

## Executive summary

**T**he Austrian school system benefits from high levels of investment. Although education has also faced some budget cuts and budget pressures seem to be increasing, the recent economic and financial crisis did not yet have a strong impact on the education budget. An international comparison of spending data indicates still relatively high general levels of public investment in education in Austria. The school infrastructure is good and classes are relatively small and student-teacher ratios relatively low. However, there is concern that the country's considerable commitment of resources to education has not sufficiently been translated into educational success as measured through international surveys. In the OECD Programme for International Student Assessment (PISA) 2012, the mean performance of Austrian 15-year-olds was only slightly above the OECD average and below the level of other European countries such as Germany, Switzerland, Belgium and Finland. While Austria had a comparatively small share of low performers, the country also had a small share of top performers. There are also continued concerns about equity. Student's socio-economic background has a key impact on their achievement and educational trajectory through Austria's stratified school system that is characterised by early tracking and selection. Students with an immigrant background are at particular risk of underperformance. Hence, the main challenge does not lie in expanding investments, but in using available resources more effectively and efficiently to improve the quality and equity of schooling.

The governance of school education in Austria is characterised by a complex distribution of responsibilities between the federal and the provincial levels based on a split between federal and provincial schools, a complex distribution of federal funding for teacher salaries of provincial schools, and limited school autonomy for their staff and finances. The present arrangements create structural challenges for the efficient management of school resources. As clear lines of accountability and integrated monitoring systems are lacking, governance arrangements set incentives to over- and misspend, obfuscate the flow of resources, and nourish a culture of mistrust. The distribution of responsibilities leads to the establishment of inefficient parallel structures – including for personnel management – in the form of provincial school boards and school departments of the provinces. And the present distribution of responsibilities prevents a more integrated approach to the governance of the school system. This is evident in the existence of multiple information systems which hampers a comprehensive approach to monitoring the performance of the system; the lack of strategic planning of the school offer as a whole which results in an inefficient organisation of the school network with many small schools; the lack of a comprehensive approach to monitoring and steering the supply and demand for teachers, and the lack of a comprehensive approach to making human resource allocation decisions which, together with negative incentives resulting from funding responsibilities, leads to a lack of administrative and pedagogical support staff.

At the lower secondary level, important steps have been undertaken to harmonise the regulatory regime with the New Secondary School reform, a reform of initial teacher education, and the introduction of a new teacher service code. However, besides needed change in the political willingness of all stakeholders, a full move to comprehensive schooling seems unlikely as long as the split between federal and provincial schools is maintained.

This report analyses the use of school resources in primary and lower secondary education in Austria based on the situation at the time of the visit of the OECD review team in June 2015. The federal government presented a comprehensive reform proposal in November 2015, but at the time of drafting, the political debate was ongoing and it was still unclear which elements would be implemented. This report focuses, in particular, on governance and funding, the organisation of the school offer, and the management of the teaching workforce. It identified the following policy recommendations and suggests prioritising a reform of the current governance arrangements.

### **Reform the current governance arrangements and improve the transparency of resource flows**

Ideally, the governance and funding for all levels of education should be placed under the same regulatory regime ending the formal divide between federal and provincial schools (as well as between federal and provincial teachers). The dual structure of provincial school boards and school departments in the provincial governments should be transformed into a unitary structure. This would eliminate inefficiencies in the current system and create the conditions for integrated and strategic policy making, especially at the lower secondary school level. It would thus also facilitate moving to a more comprehensive school system in the future provided there is sufficient political willingness to delay early tracking and selection among all stakeholders. Given the legacy of Austria's school system and political realities, any future governance and funding arrangement will most likely have to be a political compromise involving both the federal and the provincial levels. The new institutions are thus likely to have a hybrid character with shared responsibilities between the federal and the provincial levels.

