teacher's profession is acquired in a university after completing teacher training curriculum or from an authority granting the profession after certifying the competencies required for working as a teacher. Competencies of teachers are specified in the professional standards for preschool teachers (professional level 6) and teachers (professional level 7).

A.2. Formal teacher assessments

Aquiring of professional levels of teachers is regulated by *Professions Law*, which provides the bases for the creation, functioning and administrative supervision of the professional qualifications system⁸. *Occupational Qualification Standard*⁹, which contains standards *Teacher, level 6*¹⁰ and *Teacher, level 7*¹¹, where is described description of work, parts of work, competency requirements etc. Professional standards form a conceptual

8 See <https://www.hm.ee/en/activities/kvalifikatsioonid/occupational-qualifications>

9 See <https://www.kutsekoda.ee/en/occupational-qualification-standards/>

10 See https://www.kutsekoda.ee/wp-content/uploads/2019/ENG_veeb/Teacher-level-6_eng-13.pdf

11 See https://www.kutsekoda.ee/wp-content/uploads/2019/ENG_veeb/Teacher-level-7_eng-13.pdf

basis for the initial and continuing education of teachers; continuing education of directors and teaching staff is based on competence models.

Applying for a teacher's qualification gives teachers the opportunity to analyse their work and competencies, and helps both the teacher and the school director in monitoring and supporting professional development. The Professional Council for Education confirmed new professional standards in the spring 2019, with a greater focus on inclusive education and digital pedagogy. The new professional standards for teachers, senior teachers and master teachers applies from 1 January 2020.

On the ground of regulation Procedure for the organisation of an open competition to select the institution awarding qualifications, and the list of documents certifying compliance with the conditions for participation in the competition, the career structure is associated with a set of teacher professional standards, which define the competencies associated with each career stage. The development of the teacher professional standards is the responsibility of the Estonian Qualifications Authority, while actual certification of teachers to reach different career stages is conducted by the teacher professional organisation (the Estonian Association of Teachers). Teachers can apply for certification at any of the levels twice a year (April and November). The certification procedure involves two stages: 1) an evaluation of a set of documents submitted by the candidate; and 2) an interview. The certification procedure is undertaken by a three-member committee.

There are four qualification levels, which reflect different levels of professional competencies and experience:

Table 13. Teacher qualification levels

Teacher level	Description
Teacher level 6	Applies only to pre-primary teachers upon entrance in the teaching profession, following the completion of an initial teacher education programme (at bachelor's degree level) or following the recognition of professional qualifications for this level by the teacher professional body. This career grade is awarded indefinitely
Teacher level 7.1	Is awarded upon entrance in the teaching profession, following the completion of an initial teacher education programme (at master's degree level) or following the recognition of professional qualifications for this level by the teacher professional body. This career grade is awarded indefinitely

Senior teacher level 7.2	Is awarded to a teacher who, in addition to conducting teaching activities, supports the development of the school and of other teachers and is involved in methodological work at the school level. This career grade is awarded for five years, period after which the teacher needs to submit a new application
Master teacher level 8	Is awarded to a teacher who, in addition to conducting teaching activities, participates in development and creative activities in and outside his or her school and closely co-operates with a higher education institution. This career grade is awarded for five years, period after which the teacher needs to submit a new application

The *Estonian Education Information System* (<http://www.ehis.ee/>) includes a sub-register of teaching staff, in which teachers, support specialists and directors of all educational are registered. Selected data and statistics are available on the *Education Eye* portal (<https://www.haridussilm.ee>).

A.3. Appointment and dismissal of school directors

The directors of the school are employed and dismissed by the school founder. For schools providing general education, the school director in a municipal school may be employed by the rural municipality or the city mayor, the school director in a state school is employed by the Minister of Education and Research, and a school director in a private school is employed by a private entity. In the case of mayors and the Minister, an authorised official may actually conclude the contract.

A public competition must be organised to fill a vacant position of school director and this must be declared by the school founder (*Basic Schools and Upper Secondary Schools Law*, Article 71, Clauses 4 and 5). The school founder announces an open position of school director, draws up a proposal of recruitment procedures and submits this to the board of trustees for comment (*idem*, Clause 6). Applicants must meet the qualification requirements set by the Minister of Education and Research (Annex A.1). However, school founders may specify additional requirements.

The *Basic Schools and Upper Secondary Schools Law* does not specify the length of contract for a school director. In public schools, school directors are appointed for an unspecified term.

An employment contract with the director of a municipal school is concluded by the rural municipality or city mayor or an official authorised by the mayor.

An employment contract with the director of a state school is concluded by the minister responsible for the field or an official authorised by the minister.

The board of trustees of school expresses its opinion on the procedure for competition organised for filling the vacant position of the director of school and expresses its opinion on the remuneration principles of the school. Compliance with this opinion is not mandatory for the representative of school founder.

The dismissal of a school director, as well as conclusion an employment contract, is based on the *Employment Contracts Law*. By Paragraph 88., Extraordinary cancellation of employment contract by employer for reason arising from employee:

1. An employer may extraordinarily cancel an employment contract with good reason arising from the employee as a result of which, upon respecting mutual interests, the continuance of the employment relationship cannot be expected, especially if the employee has:
 - 1) for a long time been unable to perform his or her duties due to his or her state of health which does not allow for the continuance of the employment relationship (decrease in capacity for work due to state of health). A decrease in capacity for work due to state of health is presumed if the employee's state of health does not allow for the performance of duties over four months;
 - 2) for a long time been unable to perform his or her duties due to his or her insufficient work skills, non-suitability for the position or inadaptability, which does not allow for the continuance of the employment relationship (decrease in capacity for work);
 - 3) in spite of a warning, disregarded the employer's reasonable instructions or breached his or her duties;
 - 4) in spite of the employer's warning been at work in a state of intoxication;
 - 5) committed a theft, fraud or another law bringing about the loss of the employer's trust in the employee;
 - 6) brought about a third party's distrust in the employer;
 - 7) wrongfully and to a significant extent damaged the employer's property or caused a threat of such damage;
 - 8) violated the obligation of maintaining confidentiality or restriction of trade.

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CHAPTER 3. LITHUANIA

Romas Turonis

| LITHUANIA

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Introduction

In 1990, after Lithuania left the Soviet Union and became an independent Republic, the need to change most elements of education system appeared. However, after the great turning point in a political area of Lithuania there was no way to immediately suspend, terminate or switch work of educational institutions, that's why the new state education system had to be created by gradually changing inherited Soviet education system and even sometimes taking a step back. Indeed, the first 15 years were focused on the reform of the education content, of textbooks and curricula, of the management of education and of the financing models.

From the times of Soviet regime, basic education system of independent Republic of Lithuania has inherited an hourly remuneration of teachers' work (called *Stavka system*). The first serious attempt at the reform was undertaken in 2004, but was not fully implemented. In 2016, Lithuania returned to this task, this time successfully. Altogether, it took 28 years to fully switch to a different model of remuneration of teachers' work. The current model is called Full-Time Salary Model, it is the focus of the present chapter. The model is described in section 3.1.

Reform of Lithuanian system of teacher salaries proceeded in 3 phases:

1. Years 1990–2004: Continuation of the main elements of the Soviet model of teacher remuneration. During

this period, other reforms of Lithuanian education were introduced, and only minor changes to Stavka system were implemented. This phase of the reform is discussed in section 3.2.

2. Years 2004–2017: A new model of teacher salaries was elaborated and the reform started through a limited pilot in several schools. The pilot was however aborted, and work on the reform of teacher salaries was suspended. This phase of the reform is discussed in section 3.3.
3. Years 2017–today: The Ministry prepared an updated model of teacher salaries and implemented it in two stages, beginning in 2017. Despite teachers' strike, this reform was successful. This phase of the reform is discussed in section 3.4.

This calendar of reforms shows that reforming the system of teacher salaries is a complex and politically challenging reform, and that success requires very good preparation and strong political will. In the final section we briefly discuss current situation and discussions in Lithuania.

Note on currencies. Lithuania adopted the Euro on January 1, 2015. However, the national currency Litas (LTL) was not allowed to fluctuate for a long time. It was first pegged to US dollar (1 USD = 4 LTL), and as of February 2002 it became pegged to the Euro (1 EUR = 3,4528 LTL). In January 2015 all monetary values have been converted from LTL to Euro at this exchange rate. All values in the chapter have been converted to Euro for comparability.

The following table lists the acronyms used in the chapter.

Table 1. List of acronyms

Acronym	Lithuanian	English
LR Seimas	Lietuvos Respublikos Seimas	Parliament of the Republic of Lithuania
GORL	Lietuvos Respublikos Vyriausybė	Government of Republic of Lithuania
ŠMSM	Švietimo Mokslo ir Sporto Ministras	Minister of Education, Science and Sport
MOSTA	Mokslo ir studijų stebėsenos ir analizės centras	Science and Studies Monitoring and Analysis Center
STRATA	Vyriausybės strateginės analizės centras	Government Strategic Analysis Center
FTE		Full-Time Equivalent
KS	Kolektyvinė Sutartis	Collective Agreement
SCRL	Valstybės kontrolės ataskaita	State Control of the Republic of Lithuania
EC		European Commission

3.1. Description of Full-Time Salary Model

In the present section, we review the current model of teacher salaries used in Lithuania. This model is called Full-Time Salary Model (*Etatinis apmokėjimas*), to stress that it covers all professional activities of teachers. In contrast, the inherited Soviet model (*Stavka model*) relied on remunerating the number of teaching hours per week conducted by the teachers.

3.1.1. Teacher workload

Teacher working conditions and working time are regulated through Orders Nr. V-184 and Nr. V-186 of March 1, 2019 of the Minister of Education, Science and Sport (ŠMSM 2019). Presently, full-time teacher in Lithuania has 36 hours of work per week (1512 hours per year). This workload consists of different tasks:

- Contact hours: hours spent directly teaching, either conducting a class or sessions of non-formal education
- Planning of educational activities
- Preparation for lessons
- Assessment of students' learning achievements
- Tutorship of a class or a group
- In-service professional development of the teacher
- Activities for the school community.

The current distribution of workload for different activities and for different groups of teachers is listed in Table 6.

Lithuanian teachers can work part-time, between 2 and 36 hours per week, although it is recommended not to use Full-Time Equivalent (FTE) less than 0,25 (that is, less than 9 hours per week). At the same time, if there is not enough teachers of the relevant subject in the school, the available teacher may be burdened with more work, up to 45 hours per week. Teachers can work in one or in several schools, and the number of hours worked in all schools are added. All working hours are being paid with the same rate.

A special type of professional tasks of Lithuanian teachers are activities for the school community (the last item in the list above). These are tasks aimed at achieving the goals of the school community, carried out in collaboration with other members of the school community, with social partners of the

school, or performed individually. They may include, for example, informing, counseling and cooperating with parents (guardians, caregivers) on student's education and learning progress and achievements. Purposeful and consistent professional development of a teacher is a necessary condition for achieving the quality of education, better educational results of students, and a favorable educational environment.

3.1.2. Components of teacher salaries

Teacher's salary consists of two components:

1. Constant part, determined at the national level, based on a national basic salary and a system of coefficients.
2. Variable part, determined at the local level.

The constant part is calculated as multiplication of the basic salary and a relevant coefficient. Basic salary is determined every year a national collective agreement on a yearly basis for all employees in state sector (see for example KS 2017). The following Table 2 lists the values of the basic salary in recent years, as well as yearly increase of the basic salary.

Table 2. Basic salary (Euro)

	2017	2018	2019	2020
Basic salary	130,5	132,5	173,0	176,0
Year to year increase		1,5%	1,3%	1,7%

We note the exceptional years 2019, where almost all taxes were integrated into the basic salary (before that it was essentially net salary). The "unconverted" value of basic salary would be 134,2 Euro, and the yearly increase for 2019 in the second row of the table refers to this lower value.

For every teacher, the basic salary is multiplied by a salary coefficient, which depends on years of service (work experience) and on teacher qualifications.

There are 4 qualification categories for teachers: ordinary teacher, senior teacher, teacher-supervisor (methodologist), teacher-expert. Teachers receive the qualification categories after an attestation process, order of which is described by Minister of Education, Science and Sport. Qualification categories were introduced in 1991 and so far they have not been changed, despite constant debate about the need for modernize this system.

The salary coefficients are described in *Law on Remuneration of Employees of State and Municipal Institutions of the Republic of Lithuania* and

Remuneration of Members of Commissions for their Work. The following Table 3 provides these salary coefficients.

Table 3. Salary coefficients for teachers

Teacher qualification category	Years of work experience						
	0–2	2–5	5–10	10–15	15–20	20–25	25 +
No qualification category awarded							
Teacher	6,42	6,44	6,50	6,62	6,82	6,85	6,89
Qualification categories awarded							
Teacher	6,90	6,91	6,92	6,95	6,97	7,00	7,05
Senior teacher		7,06	7,08	7,12	7,40	7,44	7,47
Teacher-supervisor			7,54	7,68	7,92	7,96	8,00
Teacher-expert			8,58	8,72	8,94	8,98	9,02

Using Table 2 and Table 3 together, we see that a full-time beginning teacher without qualifications has constant monthly gross salary 1 130 Euro, while an expert teacher with over 25 tears of experience has constant salary 1 586 Euro, or 40% higher. Overall, the salary scale of teachers in Lithuania is quite flat.

