

## WORKSHOP ON EDUCATION

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*Paying Teachers for Degrees - Impact of Teacher Salary Design Reform in North Carolina*

**ABSTRACT:** Students who have more effective teachers face substantively improved life outcomes. Policymakers seeking to attract and retain a highly effective instructional labor force must consider how common salary design features — such as a master's degree salary schedule, which offers higher salaries to teachers with a master's degree than to their counterparts whose highest degree is a bachelor's degree — advance or detract from that goal. In this project, I study the impacts of the elimination of the master's degree salary schedule in North Carolina for teachers who began their degrees later than 2013. In particular, I examine how changes on two potential margins impact the effectiveness of the instruction that students receive: 1) share of the teacher labor force with master's degrees and 2) teacher turnover rates. In my analyses, I use two empirical approaches; first, I use an interrupted times series approach to study changes to incoming cohorts of teachers, and then I use a difference-in-differences approach to study impacts on veteran teachers by comparing those grandfathered into the old two-tiered schedule to those impacted by the policy change. I look at impacts on obtaining a master's degree, turnover, and turnover by measures of teacher effectiveness. Prior research on the returns to teachers' master's degrees would predict no negative impact on overall teacher effectiveness and potential benefits from freeing up teacher time; however, evidence on the impact of teacher turnover on students raises the possibility that the policy change may lower the overall effectiveness of instruction that students receive by replacing more experienced teachers with less experienced teachers at a faster rate. The project studies the extent to which these potentially countervailing predictions are born out in practice.

**BIO:** Valerie Michelman is a PhD student in the Harris School of Public Policy at the University of Chicago studying labor economics and public finance. She is interested in the areas of education and inequality. Prior to graduate school she worked as a research analyst at the Chicago Consortium on School Research, working with researchers, policy makers, and stakeholders to better understand Chicago Public Schools. Valerie is a recipient of the Institute of Education Sciences predoctoral fellowship.