The new institutions replacing the provincial school boards and the school departments of the provincial governments should be responsible for recruiting and assigning all teachers to individual schools with funding for all teachers being provided directly by the federal government via the new institutions. This would help align financing and spending responsibilities, render the complex transfer arrangement of teacher funding through the provincial administrations unnecessary, increase the transparency and effectiveness of funding flows and teacher allocation across different schools, and at the same time eliminate some rigidity in the teacher labour market. The employment of other pedagogical support staff, and possibly also of administrative support staff, should also be transferred to the new institutions responsible for teacher recruitment. This would facilitate a broader view of the human resource needs in schools and help to harmonise and equalise levels of support staff in different schools. Schools should gradually receive more autonomy for choosing their personnel, accompanied by effective accountability mechanisms, investments in school leadership capacity, and steps to increase school size. To keep other levels of governance involved in the funding of schools, municipalities and provincial governments could continue to be involved together with the federal level in financing maintenance costs and infrastructure investments.

To facilitate strategic planning, responsibilities should be distributed by levels of education rather than school type. If municipalities remain involved in the funding of schools, it would be important to establish some kind of fiscal equalisation scheme on the provincial level to prevent inequalities between municipalities and schools. It would also be essential to provide incentives and support for a rational organisation of the school offer (e.g. through the creation of municipal school associations (*Schulgemeindeverbände*), school clusters and larger catchment areas). Alternatively, the federal government could devolve all funding responsibilities for infrastructure and maintenance to the provinces and concentrate on the funding of teachers only. If a unified system of teacher funding and allocation that involves the federal and provincial authorities through the new institutions is not feasible and the current system of provincial and federal teachers and the split in responsibilities is maintained, some of the unintended incentives should be addressed. The refunding of teacher costs should be based on actual salary costs rather than nominally low salaries or an equal split between the federal and provincial governments in funding teachers for all general compulsory schools could be introduced, as is the case for vocational schools in dual VET where very little to no overspending occurs.

Austria should explore different ways to introduce more elaborate and needs-based formula funding which takes into account additional factors besides student enrolment to address inequities in a more targeted way and take steps to improve its accountability and controlling instruments. Both these measures would contribute to greater transparency of resource flows and help create greater levels of trust between different levels of government. Formula-based funding has the advantage that the criteria used to distribute funds across schools are made explicit and, therefore, open for informed debate and subject to political scrutiny. Bringing together the different information systems and merging them into an integrated system that links data on students, teachers, schools and resource flows would facilitate more rigorous accountability and monitoring of the use of resources. This is essential in a context in which the federal government is responsible for financing and the provinces are in charge of spending, thus setting problematic incentives and creating a lack of transparency and trust. More integrated data and information systems would allow drawing conclusions about the effective use of resources and thus facilitate more targeted policy interventions. And it would facilitate the monitoring and steering of the teacher labour market.

### **Provide incentives and support for a rational organisation of the school offer**

Austria has a high density of schools and schools are, on average, very small, particularly in primary education and especially in rural and mountainous areas. While it is important to maintain access to schooling for younger children at a reasonable distance from home, and to take broader local and regional development objectives into account, increasing school size up to a certain enrolment level can achieve important economies of scale and free up resources that can be invested in other areas. What is true for school size is true for class size too, and increasing class size could be a further way to increase efficiency. Austria could achieve larger schools and classes through a variety of instruments, including setting and enforcing minimum school and class sizes. Also, one provider could be put in charge of administering several schools. This would imply larger catchment areas that facilitate more rational decisions about the school offer and remove incentives for municipalities to keep their school open in face of required financial transfers to another municipality in case of school closure. The complex process currently

required to close down and merge schools should be simplified and other incentives for school consolidation could be introduced, such as additional funding for administrative staff for larger schools or incentives for creating clusters of schools.