The variable part of teacher salary may include three elements. The first element is a monetary supplement for complicated work, for example, for working with students with special needs. The monetary supplement is established by the school director, if there are funds in school budget, and may be up to 30% of monthly salary. The second element of the variable part of teacher salary is a bonus of 100% of monthly salary, at most once a year. This bonus is allocated to teachers by school director, if there are sufficient funds in school budget

And finally, teachers may receive supplements for additional work, such as substitution for another teacher.

The order of awarding supplements for complex work and of bonuses should be fixed in a school remuneration system, which has to be agreed with representatives of employees – teachers’ union or work council. It is interesting to note that the Lithuanian Association of School Directors has developed a model school remuneration system, which each school may adapt to its specific needs.

A separate set of salary coefficients apply to school directors and their deputies. These coefficients are determined depending on number of

students in the school, work experience and level of work complexity. Additional factors which are considered when determining the salary coefficient are: duration of managing the school, whether the school is special or has special classes, the number of educational programs in the school.

The salary coefficient of the school director is determined every year by the school founder, based on the evaluation of his/her work during the previous year, on the assessment of execution of his/her tasks, the results achieved by the school according to agreed indicators of evaluation, as well as his/her ability to perform the functions set up in the job description. Each year till the 1st of March the school founder (municipality or the Ministry of Education) or it's empowered person evaluates school director's reports for the previous year, in order to determine the salary coefficient for the next year. It can vary between 7,6 and 12,68.

The salary coefficient of the school directors' deputy is determined every year by the school director after evaluation of the deputy's yearly report. The coefficient ranges between 5,76 and 10,8.

School directors and their deputies may also receive supplements for complexity of work, by the decision of school founder (for directors) or of the director (for deputies). The supplement may be between 5% and 25% of the monthly salary, based on criteria that are set up in the law. Likewise, they may receive yearly bonuses.

3.1.3. Recruitment and dismissal

Teachers, social educators, psychologists and other employees of educational area are recruited by a school director according requirements of Labor Code and a description of the procedure of teachers' recruiting and dismissing, set up by a Minister of Education, Science and Sport. Basing on it a school director recruits and dismisses teachers, other employees of education, support personnel, approves their job descriptions guided by the *Labor Code, Education Law*, orders from Minister of Education, Science and Sport regarding teacher's qualification requirements.

Status and work conditions of education institutions' employees is regulated by the Labor Code. An educator is a person with a degree of higher education and educator's qualification. Minister of Education, Science and Sport is empowered to approve a list of positions which are considered as educational. Minister of Education, Science and Sport also sets up

qualification requirements for teachers that are employed in programs of preschool, primary, basic, secondary, special, profession education.

Director of a school publishes information regarding the vacant position on internet sites of the school and the employment service. The announcement should include: name of the school, title of the position, the workload, the type of job agreement, qualification requirements for the position, documents required, the deadline for submission of the documents (the deadline is 14 calendar days, including the day of announcement) and the address, also telephone numbers for information, e-mail address and other relevant information.

School director, after interviewing all applicants (representatives from teachers and parents can attend the interviews as observers, they should be delegated by School Council) and hearing out observers' opinion makes decision and informs the applicants. An employment contract of indefinite duration is being concluded with the recruited teacher. In it it is mandatory to specify a workplace, functions, working time per week or per month and a wage.

In 2018 some corrections of *Education Law* entered into force, according to them cadence of directors of educational institutions got a limit of five years, and their work should be evaluated on a yearly basis. Number of cadences is not limited, but after each of the cadences a job competition should be arranged. The school director whose work during the five years has got a good evaluation can apply for the next cadence. In that case a procedure of his or her recruitment is shorter, without evaluation of competences.

The *Education Law* prescribes that directors of state and municipal education institutions (except universities) are appointed for five years after a public competition, organized by the school owner or its authorized person. The school owner also approves their job description. Qualification requirements for directors of state or municipal educational institutions (except universities) and order of competitions for these positions are determined by Minister of Education, Science and Sport.

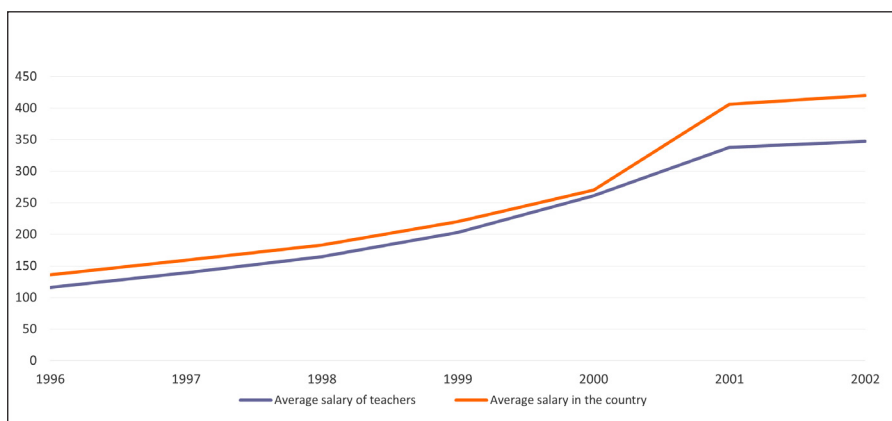
Only a person of impeccable reputation can become a director of educational institution, after going through evaluation of his or her competences in managing a state or municipal educational institution (except universities).

3.2. First Phase: Continuation of the Stavka system (1990 – 2004)

In the first phase (1990–2004) the Soviet system of teacher remuneration was still applied in Lithuania. An official teacher's work norm was 18 lessons per week. However, sometimes a teacher could have much fewer lessons (for instance, some teachers of music, arts, technologies have been working several hours per week only), while other could have as many as 36 lessons per week.

It is important to stress that Lithuanian education underwent radical reforms during this period. These were reforms of the curriculum and textbooks (content of education), reforms of the teaching practices (reform of the pedagogical process), and reforms of management of education (decentralization and reforms of financing). The system of teacher salaries was modified to some extent. Teachers' salaries were growing step by step, but they were consistently lower than average remuneration in the country, as the following Graph 1 shows:

Graph 1. Changes in average monthly gross earnings Years 1996–2002 (Euro)



In its annual edition "Education in Lithuania in 2002" Ministry of Education and Science has published a comparative table of teachers' salaries in years 1995–2002. We can see from it that teachers' salaries had been rising slowly from 1995 to 1999, but they remained lower than an average remuneration in the country. In years 2000–2003 an average salary in Lithuania was growing, and teachers' salaries were not.

Procedure of teachers' remuneration was defined in Education Minister's decree. Salary was calculated by multiplying number of lessons per week, the basic salary and a certain coefficient. This means that remuneration was proportional to the number of lessons per week, as in the Soviet times (Stavka system). The basic salary for all civil state employees was determined by the Government. The coefficient depended on teacher's work experience and qualification category (see section 3.1.2 for details). Lessons were distributed by schools directors. In 1998 one teacher had 22 lessons per week on average. School director's salary depended on work experience, managerial category (there were 3 such managerial categories) and number of pupils in a school.

In the Soviet times, teachers were employed by a decree (order) of the school director. This changed in 1991, after adoption of new *Labor Law*, when new teachers were employed with job contracts for an indefinite period. This was not applied, however, to those teachers who had started working in school before. In fact, some teachers continued to work without any job contract up to 2018 (nevertheless, their pay and their working conditions were the same as those of other teachers). School directors were working according indefinite period contracts as well. They were appointed after winning competition in front of the selection commission, formed by municipality.

3.2.1. Initial changes to the Stavka system (1998)

A discussion started early on regarding the need to change the model of teachers' remuneration from the hourly-based to the contract-based one. The first innovation in the system was introduced in 1998, when 2 hours of preparation for lessons were added to the standard Soviet model of 18 hours of lessons per week. Teachers did not have to account for preparing for lessons. The school director or a competent person authorized by him could monitor educational activities of the teacher and assess whether she/he was properly prepared for the lessons. The law did not regulate where a teacher had to prepare for lessons. Typically, internal school rules or collective agreements stipulated that the teacher could prepare for lessons

in a place acceptable to him or her - at home, in the library or elsewhere (however, the concept of remote work was introduced into Lithuanian Labor Code only in 2017).

As a result, teachers were paid for the actual number of lessons taught per week and additionally for two hours for preparation. In this way, for the first time, also preparatory work was being remunerated. This was a start of a long way towards the current model of teacher remuneration. While economy was growing the Ministry from time to time added one hour per week for additional work. In this way additional time was introduced for indirect work with students (to prepare lessons, to check homework, to tutor class etc.). This process was not consistent, the additional time was as the need arose (not every year).

In 2001 the Minister of Education introduced such definitions in his decree:

- **Contact hours** is a time when a teacher works with his or her students directly (lessons, classes of additional education, lessons in institutions of informal education).
- **Additional hours** is a time for indirect work: checking homework, class or group tutorship work, preparation for lessons, planning, event management, preparation of methods, projects, internal audit, coordination of IT and communication tools implementation.

In 2003, teachers were paid additionally 3-9 hours per week for these additional hours (non-contact hours). Some additional hours were allocated to all teacher proportionally to overall number of contact hours, and some were allocated by school directors to reflect different working conditions of individual teachers.

Comparing with GDP capita, Lithuanian teachers' salaries were almost lowest in EU (OECD Education at a Glance). In 2000–2001 they reached 55,3% -113% of GDP per capita. In European Union salaries of teachers' without a long work experience are on average 85% of GDP per citizen, and approaching to retirement they reached 150%. In Lithuania average salary of all educational area employees in the IV quarter of 2002 was lower than average salary in Lithuania in general (278 Euro and 332 Euro respectively).

3.2.2. Reform of financing of general education (2002)

At the same time a reform of school financing was being prepared in the country. Education financing evolved depending on economic situation. Repetitive financial crisis each time were stopping growth of educational financing. The financing was not sufficient: resources from the state and municipalities were partially covering maintenance of the system, but not its substantial renewal. There was a lack of purposeful and constant investment into modernization of education, updating and development of its infrastructure. The growth of education financing was not sufficient for any successful reforms in education, nor for increasing teachers' salaries or a reform of remuneration model. Funds were distributed unevenly, in part because of the budgeting procedure. School directors prepared educational plans, and based on required staffing levels calculated the funds needed to carry them out. Schools founders aggregated these plans and had to reduce them to fit the actual budget envelope. This resulted in very uneven financing of schools.

In 2002 Lithuanian Government presented a methodology of *per capita* financing of education, so called "student basket" (Plikšnys 2009, Herczyński 2011). The introduction of the student basket was considered to be the first step in creating normal conditions for students to study and for teachers to work and earn normally (Vaicekauskienė 2013). "Student basket" is a conditional grant for education, to finance the pedagogical process (remaining expenditures of schools are covered from the municipal budget). "Student basket" is allocated to municipalities based on the number of weighted students (the formula is quite complex, see Herczyński 2011). The scope of student basket has been constantly changed and improved. For example, in 2006 the Government amended its resolution and pointed out, that funds from the student basket are dedicated for teachers' salaries, improvement of their competences, for textbooks and other teaching aids, for staff replacements, for managing, for educational and social support, social insurance, school libraries. Since 2009 it allowed to use the funds from the student baskets also for students' outdoor educational activities, like museums, excursions, theaters. Starting from 2015 the funds of the student basket may be used also for informal education. This means that in informal education "money is following a student", like it is in the formal one.

The legislation imposes some restrictions on how "student basket" is used. The rule is that 93% of the grant are allocated to individual schools, while the remaining 7% are left in municipalities and are used for other purposes (this proportion has changed several times). The municipalities pay salaries for teachers and purchasing textbooks, books and teaching aids. Municipalities also allocate a part of locally collected taxes and other

revenues to schools. This resource can be used to purchase some goods or services, but not for personnel salaries or textbooks.

Financing of education area was always a sore point in Lithuania. Although the national budget of education has grown by 87,15% since 2002, when the financing model of student basket has started, till 2012, employees of general education schools were always facing a lack of money. That was because while the national education budget was increasing, the part for general education, allocated through "student basket", was decreasing together with the decreasing number of students. In 2012 the general education sphere got 8% less from the total national education budget than in 2003. Amount of student basket has varied depending on the economic situation in the state. The student basket was the smallest in 2002 (445,4 Euro), the biggest in 2009 (1093 Euro). Between the years 2010 and 2014 amplitude of fluctuation of student basket amount was 950 Euro. Over time, and with high inflation, the funds in the student basket became insufficient (SCRL 2012).

3.2.3. External financing

After joining the international institutions the education financing has gained new opportunities. In 2002 Lithuania began to implement Education Improvement Project, partially financed from a World Bank loan (World Bank 2007). It was the biggest project of investments in schools of general education since the restoration of Lithuanian independence. Budget of the program was 52 million Euro. It is obvious that institutions which implemented this reform had to take into account recommendations from experts of the World Bank, such as decreasing number of teachers, limiting number of students in teacher training institutions, increasing the class sizes, optimizing network of schools etc. At the beginning such recommendations from the World Bank specialists seemed frightening, however later on everybody got used to them, especially when it was started to talk about a new credit from The World Bank for renovation of schools' premises. All this has accelerated the impact of global processes on education in Lithuania. Unfortunately, it has also deepened society's dissatisfaction with the reforms.

On the 1st of May, 2004 Lithuania joined the European Union and started to cooperate with the rest of Union countries in social and economic policy, in solving various problems. For institutions in the education sector new opportunities to use support from EU structural funds appeared. Already in 2004 The Ministry of Education and Science signed the first agreements

with beneficiaries of EU structural funds. 175 projects from the area of education and science got support, which reached the total amount of 364 million Euro (this includes EU funds and contribution from Lithuanian state budget, see D. Butvilienė 2016).

It was not allowed to use the EU structural funds for teachers' salaries. But after redirecting this money towards a structural reform of educational system, it became possible to increase teachers' salaries gradually from the own budget.

3.2.4. Reform of schools' network (2003)

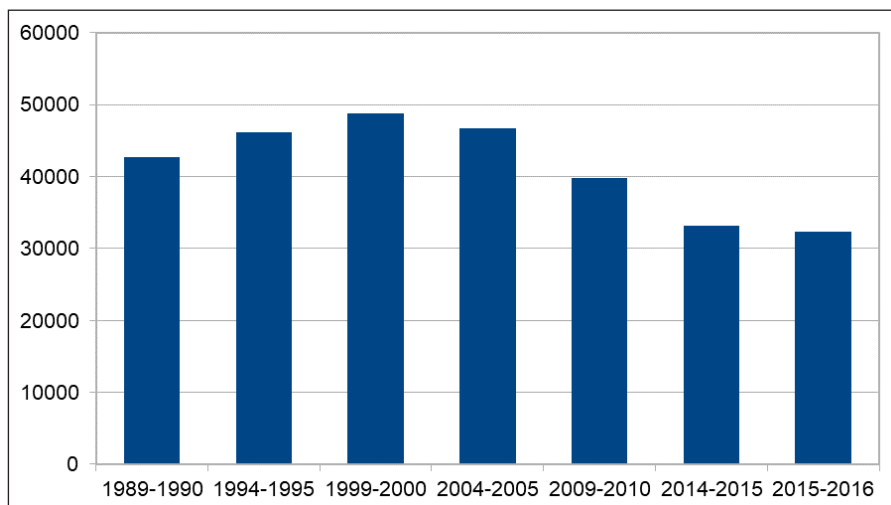
As a number of students was decreasing significantly in Lithuania, reducing number of schools became inevitable. The students basket motivated to optimize the number of schools. This means that the schools that did not meet parents' or pupils' expectations were supposed to vanish, or to shrink till the limit when they will not be able to survive financially.

During the whole period of optimization number of schools diminished by 37,9%, which means that over one third of all schools were closed. This is of course a very large number, however it is important to remember that during that time the number of students in Lithuania has decreased by 40% or more. This shows that such a decrease of school number was reasonable.

During the reform of the school network the decrease had a particular impact on rural schools. Many of them had to be closed. Between 2003 and 2015, the number of schools in the countryside more than halved (it was reduced by 55,6%). In part, their students went to study in urban schools, and in part, rural schools were converted to satellites of urban schools.

The decrease of number of students was followed by a decrease of numbers of teachers. Teachers' workload was also shrinking (number of lessons per one teacher), as the number of classes decreased. Thus their salaries became less (Bakonis 2016).

Graph 2. Number of teachers in general secondary education
1989 – 2015



3.3. Second Phase: First Attempt to Reform Teacher Salaries (2004–2016)

The first attempt to reform the inherited system of teacher remuneration was initiated in 2004. In the present section we review how the plans for this reform were adopted, postponed, and then piloted in 12 schools, to be finally discontinued.

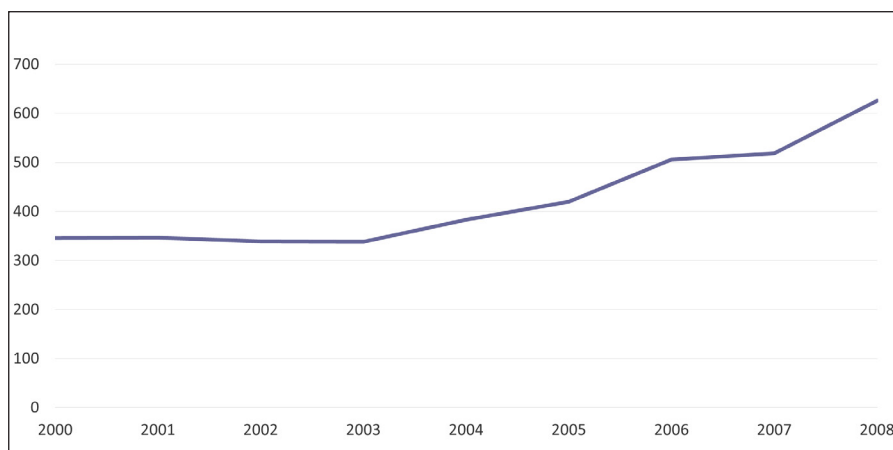
3.3.1. Preparations for the pilot project (2004)

In 2004 the Government of Lithuania made a decision to reform the system of teachers' remuneration. This new system of salaries was designed for directors of schools (state and municipal schools, but not colleges and universities) and their deputies for education, for directors of departments that organize education, for teachers, vocational teachers in VET schools, specialist of support to pupils or to school. On September 30, 2004, the Government of the Republic of Lithuania adopted a resolution "On Approval of the New Teacher Remuneration System Implementation Program" (GORL

Resolution Nr. 1231 of September 30, 2004). This implementation program proposed a path towards the Full-Time Salary Model.

The Government resolution defined the concept of this model. It is a kind of remuneration, when the salary is calculated based on monthly basic salaries or minimal monthly salaries for certain fixed number of lessons per week. The previous system was not only complicated but also unjust. Two teachers doing the same work, for the same time and with the same number of students, but in different types of schools, could receive different salaries. The purpose of the reform was to simplify the remuneration system, make it more fair, to increase teacher salaries, and to improve quality of teacher work.

The justification to this decision of the Government clarifies the reasons for such a change. In the old system that was in force at the time, teacher's salary depended on the number of contact hours (when a teacher is directly working with students), but did not depend on such factors as a number of students in a class or complexity of work (related to teacher qualification category). Moreover, education support specialists have already been paid according to the Full-Time Salary Model and it made calculation of salaries very complicated. The Decision determined two transitional periods and the result expected, which was increased by 35,4% teachers' salaries at the end of the 1st stage of program implementation (year 2009), salaries of all other employees from education sphere should increase by 24,2 %, and at the end of the 2nd period (Year 2012) all salaries will grow again by 21,7%. It was expected that the financing system will be aligned with the remuneration system; quality of teachers work will improve; teachers will feel safe, as their salaries will not depend on the number of contact hours directly; the system of remuneration will be transparent; teachers' salaries will not be diminished due to decreasing number of classes. Thus, the Lithuanian Government decided to fulfill teachers' expectations for bigger salaries, at the same time striving to implement a unified system of remuneration.

Graph 3. Average salary of teachers Years 2000 – 2008 (Euro)

3.3.2. Aborted pilot of 2007

The decision taken in 2004 to start the pilot of new system of remuneration of teachers was not implemented immediately. 10 days after the resolution of the Government was adopted (GORL Resolution Nr. 1231), parliamentary elections were held and the composition of Government changed. Remigijus Motuzas became the Minister of Education and Science. Changing the system of teachers' remuneration was not his priority, so the Ministry of Education delayed the implementation of the program approved by the Government.

In 2006, this Government resigned. Roma Žakaitienė became the Minister of Education and Science in the new Government, and decided to implement the postponed pilot of the new remuneration system. The plan was to start with a limited pilot in 2007 and to move to national implementation two years later, in 2009.

On the 1st of September, 2007, a pilot experiment was launched in 12 schools. Teachers of these schools voted to be involved in the pilot. The main requirement to these schools was to be able to operate using only the funds from the "student basket". Different types of schools were included in the pilot: some were from towns and cities, some - from the countryside.

The principles of the pilot were that one FTE teacher was assumed to be a constant number of hours, set at 30 hours per week. Of these hours, about 20 could be contact hours, dedicated for direct work with students, and

about 10 – non-contact hours. The latter could be used for tutoring a class, checking tests and homework, internal audit etc.

The pilot was continued for two years. At the end of the pilot, in 2009, the Ministry of Education and Science has announced outcomes:

1. The Full-Time Salary Model is acceptable for majority of teachers who have been involved in the experiment, but for some of them the model of remuneration does not matter, they are only interested in an increase of salaries.
2. The Full-Time Salary Model makes school directors' everyday managerial work easier.
3. The Full-Time Salary Model prompts school management and teachers to discuss and to seek mutual compromises regarding organization of education process in a school: regarding distribution of contact hours and assignment of work, which gives non-contact hours. In that way community of the school is getting stronger.
4. The Full-Time Salary Model allows the school more flexibility in paying teachers for work that is useful for the school.

Although the outcomes of the experiment were positive for the reform of teacher salaries, the country was overtaken by the financial and economic crisis of 2008 and the planned reform had to be postponed. The national implementation of the reform required additional funds from the national budget, which the state did not have.

The change of ministers also contributed to the negative decision on the reform. In May 2008, Roma Žakaitienė resigned. And the new Minister, Algirdas Monkevičius, was reluctant to make a decision on the implementation of a new remuneration model at the national level. For these reasons, the results of the pilot were not taken into account and the planned introduction of Full-Time Salary Model in 2009 did not happen. The reform was suspended for 7 years.

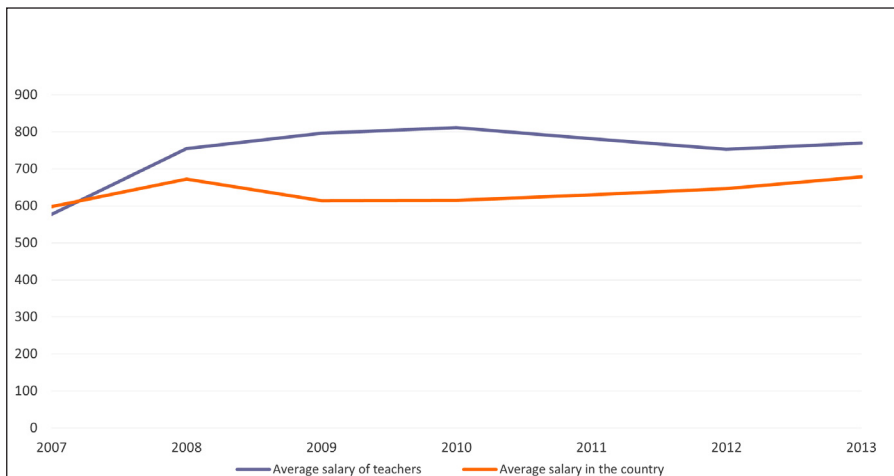
3.3.3. Analytical work conducted after the pilot

The preparations for the aborted pilot of 2007 did produce some lasting impact. In April 2007, the Minister of Education and Science Roma Žakaitienė created the Science and Studies Monitoring and Analysis Center MOSTA. At that time, the main goal of MOSTA was to monitor the education system of Lithuania, to analyze the achievements and challenges, and to prepare recommendations for the sustainable development of this system, taking into account the needs of society and the national and international trends.

In particular, MOSTA was supposed to overview the pilot of 2004 and to analyze its outcomes.

In 2016, MOSTA conducted a comprehensive study of situation in education, focusing on teacher salaries (MOSTA 2017). It was found that the main reason of low teacher salaries in Lithuania is that only 5% of them have a full FTE workload of 36 hours per week. Indeed, 30% of all teachers had a workload less than half of FTE. Number of lessons (and therefore the level of salaries) changed with every new school year or semester. Average teacher salaries stagnated, see Graph 4:

Graph 4. Changes in average monthly gross earnings Years 2007 – 2013 (Euro)



The results of the MOSTA study accelerated the movement towards the new remuneration model. The experiment from the years 2007–2009 has been recalled, and its outcomes reviewed and analyzed again. This prepared the ground for the second attempt to reform teacher salaries in Lithuania, see the following section 3.4).

It is worth noting that MOSTA remained an active part of Lithuanian education system. In May 2019, the Government decided to reorganize it and to form a new analytical center, the Government Strategic Analysis Center STRATA. To the present day STRATA is an expert body which provides the government and ministries with independent, research-based information needed to make evidence-based public policy decisions (see section 3.5.1).

3.4. Third Phase: Reform of Teacher Salaries (2016 – today)

As discussed in the previous section 3.3, the piloting of new system of teacher remuneration in 2007 was discontinued and the reform was postponed again. The second serious attempt to reform the Lithuanian system of salaries in the education sector was prepared in 2016 and implemented nation-wide in 2017. These developments are discussed in the present section.

3.4.1. Renewed preparations for new salary model (2016)

A new version of the Full-Time Salary Model for teachers of secondary education had been under preparation for more than a year. Discussions and consultations involved school directors, representatives of Association of Municipalities, teachers' trade unions, and other social partners. In January 2017 the Ministry and trade unions agreed on the basic principles of full-time teacher remuneration. In March, a final agreement on the remuneration of full-time teachers has been reached. Finally on November 22, 2017, a collective agreement of education sector was signed (KS 2017). This agreement included the introduction of the new model of teachers' remuneration. Out of seven Lithuanian teachers' unions, six have signed the agreement with the Ministry, and one refused to do it (Lithuanian Education Employees Trade Union) and later on has initiated a strike (see section 3.4.4).

It was agreed to implement the Full-Time Salary Model in two stages. No pilot project was foreseen, the first stage was planned to cover all schools in Lithuania from the start of the first stage, planned for the 1st of September, 2018. The start of the second phase was planned for a year later, September 2019.