### **Pursue further strategies to increase equity in education through longer common learning time**

Austria should consider completing the integration of the New Secondary Schools and the lower level of academic secondary schools as was originally intended with the New Secondary School reform. This would be a logical next step building on previous initiatives to harmonise the education offered in different school types, e.g. with the introduction of a new teacher service code and the reform of initial teacher education. However, if a move towards fully comprehensive schooling at the lower secondary level turns out not to be politically feasible, other options are available. This includes greater collaboration and harmonisation between both school types as well as support for students to move upstream from the New Secondary School to the academic secondary school earlier and more easily. Considering that the New Secondary School has only been introduced recently, the effect of the reform will have to be evaluated in the long run. First evaluations, however, provide mixed results and suggest limited effects on learning outcomes. It will thus be important to evaluate if schools require greater support to implement pedagogical innovations, such as team teaching, effectively. Broader steps to improve the teaching profession and pedagogical leadership would also support the implementation of these pedagogical innovations. Also, Austria should further promote the expansion of integrated all-day schooling. Considering reluctance from parents and schools to introduce integrated models of all-day schooling, Austria could consider introducing a campaign to convince parents and schools of the advantages this brings for children and students.

### **Develop a vision for teacher professionalism**

Building a new conception of the teaching profession that promotes a vision of schools as professional learning communities and teachers that work together as peers to improve teaching and learning for all students would help Austria to make the most efficient use of its teaching workforce. It would help to make teaching a more attractive career and create a more positive discourse around teaching. To support the development of a new vision of teacher professionalism, the OECD review team recommends developing a national teacher profile or standards of practice. This would establish a foundation for teachers to explore their practice and for schools to develop initiatives to improve, and provide orientation for teacher development overall. The views and experiences of teachers should be central for the development of their profession. Teachers in Austria should be given greater responsibility for the self-regulation of their profession and the teacher union should recognise its role in this area beyond the representation of teachers' political interests. In a number of other countries, teacher professional organisations take a leading role in promoting teacher professionalism. The creation of such an organisation is also an option for Austria.

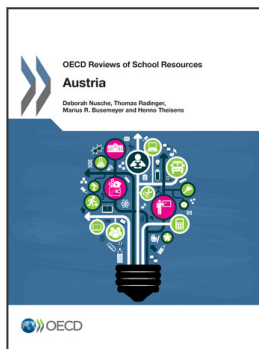
While not a priority at present, working towards a new concept of teacher employment in the medium term could further facilitate the development of a new vision of teacher professionalism. Austria should consider moving to employment under a workload system beyond teaching hours that recognises teachers' wide range of tasks and encourages teachers' involvement in school development. The OECD review team also

recommends considering the development of a differentiated career structure that allows for vertical and horizontal progression. A career structure would contribute to promoting a new conception of the teaching profession and increase the attractiveness of the teaching career. Progression in the career structure should be voluntary and be associated with a formal process of evaluation to promote the concept of merit.

### **Develop the pedagogical leadership of schools**

Austria should also take further steps to develop the leadership capacity of its schools. This is essential to promote a new vision of teaching and learning, to ensure the effective management of teachers at a local level, and to provide teachers with opportunities for feedback and professional learning. It is also an important precondition for greater school autonomy. Austria will need to improve the current employment framework of school leaders. This includes steps to further professionalise the recruitment process to reduce the risk for political appointments. The involvement of the school inspectorate and the school forum in the selection process could increase objectivity and help to match candidates to local needs. The development of professional school leadership standards would also help to introduce greater objectivity and, more generally, help to promote a vision of pedagogical leadership. The school leadership profession should play a prominent role in the development of these standards. Considering the apparently low number of applicants, it would be important to analyse the attractiveness of the profession, including the competitiveness of current school leader remuneration compared to teachers and other professions and the possibility to create career development opportunities, such as system leadership roles. To improve pedagogical leadership in schools, the employer of school principals should take more responsibility for the ongoing management of individual school leaders. This could involve the development of personnel management processes such as mandatory individual appraisal. Creating more opportunities for schools to collaborate and facilitating school leadership networks can be a further strategy to foster greater pedagogical leadership and to improve the quality of education across the education system more widely.





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