Before the start of the first phase, the school directors and the teachers had to agree on the structure of the workload of every teacher in every school, based on a list of positions, approved for each school. The Government approved a methodology, which made it clear how many teaching and non-teaching positions each school could fund (GORL Resolution Nr. 679 of July 11, 2018). Starting from the beginning of the new school year, teachers who had less than 36 contact hours per week would get additional tasks in the school to complete their workload. Salary was being calculated according the new model for all employees of state and municipal general

education schools, vocational schools and institutions of informal education. It was agreed to complete implementation of the new model until September of 2019.

According to the agreement with the trade unions, if a teacher had been allocated fewer lessons per week, but his/her total number of working hours did not change, the salary would not be decreased. The most significant growth of salary occurred for those teachers, who had the smallest contact workload.

The two stages of the reform are discussed in section 3.4.2 and section 3.4.5 below.

3.4.2. The first stage of implementation of Full-Time Salary Model (2018)

Beginning on September 1st, 2018, all Lithuanian teachers transferred to new system of Full-Time Salary Model. This system allowed to reward teachers not only for lessons or for their preparation, but also for most of their work for school community (see the list of tasks in section 1.1). Till this moment salary for these teachers has been calculated basing on separate hours. It is worth noting that for education support specialists and for kindergarten teachers the remuneration model did not change, as they were already paid according to Full-Time Salary Model.

Teachers worked 36 hours per week (1512 hours per year). Three types of working hours were defined for teachers:

1. Contact hours: Usual lessons, lessons from informal education program, other direct work with students: short or extended consultations, helping with preparations to «matura» examination etc.
2. Non-contact hours: Preparing for lessons, evaluation of students' achievements and progress, communication with parents, professional growth etc.
3. Hours for school community: Collaboration with social partners of the school, leading pedagogical practice, tutoring a class or a group, other work, important for school community that are not considered as contact work.

Table 4. Structure of the Full-Time Salary Model (1st phase)

Type of education	Group of teachers	Hours per year	Share of contact hours	Share of all working hours
General education	Beginner teachers	Up to 756	90–100%	Up to 40%
	Other teachers	Up to 1008	30–50%	Up to 50%
Professional and vocational education	Beginner teachers	Up to 924	90–100%	Up to 40%
	Other teachers	672–1032	30–50%	Up to 50%

Contact hours shall form not less than 30% of all working hours. It is recommended to allocate less hours for lessons for the more experienced teachers, leaving them more time for training of colleagues, methodology, preparation of educational tools. A survey of school leaders conducted by the Ministry showed that most schools followed the recommendations in practice (STRATA 2018b).

The full-time workload can be reduced. However, it is recommended not to assign to teachers less than 0,25 of FTE workload. As before, a teacher can work in one school. A teacher can also work for 1,5 full-time in one or in several schools. All hours of a given teacher are being paid according to the same rate.

The reform of teacher salaries was not cheap for the state budget. In 2018, additional 95 million Euro were allocated by the Ministry of Finance for implementation of the Full-Time Salary Model. These funds were allocated exclusively for teacher salaries.

3.4.3. Support for young teachers

In 2018 the number of young teachers in Lithuania was the smallest in European Union. As the following Table 5 shows, the number of young teachers decreases rapidly, while the number of older teachers grows.

Table 5. Young and elderly teachers (2009, 2018)

	2009	2018	Change
Teachers younger than 25 years	828	237	–71%
Teacher older than 55 years	7 903	11 708	+48%

Clearly, the profession is not sufficiently attractive so that younger teacher can replace older ones; rather the opposite is true. So the new remuneration model has been designed in such a manner as to help attract young educators.

The main idea was to provide better financial support to young teachers, having less than 2 years of working experience. The period of two years has been chosen basing on experience from other countries. This is also a critical limit – usually it is a time when new teachers make their final decision whether they want to work at school or not. Besides, two years is a period to gain needed qualification for a person with university degree but without pedagogical qualification.

To achieve this goal, in the new system of remuneration a newly employed teacher becomes full-time teacher when signing the contract, but his/her teaching load (number of contact hours) may be much lower than for more experienced teachers. Their full-time workload is equal to 36 hours as for all teachers, but not more than half of it are lessons. Beginning teachers can spend more of their time on professional improvement, on preparation for lessons, on learning from experience of their elder colleagues. On the other hand, more experienced colleagues can use their non-contact hours to teach their young colleagues or for methodological activities.

These provisions have not changed in the second phase of implementation of new teacher salary model, and remain in force today.

It was planned that during the first two years of work a school teacher should earn approximately 800 EUR before taxes for up to 18 contact hours per week.

3.4.4. Teachers' strike of 2018

A part of teachers, represented by a small Lithuanian Education Employees Trade Union, was unhappy with the reform of remuneration system, did not sign the collective agreement implementing it, and on November 12, 2018 started a strike. This strike was not supported by the other 6 teachers' unions, who had signed the collective agreement and accepted implementation of the new Full-Time Salary Model.

Although only 3% of all employees in education sector took part in the strike, the reaction in the media and among the public opinion was strong, as if a massive strike was under way. The radical main demand from the striking trade union was to revoke the new model of teachers' remuneration altogether. After a few days of the strike about 30 teachers invaded the

headquarters of Ministry of Education and Science and occupied it for more than a month. The Minister herself decided not to call in the police and not to evict the invaders by force. However, political tensions were running high and she was soon forced to resign from her position. A temporary minister (the Minister of Transport and Communications) was appointed, and has been able to calm down the activists, by slight amendments to the new remuneration model (and to the collective agreement, see KS 2019). This was sufficient to end the strike and on December 20, 2018 the strikers discontinued the occupation of the building of the Ministry. The new teachers' remuneration model, with minor adjustments, remained in force.

3.4.5. The second stage of implementation of Full-Time Salary Model (2019)

In order to proceed to the second phase of implementation of Full-Time Salary Model, the new Minister of Education, Science and Sport, Algirdas Monkevičius, reconvened the former Working Group (which was not meeting during the strike), to review the experience and to amend the model based on lessons learned during the first phase. The discussions begun in January of 2019 and continued until March. Representatives of all education unions, directors of schools, association of municipalities were involved in this work. On the 1st of March 2019 the Minister of Education approved the adjusted Full-Time Salary Model. The amended system entered operations on the 1st of September of 2019. Again, this was not a cheap step, and the Ministry of Finance had to allocated additional 14 million of Euro for the implementation of the new model.

The amended model is much more simple and transparent than the previous one. As before, Full-Time Salary Model consists of 1512 working hours per year. Teacher's working time per week is 36 hours. The essential change between the first and the second version is a structure of the employment. It consists not of 3, but only of 2 parts (compare with section 3.4.2, Table 4):

1. Pedagogical activities: Conducting lessons, planning of educational work, preparation for lessons, evaluating of students' work, tutoring a class.
2. Remaining activities: Activity for school community, professional teacher development.

The more detailed structure of the Full-Time Salary Model is provided in the following Table 6.

Table 6. Structure of Full-Time Salary Model (2nd phase)

Groups of teachers	Pedagogical activities	Of which: contact hours	Remaining activities	Total hours
Beginner teachers in general education (up to 2 years of experience)	1010–1410	Up to 756	102–502	1512
Teachers of professional and informal education		Up to 924		
Teacher of initial education		Not less than 700		
Other teachers		888		

Time for planning of educational work, preparations of lessons and evaluating is determined by educational subject and a number of students in a class. It can be 40-60% from the contact hours.

Teacher who is a tutor of a class must be allocated time for tutorship. The minimum number of hours to be allocated depends on the class size, as the following Table 7 indicates.

Table 7. Hours per year for class tutors

Class size	Minimum hours per year for class tutor
Up to 11 students in a class	152
12–20 students in a class	180
21 and more students in a class	210

Minister of Education, Science and Sport has approved a list of tasks for school community and profession improvement. A teacher shall spend at least 102 hours for improving qualification or working for school community. The mandatory work for community means communication with parents – consultation, information, collaboration. It also includes planning and improving of school functioning, taking part in meetings.

These activities are mandatory. But teacher can also have non-mandatory work. For example, take part in schools' self-government, prepare educational programs, share experience as a mentor, consult colleagues, conduct open lessons etc. This kind of activity could take up to 400 hours per year.

For beginner teachers it is recommended to dedicate more time for professional growth, development of educational skills (see section 3.4.3).

Experienced teachers are encouraged to share their knowledge and understanding with younger colleagues.

Minister of Education, Science and Sport has approved principles of teachers' work schedule for the first time. It includes requirements not only regarding work, but also regarding the need to rest. This document also regulates remote work, when an employee can do his or her non-contact work outside a school.

Another regulation which had changed from the first phase regards who decides upon teacher's workload. During the first phase it was the school director alone, but this was amended and now the workloads should be agreed with school's Work Council. If such a body does not exist, then an agreement is required with teachers' union that operates on the same level as the school founder (state or municipality).

3.4.6. Parallel reforms of financing of general education

In Lithuanian society, the method of financing of schools using "student basket" was under continuous discussion from its implementation in 2004 (see section 3.2.2). This approach to financing of education has been constantly questioned not only by representatives of the education sphere, but also by politicians, economists, and scientists. Discussions on this topic became extremely sharp before Parliamentary election in 2016. Almost all political parties promised to change the "student basket" model in one way or the other, and on the 1st of September, 2018, a coalition of winning parties introduced a far-reaching change to how schools are financed in Lithuania (GORL Resolution Nr. 679 of July 11, 2018, Eurydice 2020).

The financing model "student basket" was replaced by so called "class basket". Almost 80% of educational funds now are allocated basing on number and size of classes. These are funds for realization of teaching plan, 94% of them are dedicated to teacher salaries. The remaining funds are allocated based on weighted students. These funds are used for textbooks and teaching materials, for example. Before this reform, funds for realization of teaching plan used to be allocated to school basing on the number of pupils, thus if one student left the school, school budget was automatically decreased by one "student basket".

In the new model it was foreseen to transfer funds for school administration and support of education to municipality (the founder). Every municipality as a school founder must adopt an internal order regulating how these funds are allocated to schools. The Ministry of Education and Science has

prepared recommendations for municipalities regarding this order, but the recommendations are not obligatory.

3.5. The current situation

The Full-Time Salary Model was introduced in Lithuania in two successive stages in 2018 and 2019, therefore it has been in operation for a very brief time. As we discussed in section 3.4.5, the second stage introduced significant changes compared to the first stage, and further such changes can be anticipated. Indeed, the teacher strike of 2018 made it clear to all concerned that the Ministry must approach the subject of teacher salaries with great care.

In the present section we first review the results of monitoring the implementation of the reform, and we describe the current discussions about how the system may be adjusted in the near future.

3.5.1. Results of the reform of teacher salaries

In February of 2020 the Government Strategic Analysis Center STRATA prepared an overview of teachers' remuneration system in order to find out real changes in teachers' remuneration after the reform of Full-Time Salary Model in 2018-2019 (see STRATA 2020).

In order to evaluate changes in remuneration of Lithuanian teachers in institutions of general, informal and profession education, the review compares data from September of 2017 and September of 2019.

The review focused on changes of teachers' salaries, taking into account the type of educational institution, municipality and type of location. Salaries of general education teachers are analyzed by different positions, age, qualification, subjects of education and other aspects. The review also goes into changes of general education teachers' workload. The outcomes are:

- In 2018 an average salary of teachers in general education schools increased by 13%, together with increasing average workload by 7%. Meanwhile in 2019 salary increased by 10%, but an average workload increased only by 1%. In total during the two given years salaries of teachers from schools of general education has grown by 23%;

- In 2018 an average salary for teachers in informal education institutions increased by 11%, for teachers of informal (additional) education by 7%, and in 2019 for teachers from both groups it grew by 4%. During the two years salaries for teachers of informal education has increased by 15% in total, for teachers of informal (additional) education – by 11%;
- In 2018 and 2019 salaries for teachers of profession schools was growing by 15% each year, and the total increase after two years was 33%;
- In 2018 in schools of general education an average salary increased mostly for young teachers up to 30 years (by 26%), meanwhile in 2019 the increase of salaries was the same for all age groups until 60 years old;
- During two years (September of 2017–2019) in schools of general education teachers' salaries grew at similar rates both in urban and rural areas and in the end they remained bigger in urban schools;
- Although in 2019 in schools of general education salaries for older teachers and in urban areas were growing more quickly than in 2018, the total share of teachers who's salaries has grown was similar (74% and 71%);
- In September of 2019 two out of five teachers (38%) had a full workload, it is 5 times more than in 2017 (calculating only those teachers who worked in 2017, 2018 and 2019).

At the same time, heated public discussions of the new model of teacher salaries continue, with many critical opinions expressed by different stakeholders. Such a critical review of the effects of the reform from the point of view of school director was presented by S. Jurkevičius (2019), who supported the return to the old model (with various adjustments).

3.5.2. What's next?

In the beginning of 2020 a work group in Ministry of Education, Science and Sport, formed from representatives of the ministry, school directors, teachers' unions, associations of municipalities and other social partners, agreed on further changes of Full-Time Salary Model, that are to be implemented on September of 2020.

On the 23rd of March, 2020 the Minister approved changes of teachers' Full-Time Salary Model that will be implemented from September. Changes of Teachers workload structure description, Work for school community

description, Work on professional improving description should help in a smoother organization of the Full-Time Salary Model, avoiding some flaws which were identified by the trade unions and by the Association of school Leaders.

It was decided to apply more strictly the exceptions that allow to deviate from the set up numbers of hours for planning, preparing lessons, evaluating students' achievements and tutoring a class. The exceptions would be possible only after determining clear criteria in the remuneration system of the institution.

There were established additional requirements towards remuneration systems of schools in order to make appointing hours for professional improvement and work for community more transparent. When the school community agrees on a list of specific activities and principles of time distribution, there will be possible to avoid subjectivity and unreasonable decisions. During the first and second stage, scope and schedule of activities for the community were agreed by the teacher together with the school director. Trade unions felt that these agreements should be public and should be known to all teachers. Transparency is likely to reduce the subjectivity of personal agreements.

In the revised description of the system of teachers' workload structure it was foreseen, that in the structure of teacher's workload a total number of hours per academic year for professional improvement and work for school community has to be fixed, also what will be teacher's work for the community and what results he or she has to achieve, not hours for every task. During the implementation of the Full-Time Salary Model it is important to achieve the agreed long-term results rather than to calculate every minute of work of every Lithuanian teachers.

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CHAPTER 4. POLAND

Jan Herczyński

| POLAND

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Introduction

Teachers are the main asset of any education system (OECD 2005). At the same time, teacher salaries are the dominant expenditure item in education. Therefore regulating teacher salaries is a crucial element of design of national education systems, with wide implications for the quality of education, for availability of teacher workforce, and for managing costs of education. In most countries, teacher salaries are established through a complicated system, with regular changes and adjustments making it ever more complex.

Polish system of teacher salaries is no exception. The most commonly used publication describing teacher salaries in Poland, Klawenek (2019), is reissued almost every year to account for changing legal regulations¹. In its nearly 300 pages it provides numerous clarifications, examples, suggestions for school founders, as well as references to many legal court rulings on different contentious issues.

The current system of teacher salaries in Poland was introduced in 2000, as a part of comprehensive reform of the education system designed and implemented by the Minister of National Education Mirosław Handke. The policy goals, the design, and the implementation problems of this reform are reviewed in section 4.1. In section 4.2 we discuss the current system, and the main

¹ Recent editions include years 2011, 2013, 2014, 2017, 2018, 2019.

legal parameters set by the national government. In the final section 4.3, we review elements of teacher salaries set by the national government and set by the local governments as school founders, in line with education decentralization, and we review a few examples of local pay regulations

According to Polish legislation, the term teacher applies also to pedagogical staff not conducting lessons, and to pedagogical staff employed in preschools. All these groups of pedagogical staff are remunerated according to the same set of rules as teachers conducting lessons.

We use the following acronyms, also for references:

Table 1. Acronym used in the chapter

Acronym	Polish text	English text
NIK	Najwyższa Izba Kontroli	Highest Audit Chamber
MEN	Ministerstwo Edukacji Narodowej	Ministry of National Education
RMW	Rada Miasta St. Warszawy	Council of City of Warsaw
RGSB	Rada Gminy Stara Biała	Stara Biała Municipal Council
RGS	Rada Gminy Siedlce	Siedlce Municipal Council
RMS	Rada Miasta Sulejówek	Płock County Council
RPP	Rada Powiatu w Płocku	Sulejówek City Council
ZMP	Związek Miast Polskich	Association of Polish Cities
OECD		Organization for Economic Cooperation and Development
FTE	Stawka pracy nauczyciela	Full time-teacher equivalent
BDL GUS	Baza Danych Lokalnych GUS	Database of Local Data of State Statistical office
CODN	Centralny Ośrodek Doskonalenia Nauczycieli	Central Office for In-Service Teacher Training
PLN	Złoty polski	Polish złoty (1 Euro = 4,55 PLN)

4.1. Reform of system of teacher remuneration in Poland 2000

Polish education is highly decentralized (Jakubowski 2019). Local governments as school founders are responsible for opening and closing of schools, for setting school budgets, for selection of professional profiles taught in VET schools, and have significant influence over the selection and assessment of school directors. School autonomy is limited to pedagogical process; there is no financial or budgetary autonomy of Polish schools². Urban, rural and mixed municipalities are founders of preschools and of primary schools, counties are founders of secondary schools (including vocational schools) and of special schools. Cities with counties rights have education competencies of both municipalities and counties. Regions are founders of only very few vocational schools (mainly medical schools³).

The current system of teacher remuneration in Poland is the result of systemic reform initiated in 2000. In the present section we discuss the context of this reform, in particular how teacher salaries were set prior to 2000, we review the design of the reform and the difficulties encountered during its implementation.

4.1.1. Context and design of the reform

Polish education underwent several deep reforms since the end of Communism, including far reaching reform of curricula and textbooks, and decentralization of schools (Levitas, Herczyński 2002). However, the system of teacher salaries remained largely unchanged for a long time. The basic salary depended on two main teacher characteristics:

1. Years of service in schools.
2. Level of education of the teacher.

2 In particular, schools do not have bank accounts or budgets, only financial plans. All donations to the school and all revenues from renting of school property are by law revenues of the school founder. Typically, founders decide to let the school keep a part of such revenues, such as 50%, but they are not obliged to do this.

3 Regions are responsible for other education tasks, such as in-service teacher training and pedagogical libraries.

Minimum salaries were established every year in the decree of the Minister of National Education (MEN 1997). Teachers with over 30 years of working experience in schools earned about 30% more than beginning teachers. Progression regarding level of education was steeper, but essentially all teachers had already had higher education (this became a requirement in 2000, as part of the reform we discuss below). In addition, teachers received many different add-ons to their salaries, listed with their values in the decrees of the Minister of National Education, designed to reward difficult work and work in hazardous or unhealthy conditions. The system of add-ons included about 35 types, some of them quite exotic (add-on for teaching underground, for teachers of mining professions, or add-on for teaching at night, for teachers of midwifery), with different calculation rules. Local governments as school founders could introduce additional add-ons for their teachers as well.

Some add-ons were designed to reward high quality of teacher work. These were awarded on the basis of so called *professional specialization* of teachers. There were three levels of specialization, denoted simply I, II, and III. Apart from quite long period of work required to apply for the next level, the procedure required methodist experts from regional teacher in-service centers to visit several lessons conducted by candidate teachers and appraise their teaching skills (this requirement is no longer used, see summary of current advancement procedures in Table 2). In 1998, 4,4% of all fully employed teachers had specialization of first level, 3,3% of the second level, and only 0,2% of the third level (CODN 1999). Overall, in 1998 8% of all teachers had obtained specialization; this indicator had increased to 12% by 2008 (Książek 2001). This indicates that obtaining specialization was quite difficult. The add-ons for professional teacher specialization were very low, and amounted to at most 5% of basic salary for a teacher with 30 years of experience.

In 1998 Polish Ministry of Education under Minister Mirosław Handke presented the first plan of comprehensive education reform. The reform included several important elements⁴:

1. Structural reform, which changed the structure of Polish schools from 8+4 (8 grades primary school, 4 grades lyceum) to 6+3+3 (6 grades primary school, 3 grades gymnasium, 3 grades lyceum).
2. Introduction of external examinations (three tests following the completion of primary school, gymnasium and lyceum, administered by independent Central Examination Commission).

⁴ The reform of teacher salaries, unlike other elements of the reform of 2000, is not well documented. We rely mainly on Książek (2001), Levitas, Herczyński (2002), Wiłkomirska (2011), and Herbst, Levitas (2012).

3. Curricular reform through introduction of Programmatic base (allowing different education programs).
4. Change of professional careers of teachers and new system of teacher remuneration.

It is worth adding that in parallel, the Ministry reformed education finance and introduced the current formula for allocation of education subvention (Levitas, Herczyński 2002).

Key policy goals of the reform were to increase participation of students in general academic upper secondary education from historical 30% and a corresponding reduction of participation in vocational and professional education, equalization of chances of children coming from rural communities, and improving the quality of education. The so called Handke's reform was gradually introduced between 1999 and 2000.

Regarding the system of teacher salaries, the following policy goals were formulated:

- Increase of the prestige of the teaching profession
- Overall increase of teacher salaries
- Steeper progression of teacher salaries, to motivate teachers to continuous professional development
- Introduction of the principle that better teachers are able to earn more.

The complicated system of many salary add-ons was to be simplified, with many add-ons abolished altogether. Instead, a four level system of teacher professional advancement was designed (see Table 2 below). Specific and sometimes complicated procedures for passing from one level to the next one were formulated. Teachers were forced to document their work experience, their achievements, in the form of portfolios, submitted to appropriate commissions reviewing their application for advancement. The procedures specified, in particular, the composition of the commissions, the type of documents required, and the detailed process of assessing them. The procedures also described in detail available options for teachers whose application for professional advancement was not accepted.

In addition to minimal teacher salaries, based not as before on specialization level, but on professional advancement level (see Table 4), required average teacher salaries were introduced, leading to significant differentiation of teacher salaries based on advancement level (see Table 7). In effect, the system of professional advancement of teachers replaced the previous system of their professional specialization, but the key change was very strong link with teacher salaries, in line with the third policy goal formulated above. While under the previous system, specialization increased the salary

by a few percent, under the new system, as Table 7 indicates, professional advancement may almost double the salary (on average).

Since the reform led to overall increase of teacher salaries, the planned differentiation was implemented over three years, to minimize the immediate costs to the national budget.

Originally the Ministry planned to introduce the reforms starting in January 2000, but this was delayed due to difficult negotiations between teachers' trade unions and the Ministry. These talks begun in 1999 and continued until February 2000. The Ministry tried to link the planned increases of teacher salaries with the increase of basic teaching load of teachers, which at 18 hours per week was considered by most experts to be too low. Teacher trade unions opposed increasing teaching time, arguing that this would lead to many redundancies in the sector. Under the pressure to achieve consensus and implement the reform as soon as possible, the Ministry had to abandon its goal and the new system was introduced without increasing teacher workload. The necessary legislation was approved in February 2000 and implemented in September of the same year.

4.1.2. Implementation of the reform

The implementation of the reform was not easy. The first step of the implementation was of course the recalculation of all teacher salaries in all Polish schools, according to the new procedures. Clearly, this was a difficult accounting task for all concerned, as the new system was quite different from the old one. To govern this massive recalculation effort, two transition rules were introduced.

The first was an automatic assignment of new levels of teacher professional advancement to teachers already employed in schools, based on individual teacher characteristics. This procedure was not very complex, but was applied in different ways in different schools.

The second transition rule was related to the fact that, as mentioned above, the full implementation of salary increases (as dictated by the percentages provided in Table 7) was spread out over three year. In this period, to compensate for this delay, the second rule stated that base salary should be at least 75% of overall teacher salary for every individual teacher.

As the recalculation effort progressed, local governments begun to claim that they need significant additional resources to cover the costs of the recalculated salaries. The budget requests from local governments quickly overgrew the available budget reserve, and kept growing. In the

public debate, this came to be known as *Handke's error*. However, as the Ministry lacked information about individual salaries (especially about the distribution and level of different salary add-ons), it was unable to verify which of these demands were justified, and which were based on mistakes in the recalculation, or worse, on intentional misreading of the transition rules. The emerging crisis begun to threaten the implementation of the whole reform, not just the new system of salaries.

In response, Minister Handke resigned from his post, and the new Minister, Edmund Wittbrot, organized a joint Ministerial-local governmental commission to review the situation and address budget requests from school founders. An ad hoc procedure to assess the budget demands was agreed, and the Ministry of Finance was compelled to provide unplanned additional budget resources to calm the situation. The reform was thus implemented, but mistrust between the main education stakeholders continued.

The first review of actual average teacher salaries following the reform was conducted in 2008 (see Herbst, Herczyński, Levitas 2009). It was found that many local governments strictly follow the requirement for the minimum teacher salary (which applies to individual teachers), but do not ensure required averages (which apply to large groups of teachers, namely all teachers in a given level of advancement working in schools founded by a given local government). The required average salaries represented excessive costs to local budgets, and many local governments, especially rural ones, broke the law by not achieving prescribed averages. Indeed, it turned out that a common local strategy was to agree informally with local teacher unions to avoid firing of teachers in return of not increasing the salaries to reach the required average. Since this seemed a reasonable local strategy, Herbst, Herczyński, Levitas (2009) recommended that the requirement of average salaries should be relaxed, to give more space for local agreements. However, policy response of the Ministry was quite different. Instead of relaxing the rules and allowing more flexibility at the local level, a new system of official reporting of the achieved averages was introduced. These reports allow the Ministry to force all local governments, who do not achieve the prescribed averages, to pay the teachers the compensatory supplement (see section 4.2.2).

The new system also required local governments to adopt local regulations of teacher salaries. This turned out to be rather difficult. Analysis of many of these regulations (by law they are publicly available) performed by Klawenek revealed that many of them had serious errors (see Klawenek 2012). Some regulated areas which should not be regulated, because national legislation already regulated them. Other failed to regulate areas which needed to be regulated, or regulated them in insufficient detail. However, the most

difficult task for local governments was to regulate the salaries so that prescribed averages are reached (avoiding the need to pay compensatory supplements), but at the same time are not exceeded too much (to reduce the burden to local budgets). Several publications and guidelines have appeared, helping local governments to perform this task (see for example Klawenek 2019).

Another element of the new system of teacher salaries which was widely discussed in Poland were the procedures of advancement from one level to the next one, including the required portfolios, examinations and assessments (see Table 2). Very quickly it turned out that the procedures were very bureaucratic and formal, and that negative responses to applications for advancement were very rare (NIK 2018). Small private companies appeared to help teachers prepare their applications and portfolios for a fee, thus undermining a key objective of the reform. The only effective barrier to quick professional advancement turned out to be the minimum time before successive moves to the next level (Herbst 2012a). Essentially, as soon as legally allowed, teachers are advanced. However, the process is time consuming and a lot of paper documentation is being produced.

Maybe the most explicit judgment on the present system of teacher professional advancement in Poland and related system of remuneration was formulated on the basis of qualitative study by sociologists Magdalena Smak and Dominika Walczak: "existing system of professional advancement is perceived by teachers not as a mechanism confirming the quality of their work, but enabling the increase of their salaries" (Smak, Walczak, 2015). The stated policy goal of linking higher quality of pedagogical work with higher salaries has not been achieved.

4.2. System of teacher salaries

According to legislation, all teachers belong to one of four levels of professional teacher advancement (art. 9, *Law Teachers Charter*). Teacher entering the profession is intern teacher, then she or he can advance to become contract teacher, nominated teacher and finally diploma teacher. Teaching skills required for advancing are defined in the legislation (MEN 2018). The following Table 2 illustrates the four levels of professional advancement of Polish teachers, the minimum time required to work at the given level before further advancement, and the condition for advancement.

Table 2. Levels of professional teacher advancement

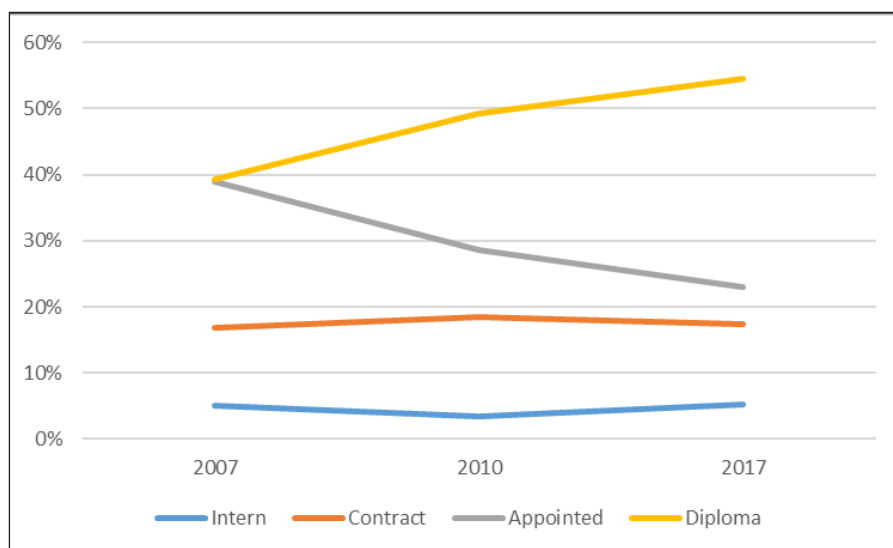
Level of professional teacher advancement	Minimum time	Conditions for further advancement
Intern teacher	9 months	Positive assessment of internship (at least 9 months), and positive opinion after interview by qualifying commission
Contract teacher	4 years and 9 months	Positive assessment of internship (at least 2 years and 9 months, beginning at least 2 years after starting work in school), and passing of exam in front of qualifying commission
Appointed teacher	3 years and 9 months	Positive assessment of internship (at least 2 years and 9 months, beginning at least 1 years after becoming contract teacher), presentation of portfolio, and positive opinion after interview by qualifying commission
Diploma teacher	Not applicable	

Source: Law Teachers Charter, art. 9a, 9b, 9c.

Specific forms of assessment needed to advance to next level of professional advancement are described in the law, for a brief review see Pery (2013). Generally the procedures are considered to be quite formal and very easy for teachers to pass successfully (NIK 2018). In particular, there is no requirement to assess actual classroom practice of teachers, in contrast to previous system of professional teacher specialization (see section 4.1.1). Therefore the main barrier to advancement is prescribed time, contrary to stated goal of the reform (see section 4.4.1).

The minimum time it may take for a beginning teacher to become a diploma teacher is 10 years⁵. This has become standard; few teachers spend longer time advancing professionally. Indeed, as NIK has observed, over 99% of all teachers attempting progression to higher level succeed to do this (NIK 2018). Effectively, there are no significant barriers to progression of teachers to higher levels. As a result, increasing share of Polish teachers are diploma teachers. While in 2007 appointed and diploma teachers accounted for about 40% of all fully employed teachers, share of appointed teachers fell to 23% in 2018, while share of diploma teachers grew to 55%. This dynamics is shown in the following Graph 1.

Graph 1. Share of teachers at different levels of professional advancement 2007-2017 (%).



Source: For years 2007, 2010 Herbst (2012a), for year 2017 NIK (2018).

Graph 1 shows that advancing to upper levels of professional teacher advancement has become rather easy, in contrast to previous system of obtaining professional teacher specialization (see section 4.1.1).

A significant degree of decentralization also applies to setting of teacher salaries. General rules and parameters are set by the Ministry, while local

⁵ In 2018 this time was extended to 15 years by putting additional requirements. A year later these changes were withdrawn, in response to protests by teacher trade unions

governments as school founders are responsible to implement and follow them.

Teacher salary depends on the level of professional advancement to which she/he belongs. Every year, the national government determines two requirements for teacher salaries:

1. A table of minimum basic salaries, depending on the level of advancement and on education level (see Table 4), is adopted by the Minister of National Education.
2. A table of required minimum average of salary, for every public school founder and for every level of advancement, is determined in the *Budget Law* (see Table 7).

The minimum level of basic salary applies to each teacher individually. Basic salary is the main component of teacher salaries (equals on average 63% of full salary, see Table 8), many supplements to the basic salary are defined as percentages of the basic salary. The minimum average salary applies to groups of teachers, namely to all teachers at a given level of advancement in all public schools managed by a given school founder (municipality, county, or region). It is the responsibility of school founders to ensure that the actual average full salaries for the teachers employed in their schools are not less than the required minimum average.

In order to achieve this minimum average, local governments have been given a very important competency, namely that of adopting teacher pay regulations for all their schools (art. 30, *Law Teachers Charter*). The decentralization of the authority to set teacher salaries complements the decentralization of shaping school network and of setting school budgets. However, the autonomy of local governments in this sphere is limited by law. The two general limitations are the yearly requirements listed above (minimum basic salaries and minimum average salaries). Further limitations may be summarized as follows:

- The legislation specifies all elements of teacher salaries. Local governments cannot add a new element.
- The legislation specifies which elements of teacher salaries are regulated nationally, and which elements may be determined locally. Thus basic salaries are regulated (they cannot be lower than national minimum), and supplement for class tutorship⁶ is regulated (it cannot be lower than 300 PLN). On the other hand, motivation and functional supplements are set locally.

⁶ Every class has an assigned tutor, a teacher who is responsible for upbringing students, for contacts with the parents, and for resolving issues of students with other teachers. Teaching time of class tutors is accordingly reduced.

-
- The legislation requires that at the end of every budget year each public school founder reports on the salaries of teachers paid during that budget year, and whether the required minimum averages were met. If these averages are not met, school founders have to pay extra amounts to all teachers of the given level of advancement a special yearly supplement (to reach the minimum).

We can conclude that in line with decentralization of education, Polish local authorities were given important powers and responsibilities regarding setting of teacher salaries. However, as these issues are highly socially sensitive, the legislation clearly limits autonomy of school founders. In particular, it does not allow local governments to “economize” on teachers and keep their salaries too low.

All the elements of teacher salaries – and who regulates each of them – are discussed in detail in section 4.3.

4.2.1. Sources of funds for teacher salaries

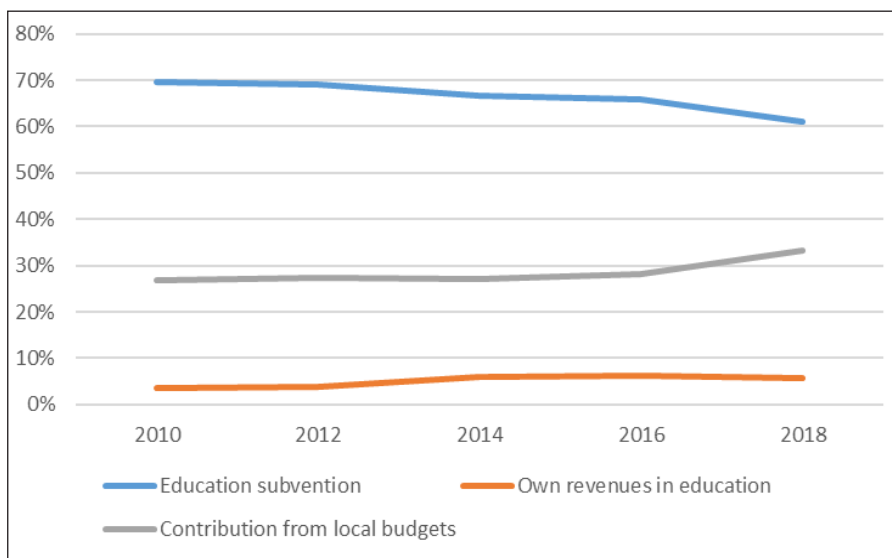
The main source of funds for recurrent education expenditures is the education component of the general subvention (often informally called education subvention). Education subvention is allocated to all local governments according to a per student formula, adopted every year by the Ministry (called in Poland *algorithm*). Education subvention is a general revenue of local governments, its use is not limited to teacher salaries or to education expenditures. Every year there are some Polish local governments who spend on education less than they receive in education subvention, but there are very few of them. Nevertheless, for a majority of Polish local governments education subvention is not sufficient to cover their all education expenditures and they are therefore obliged to add other funds. In 2018, education subvention was equal to 43,12 billion PLN, covering about 61% of recurrent expenditures of public education (ZMP 2019).

The second source of funds for education are revenues of education institutions. Technically, as schools have no budgetary autonomy, these are own revenues of local governments as school founders, who decide how to use them (they may allocate some of these funds to the school which realized these revenues). These are funds received from rent of school space, sale of products and services of vocational schools, various fees charged by schools (for example for exams of people who are not students), and similar. In 2018, these revenues amounted to 3,95 billion PLN.

The last source of funds are contributions from local budgets (that is, above the received education subvention). In 2018, these contributions for recurrent education expenditures reached 23,43 billion PLN (ZMP 2019).

The evolving share of these resources is illustrated in the following Graph 2.

Graph 2. Share of different sources of financing education expenditures 2010-2018 (%)



Source: ZMP (2019).

We note that between 2010 and 2018 share of education subvention in recurrent education expenditures fell from 69.7% to 61,2%, while share of contributions from local budgets increased from 26,7% to 33,2%. Full one third of all recurrent expenditures of local governments on their schools is covered by their other general revenues. Education subvention is decreasing not only as percentage of all recurrent education expenditures, as illustrated in Graph 2, but also as share of GDP: it amounted to 2,7% of GDP in 2004 and only to 2,0% of GDP in 2018 (ZMP 2019).

In a joint report of Association of Polish Cities and other local government associations (ZMP 2019) it is estimated that in 2018 education expenditures of local governments (without own revenues in education) exceeded

received education subvention by 54% ("the financing gap"). The financing gap indicates by how much education subvention would need to be increased in order to eliminate necessary contributions from local budgets.

The financing gap of 54,3% is however unequally distributed between types of local governments. It is rather low for counties (12%) and very high for different types of communes (from 48% in rural municipalities to 76% in cities). In cities with county rights the gap is 64% of received education subvention. This may indicate that the gap is mostly generated in primary education run by communes. The following Table 3 illustrates recent evolution of the financing gap by type of local government.

Table 3. Financing gap by type of local government (% of received education subvention)

	2010	2012	2014	2016	2018
Cities with county rights	-52,0%	-50,0%	-51,0%	-53,0%	-64,0%
Urban municipalities	-71,0%	-72,0%	-71,0%	-68,0%	-76,0%
Rural municipalities	-35,0%	-39,0%	-40,0%	-41,0%	-48,0%
Mixed municipalities	-53,0%	-55,0%	-54,0%	-53,0%	-62,0%
Counties	+2,0%	0,0%	-3,0%	-4,0%	-12,0%
Regions	-10,0%	-6,0%	-11,0%	-12,0%	-33,0%

Source: ZMP (2019).

It is important to note that in 2010 education subvention amounted to 95,9% of all salary expenditures in education; over time this share fell to 85,4% in 2020. Thus education subvention does not cover even costs of teacher salaries.

According to the legislation, the funds for education (including for teacher salaries) are guaranteed in the revenues of local governments. This means that there is no legal obligation on the national government to ensure that education subvention is sufficient to cover the costs of providing education, or even the costs of teacher salaries. For this reason courts have repeatedly dismissed claims by different local governments against the Ministry of National Education, demanding higher allocation of subvention to cover at least salary costs of running schools.

4.2.2. Minimum basic teacher salaries

As discussed above, every year the Minister of National Education issues a decree setting minimum level of basic teacher salaries depending of teacher education and level of professional teacher advancement (art. 30, *Law Teachers Charter*). Current minimum basic salaries are provided in the following Table 4 (MEN 2019).

Table 4. Minimum basic teacher salaries in 2020 (PLN)

Level of education	Intern	Contract	Appointed	Diploma
MA with pedagogical training	2 782	2 862	3 250	3 817
MA without pedagogical training	2 617	2 663	2 832	3 324
Other accepted education	2 600	2 617	2 638	2 905

Source: MEN (2019).

Minimum basic salary for intern teacher without MA degree is now equal to the minimum salary in Poland (after recent increase of the latter). The Ministry sets the minimum salaries without constraints, in particular no exact relationships between minimum salaries depending on level of advancement or of education are prescribed by law.

Polish local governments have the right to establish basic salaries higher than the minimum basic salary as defined in Table 4. However, this is almost never done (Herbst, Herczyński, Levitas 2009). Typically, local teacher pay regulations state that basic salaries are equal to the minimum basic salaries, as established by the Ministry. Local governments which need to pay teachers more in order to keep them in schools, for example large cities, have other ways to increase teacher salaries (see section 4.3).

The exceptional cases, in which basic teacher salary is increased above the legal minimum of Table 4, are very large cities. For example, city of Warsaw adopted increases to basic teacher salaries, as listed in Table 5.

Table 5. Increases of basic salaries over minimum basic salaries in Warsaw (PLN)

Level of education	Intern	Contract	Appointed	Diploma
MA with pedagogical training	350	335		
MA without pedagogical training	300	265	220	
Other accepted education	250	235	220	

Source: RMW (2018), RMW (2019), RMW (2020).

The increases of basic salaries in Warsaw remain constant, while every year minimum basic salaries are increased. It is clear that highest increases apply to of younger and less paid teachers. Basic salaries in Warsaw for 2020 with the locally mandated increase are illustrated in Table 6.

Table 6. Basic teacher salaries in Warsaw in 2020 (PLN)

Level of education	Intern	Contract	Appointed	Diploma
MA with pedagogical training	3 132	3 197	3 250	3 817
MA without pedagogical training	2 917	2 928	3 052	3 324
Other accepted education	2 850	2 852	2 858	2 905

Source: Table 4, Table 5.

We note from Table 6 that Warsaw has in fact equalized basic salaries of intern and contract teachers, while basic salary of appointed teachers was increased only marginally (to make them not less than that of contract teachers), and basic salary of diploma teachers was not increased at all compared to national minimum.

4.2.3. Required minimum average teacher salaries

Polish legislation, apart from minimal teacher salaries, determines also required minimum average teacher salaries. These average salaries are assessed separately for each school founder and for each level of teacher professional advancement, for all teachers employed in all schools founded by that specific founder. The minimum average salaries are defined as per cent values of so called basic amount, which is set every year in the national *Budget Law*. The percentages, on the other hand, remain constant. School founders are obliged to ensure that actual averages of teacher salaries do not fall below the required minimum averages.

The basic amount for budget year 2018 was 2900,20 PLN, for 2019 it was 3045,21 PLN, and for 2020 it is 3537,80 PLN.

The following Table 7 provides the percentages for every level of teacher advancement (second column) together with the values of required minimum for three recent budget years.

Table 7. Required minimum average teacher salaries in 2020 (% , PLN)

Level of professional teacher advancement	Percentage of basic amount	Required average, 2018	Required average, 2019	Required average, 2020
Intern teacher	100%	2 900	3 045	3 538
Contract teacher	111%	3 219	3 380	3 927
Appointed teacher	144%	4 176	4 385	5 094
Diploma teacher	184%	5 336	5 603	6 510

Source: % of basic amount defined in Law Teachers Charter, art. 30, other values own calculations.

It is the responsibility of each school founder of public schools to ensure that actual average of all teachers in their schools (taking into account share of FTE for teachers not fully employed), for every level of advancement, is at least equal to the required minimum. The instrument for achieving this goal is local regulation of teacher salaries (see sections 4.3.2 and 4.3.3 below). Several guides for local governments how to program these local regulations to achieve the averages are available (for example Klawenек 2012a). There is also a strict system of control whether the required averages were in fact met. After every budget year, school founders are required to report on the actual salaries of their teachers and demonstrate that the required minimum was reached. In cases when the minimum is not reached, school founder is obliged to pay teachers so called *compensatory supplement*. The compensatory supplements are calculated for all teachers

of a given level of advancement, proportionally to their salaries, and are paid out to teachers in February.

Comparing Table 4 and Table 7 we note that required averages are significantly higher than minimum salaries. Indeed, required average is 127% of the minimum salary for intern teachers, and is 171% for diploma teachers. This difference is related to the fact that older teachers on higher levels of professional adjustments perform more functions in schools and receive higher supplements, especially for work experience.

4.3. Components of teacher salaries

Polish legislation determines all elements of teacher salaries (art. 30, *Law Teachers Charter*). The salaries are composed of the following elements:

1. Basic salary.
2. Supplements to the basic salary:
 - For years of service
 - Motivational
 - Functional (for school directors, other managerial positions, and for class tutors)
 - For difficult conditions of work.
3. Payments for lessons above the weekly workload and for temporary replacement.
4. Awards and other benefits:
 - Awards to teachers and school directors
 - Supplement for rural schools
 - Holiday allowance
 - Compensatory supplement in cases minimum average teacher salary was not reached
 - Yearly additional salary (so called thirteenth salary, paid to teachers in March)
 - Benefit for starting work as intern teacher
 - Jubilee awards (after 20, 25, 30, 35, 40 years of work)
 - Award for receiving honorary title of Professor of Education
 - Severance payment (when retiring or leaving profession).

All elements of teacher salaries are taxed and are taken into account for calculating the pensions. Local governments cannot provide teachers other supplements or benefits than those stipulated by the law. However, all the benefits must be paid (local government cannot set a supplement for deputy school directors equal to zero, for example).

As discussed above, one feature of decentralization of education in Poland is shared responsibility for establishing the values of different elements of teacher salary. The responsibility for establishing these values is allocated as follows:

- Minimum basic salary is established by the Minister, local governments decided on actual value of basic salaries (which may be higher than the minimum), see section 4.2.2.
- Minimum functional supplement for class tutorship is established in legislation, local governments decided on actual value of this supplement (which may be higher than the minimum).
- Functional supplements for school directors and for their deputies, motivational supplements, supplements for difficult conditions of work, and awards for teachers and school directors are established freely by local governments.
- All remaining elements of teacher salary are established by legislation.

In section 4.3.1 below we review elements of teacher salary established at the national level, and in the next one those established locally. Some examples of local teacher pay regulations are reviewed in section 4.3.3. Local pay regulations are regularly amended; supplements may be decreased or increased as local budgets allow.

We also note that local governments as school founders are responsible for setting some technical legal conditions and procedures related to verifying applicability of some supplements in individual case; these issues are not discussed here.

It is interesting to review the relative share of different elements of teacher salaries, listed above, in overall teacher salaries. The structure of teacher salary depends on the level of professional adjustment and is reported in the following Table 8.

Table 8. Structure of teacher salaries by level of professional advancement (%)

	Intern	Contract	Appointed	Diploma	All
Basic salary	79.9%	71.2%	65.2%	61.2%	62.6%
Hours above the weekly workload	12.8%	12.7%	11.9%	11.5%	11.6%
For years of service	2.0%	4.3%	9.3%	11.4%	10.6%
Additional yearly salary	0.4%	4.8%	6.2%	6.9%	6.6%
Motivational supplement	1.6%	3.5%	3.3%	3.7%	3.6%
Director's supplement	0.0%	0.1%	0.6%	2.0%	1.6%
Class tutor supplement	1.3%	2.0%	1.7%	1.4%	1.5%
Supplement of difficult work conditions	1.7%	1.3%	1.1%	0.7%	0.8%
Awards and benefits	0.0%	0.1%	0.4%	0.9%	0.7%
Other supplements	0.3%	0.2%	0.3%	0.2%	0.2%

Source: Herbst (2018), data from 2017.

Note that the share of basic salary in full teacher salary decreases with the professional advancement, from 80% for intern teachers to 61% for diploma teachers. This is natural, because older and more experienced teachers receive higher supplement for years of service, higher additional yearly salary, and higher motivational supplements. Moreover, many school director receiving functional supplement are diploma teachers.

It is important to note that for the calculation of average teacher salaries (see section 4.2.3), all elements of teacher salary listed above are taken into account with the exception of supplement for rural schools, holiday allowance, and compensatory supplement⁷.

⁷ Of course severance payment is also not taken into account, because it is not received by teachers, but only by former teachers.

4.3.1. Components of teacher salaries determined nationally

The national government determines minimum basic salary of teachers (see Table 4). Local governments may decide to set basic teacher salary above the national minimum, but very few do (for example of an increase, see Table 5).

The level of supplement for years of service is decided in the legislation (*Law Teachers Charter*, art. 33). Teachers receive 1% of basic salary for every year worked, starting in the fourth year of work. However, the supplement cannot exceed 20% of the basic salary. Local governments are obliged to define some technical rules regarding calculation of work experience.

Class tutors always received a supplement for this function (*Law Teachers Charter*, art. 34a), but for many years setting its value was left to the school founders and freely determined in teacher pay regulations. Since 2019 the minimum value of this supplement is 300 PLN per month. Local governments may set this supplement at higher amount, for example for large classes. Local governments remain free to set the level of supplement for tutorship of groups in preschools.

Teachers who work in difficult conditions are entitled to a special supplement for this (*Law Teachers Charter*, art. 34). The Minister for Education establishes the list of such conditions (MEN 2005). The list includes work underground (schools for miners), for night work (in medical schools), for teaching in a foreign language, and for several categories of pedagogical activities with special needs students. Altogether legislation lists 19 specific difficult conditions. The value of the relevant supplements is decided by the local governments.

The specific rules and conditions for setting awards for teachers and school directors are determined by the local government. However, legislation specifies that the funds for these awards must be equal at least to 1% of the planned yearly salaries in all the schools founded by given local government (*Law Teachers Charter*, art. 49). Local governments may decide to create larger fund for awards.

Teachers working in schools located in rural areas or in cities under 5000 population are entitled to rural supplement, with the value of at least 10% of basic salary (*Law Teachers Charter*, art. 54). Local governments may increase the value of this supplement.

Compensatory supplements are paid to teachers in case when the minimum required average teacher salary was not achieved (*Law Teachers Charter*, art. 30a). This supplement is calculated in the following manner: the “missing”

amount for a given level of professional advancement is distributed among all teacher belonging to this level equally.

Persons who begin work in school as intern teachers are entitled to receive benefit for starting work (*Law Teachers Charter*, art. 53a). The benefit is paid once. The value of that benefit is 1000 PLN.

Legislation foresees special jubilee awards for teachers who work for a long period, as specified in the following Table 9.

Table 9. Jubilee awards for experienced teachers

After 20 years of work	75% of basic salary
After 25 years of work	100% of basic salary
After 30 years of work	150% of basic salary
After 35 years of work	200% of basic salary
After 40 years of work	250% of basic salary

Source: Law Teachers Charter, art. 47.

Teacher may be awarded the honorary title of Professor of Education⁸, in which case she/he receives a financial award (*Law Teachers Charter*, art. 31). The award is paid once. The value of the award is 18 thousand PLN.

Finally, severance payment when a teacher retires is equal to three months of basic salary (*Law Teachers Charter*, art. 87), unless retirement is due to closure of the school, in which case severance payment is increased to 6 months of basic salary (*Law Teachers Charter*, art. 20).

4.3.2. Components of teacher salaries determined by the local governments

For completeness we repeat here that local governments as school founders establish basic teacher salaries (depending on teacher education and level of professional advancement, see Table 4) and supplements for class tutorship in schools (sometimes based on class size), ensuring that these are at least equal to the nationally mandated minimum. In most cases, actual basic salaries and actual supplements for class tutorship in teacher pay regulations are set equal to the minimum values.

⁸ Every year, between 20 and 25 teachers receive honorary title of Professor of Education, according to *Law Teachers Charter*, art. 9i. The titles are awarded by a special commission nominated by the Minister of Education.

Local governments are free to set supplements for school directors and for their deputies, either in PLN or in percentages of the basic salary. Often these supplements depend on school size.

Analogously, local governments are free to define supplements for tutorship of preschool groups (pedagogical staff of preschools is considered to be teachers).

Motivational supplements are designed to motivate teachers to perform good work. Local governments are free to decide the values of these supplements (in PLN or as percentages of the basic salary). Most often, motivational supplements are awarded for a specific limited time (often between 1 and 3 months). Local governments also establish the criteria for motivational supplements for teachers and for school directors, in their teacher pay regulations.

The supplement for work in difficult conditions is established by local governments, almost always as percentage of the basic salary. For most of Polish local governments, the only difficult conditions of work in their schools refer to work with special needs students (in special schools or special classes).

Establishing the awards for teachers and for school directors, local governments must decide on the following:

- Set the yearly pool of the awards, which is equal at least to 1% of yearly salaries of all pedagogical staff in schools and preschools. Some local governments set the pool much higher, even up to 6%.
- Allocate responsibility for individual decisions to give the awards. Most typically, the awards to teachers are decided by the school director, and awards to school director are decided by the head of the local government.
- Divide the pool of awards between school directors and the head of the local government. Typically, it is decided that school directors allocate 80% of the pool, and the local government allocates remaining 20%.

In their teacher pay regulations, local governments also establish the criteria and conditions for individual awards for teachers and for school directors.

4.3.3. Review of four local regulations of teacher salaries

In the present section we provide comparative review of main rules of local teacher pay regulations, of city with county rights of Siedlce (RGS 2018, RGS 2020), of city of Sulejówek (RMS 2019), of rural municipality Stara Biała (RGSB 2019), and of Płock county (RPP 2020). All these administrative units are located in Mazowieckie region with regional center in Warsaw.

Basic information about 4 local governments is provided in the following Table 10. Education data exclude schools founded by other entities (private schools, religious schools etc.). All special schools are grouped together (primary special schools, special lyceums, etc.).

In Table 10, Sulejówek and Stara Biała have education responsibilities of municipalities, and Płock county has education responsibilities of county (see Annex for clarification of these responsibilities). Siedlce, as a city with county rights, has responsibility for both. We note that Sulejówek is a founder of 1 secondary school, although this is the education responsibility of counties. Polish legislation allows such a situation, on the basis of an agreement between a municipality and the county where that municipality is located (in this case, Mińsk county). Płock county is mainly rural, it is a founder of few schools, because there are many secondary and special schools located in the city of Płock (a city with county rights, surrounded by Płock county).

Table 10. Basic information about 4 local governments

	Siedlce	Sulejówek	Stara Biała	Płock county
Administrative type	City with county rights	City	Rural municipality	County
Population	77 732	19 708	11 891	111 108
Share of rural population (%)	0%	0%	100%	91,3%
Budget revenues per capita (PLN)	6 521	6 000	5 080	4 713
Own revenues per capita (PLN)	2 749	3 337	2 900	1 831
Number of primary schools	12	4	4	
Number of students of primary schools	6 738	1 691	959	
Number of lyceums	7	1		2

Continuation of the Table. 10

	Siedlce	Sulejówek	Stara Biała	Płock county
Number of students of lyceums	2 250	173		201
Number of vocational schools	7			2
Number of students of vocational schools	238			38
Number of special schools	2			2
Number of students of special schools	133			60

Source: BDL GUS for 2019.

We first note that basic salaries in Sulejówek are increased, in comparison to minimum basic salaries (Table 4), by 10% for intern teachers and by 8% for contract teachers. Basic salaries in other local governments are set at the minimum values.

Main functional supplements are listed in the following Table 11.

Table 11. Functional supplements in 4 local governments

	Siedlce	Sulejówek	Stara Biała	Płock county
Minimum supplement for school director	900 PLN	40% of basic salary		20% of basic salary
Maximum supplement for school director	1 500 PLN	100% of basic salary	80% of basic salary	60% of basic salary
Minimum supplement for deputy school director	600 PLN	20% of basic salary		16% of basic salary
Maximum supplement for deputy school director	900 PLN	50% of basic salary	50% of basic salary	31% of basic salary
Class tutor in school	300 PLN	300 PLN	300 PLN	300 PLN
Group tutor in preschool	300 PLN	300 PLN	300 PLN	

Source: RGS (2018), RMS (2019), RGSB (2019), RPP (2020).

Regarding motivational supplements, 2 of the 4 local governments to selected establish monthly pool of funds for this purpose (other two budget for these supplements internally). In Siedlce, this pool is set at 6% of monthly salaries, of this pool 20% is left at the discretion of head of local administration. In Płock county, pool of motivational supplements for school directors is 20% of their monthly salaries, and 250 PLN per teacher for teachers. Other parameters for motivational supplements are summarized in the following Table 12.

Table 12. Motivation supplements in 4 local governments

	Siedlce	Sulejówek	Stara Biała	Płock county
Minimum motivation supplement		5% of basic salary	5% of basic salary	
Maximum motivation supplement	20% of basic salary for teachers, 40% for directors	5% of basic salary	5% of basic salary	
Minimum time of award	3 months	4 months	2 months	2 months
Maximum time of award	12 months	10 months	12 months	6 months

Source: RGS (2018), RMS (2019), RGSB (2019), RPP (2020).

Regarding awards, all 4 selected local governments establish the yearly pool for awards at the level of 1% of all teacher and director salaries. A part of this pool stays at discretion of the head of the local government for awards to school directors, remaining funds are at discretion of school directors for awards to their teachers. In Siedlce, the share of the pool at the discretion of head of administration is 20%, in Płock county it is 25%, and in Sulejówek and Stara Biała it is 30%. Thus, most of the yearly pool is at the discretion of school directors.

In addition, teacher pay regulations address a number of technical issues, such as conditions for receiving motivational supplements, or specific rules supplement for work experience. These sometimes arcane technical issues are not discussed here.

Annex. Background information on Polish local governments

Polish system of local governments consists of three tiers: municipality (gmina), county (powiat) and region (województwo). There are rural, urban, and mixed (urban-rural) municipalities, but their rights and obligations are the same. Limited number of large cities are cities with county rights. Legally they are municipalities, but they also have the rights and responsibilities of counties.

The following Table 13 provides basic information about three tiers of local governments, including their education responsibilities. Note that cities with county rights are not included in municipalities nor in counties. Thus total number of municipalities is 2 477, and the total number of counties and cities with county rights together is 380. The largest city with county rights is Warsaw, which due to its size is shown in a separate line. Note that Warsaw does not have responsibilities of the region; it is located in Mazowieckie region.

Table 13. Tiers of Polish local government and their education tasks

Tier of local government	Number	Average population	Education tasks
Municipality	2 411	5 219	General and special preschools, primary schools, extra-curricular activities
County	314	82 254	Special primary schools, general and special secondary schools, pedagogical-psychological advisory centers
City with county rights without Warsaw	65	166 237	General and special preschools, general and special primary schools, general and special secondary schools, extra-curricular activities, pedagogical-psychological advisory centers
Warsaw	1	1 777 972	
Region	16	2 400 697	Selected vocational schools, in-service teacher training centers, pedagogical libraries

Source: BDL GUS 2019, own calculations.

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MEN (2018) Rozporządzenie z dnia 26 lipca 2018 r. w sprawie uzyskiwania stopni awansu zawodowego przez nauczycieli

MEN (2019) Rozporządzenie z dnia 12 grudnia 2019 r. zmieniające rozporządzenie w sprawie wysokości minimalnych stawek wynagrodzenia zasadniczego nauczycieli, ogólnych warunków przyznawania dodatków do wynagrodzenia zasadniczego oraz wynagradzania za pracę w dniu wolnym od pracy

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RMW (2019) Uchwała Nr IX/167/2019 Rady Miasta Stołecznego Warszawy z dnia 7 marca 2019 r. zmieniająca uchwałę w sprawie regulaminu dotyczącego niektórych zasad wynagradzania nauczycieli zatrudnionych w przedszkolach, szkołach i placówkach prowadzonych przez m.st. Warszawę

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zatrudnionych w szkołach i placówce oświatowej prowadzonych przez Powiat Płocki

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CHAPTER 5. LESSONS LEARNED

Jan Herczyński

| LESSONS LEARNED

As mentioned in the first chapter, each country develops its system of teacher remuneration within its specific legal, cultural, and political context, so direct transfers of models and copying of solutions should be attempted only with care and caution. This is especially true of preparations for the reform of teacher salaries. The three case studies presented here, Estonian, Lithuanian, and Polish system of teacher salaries, show that very different approaches and procedures are used. Nevertheless, the purpose of the book is to assist Ukrainian reformers in their search for a model of teacher remuneration which will work well in Ukraine. For this reason, apart from the three detailed case studies and a brief comparative overview, we propose in the final chapter a few lessons which can be drawn from the presented experiences. The choice and the formulation of these lessons reflects no doubt the understanding and preferences of their author, and should therefore be treated as an advice more than as objective, verifiable truths.

Specifically, we do not reflect upon different proposals of reforming the system of teacher salaries proposed in the current lively debate in Ukraine, but instead focus of fundamental issues which Ukrainian reformers should consider.

Lesson learned 1. Reform of teacher salaries is usually a part of overall education reform

Reform of teacher salaries is rarely undertaken on its own. It is more usual to design the reform as a part of overall education change, with improved quality, equity, and access as primary goals of the reform. Thus, reform of teacher salaries accompanies other changes of the working conditions of teachers, such as new regulation of teaching time, new forms of pedagogical supervision or school inspection, amended curricula, new forms of professional advancement or of in-service training, or increased pedagogical autonomy. Seen in this wider context, reform of teacher salaries is usually considered a supporting mechanism to achieve main policy goals of the reform, and not the only purpose of introduced changes.

Lesson learned 2. Reform of teacher salaries comes with an increase of teacher salaries

In each case study the implementation of a new system of teacher salaries was planned together with an overall substantial increase of teacher salaries (in case of Lithuania supported with EU structural funds). Without such an increase, new system will be strongly resisted by teachers and their trade unions. Therefore the reform for its implementation required additional budget funds. In Lithuania, with every phase of the reform additional budget allocation was necessary. In Poland, the additional cost of teacher salaries to the national budget was underestimated, leading to a political crisis. However, the planned increases of teacher salaries must take into account both the needs of teachers and the potential cost to the national budget. Good planning of such costs, based on reliable statistical information, and on prior consensus with the Ministry of Finance, seems therefore a key part of preparation of the reform.

Lesson learned 3. However, it is important to propose other policy goals than salary increases

While an increase of teacher salaries is a key condition of reform of teacher remuneration, the Ministry of Education needs to formulate more long-term policy goals and design the reform in such a way as to achieve these goals. The three case studies indicate potential range of such policy goals, which includes improving teaching quality, raising attractiveness and prestige of the teaching profession, enriching the pedagogical offer of the schools, and making schools more responsive to needs of parents and students. What is especially important is that it should be possible to determine whether these policy goals were reached. Thus, Polish reformers intended to make teacher salaries more differentiated, and they are more differentiated now. Estonian

reformers wanted to significantly increase the responsibilities of their school directors, and they are much increased. Lithuanian reformers wanted to redefine the tasks and working obligations of teachers, and this was achieved. In every country studied in the present volume, there are serious public discussions regarding the positive and negative effects on the education system of the changes introduced together with the reform of teacher salaries, but there is no doubt that these effects are real and long lasting.

Lesson learned 4. It is very difficult to reward teachers based on the quality of their work

One of key policy goals of Polish reform of teacher salaries was to provide higher salaries to better teachers. This is a goal which is very difficult to reach. The key reason for this is that assessing the quality of teacher work is extremely contentious, because the effects of this work depend on so many other factors, such as home environment, which the school cannot address. In traditional teacher remuneration system, an approximate measure of teacher quality is work experience (measured in the number of years worked in the school). Poland replaced it with a system of procedures and conditions for professional advancement, which does not work well. It seems that the best experience in this area is obtained in Estonia, where reliance of work experience (*stazh*) was eliminated altogether, and instead the responsibility for assessing teacher's work, and for determining her/his salary, was fully devolved to the school director as a person, who knows best how teachers work.

Lesson learned 5. The role of teacher trade unions is critical for the reforms

The three case studies demonstrate the importance of the position of teacher trade unions for how the reform is welcomed or resisted by the education community. If the trade unions are weak, as in Estonia, the implementation of the reform meets much lesser resistance and is subject to fewer public discussions. If the teacher trade unions are divided and in conflict with each other, as in Lithuania, then it is much easier for the Ministry to implement the reform, even in the face of school strike. If the trade unions have a strong position, as in Poland, then they can defend the interest of teachers and may even be able to force the Ministry to abandon some of the reform objectives. This means that planning of the reform of teacher salaries should be approached as a political intervention, and potential supporters and enemies of the reform should be identified early on, and appropriate contingencies included in the plan.

Lesson learned 6. Eliminating the Stavka system should be carefully planned

As the experience in the region and in the rest of post-Communist world indicates, elimination of the Stavka system and introduction of contract-based labor relations between the schools and the teachers is a difficult process. For this reason it is necessary to prepare and publicly discuss the principles on which the new system of teacher remuneration is based. This goes much beyond a technical change of one set of coefficients for another set of coefficients. The arguments for the new system should be linked to the professional position of the teachers and to improving teaching quality. Case studies in the present volume show three very different models, each being the result of long preparations, professional discussions, and consecutive adjustments. The public discussion and gaining a level of public acceptance of the new system of teacher remuneration, among both the education community and the general public, is a prerequisite of successful reform.

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Between 2005 and 2015 he held the position of director of Viljandi Culture Academy of Tartu University and between 2000 and 2005 the position of rector of Viljandi Culture College. Simultaneously with his management duties, he studied subjects at the university in the fields of cultural anthropology, youth work, educational leadership, strategic and change management. He studied physics, psychology, Finno-Ugric languages and folkloristics at the University of Tartu.

In 1995, he defended his bachelor's thesis on the Khanty folk belief system and its connections with Russian Orthodoxy. In 1996, he defended his master's thesis, expanding the research topic with syncretistic connections to scientific atheism.

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In addition to scientific publications, Anzori Barkalaja has participated in compiling the Estonian Human Resources Report, Revision of State Education Standards for Specialties (Pedagogy) in Tajikistan and Võru municipality school network analysis.



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Jan Herczyński participated in the capacity of consultant and report author in many short-term projects in education finance, strategy and management in transition countries, including Albania, Belarus, Bulgaria, Czech Republic, Georgia, Greece, Kazakhstan, Kosovo, Kyrgyzstan, Lithuania, Macedonia, Moldova, Romania, Serbia, Tajikistan, and Ukraine, as well as in his native Poland.

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PAYING THE TEACHERS:

**Three Case Studies of Reforming
National Systems of Teacher
Remuneration in Eastern Europe**



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