

Premium Pay for Advanced Degrees

School districts across Nevada and the nation offer various amounts of premium pay as an incentive for teachers to pursue advanced degrees. The motivation behind this incentive relies on the belief that more highly educated teachers would become more effective classroom instructors and the resulting improvement in instruction would benefit students.

However, when researchers have reviewed the empirical effects of premium pay for advanced degrees, they have almost universally found that this form of education spending is not cost-effective. Even the left-leaning Center for American Progress, for instance, derides the empirical “disconnect between the goal of improving student achievement and the tradition of paying teachers extra simply for holding post-baccalaureate sheepskin.”¹

Key Points

Outside of math and science, advanced degrees do not increase teachers’ effectiveness. The most nuanced empirical studies into teachers’ attainment of advanced degrees shows that when those degrees are obtained in specific content fields, including math and science, they do measurably increase a teacher’s effectiveness. However, the same research shows that advanced degrees earned in other fields add no observable benefit.²

Only a tiny minority of teachers’ advanced degrees are in content fields such as math or science. Teachers have mostly responded to the availability of premium pay by pursuing degrees in less rigorous subjects that add no observable value for students. Nationwide, 90% of teachers’ master’s degrees are in education and not in a content field like math or science.³

More than half of Nevada teachers receive premium pay for advanced degrees. Teachers become automatically eligible to receive premium pay for advanced degrees upon completion of the degree regardless of the quality of granting institution. Teachers have responded to this ease of pursuit in large numbers, with 59 percent of Nevada teachers receiving premium pay for an advanced degree.⁴

Premium pay crowds out spending that could be used for better purposes. In FY 2008 alone, Nevada taxpayers spent more than \$80 million providing teachers premium pay for advanced degrees.⁵ Over a two-year budget cycle, that figure comes out to more than \$160 million. This spending has almost no impact on student achievement and could be redirected toward educational investments that are more closely associated with student outcomes.

Recommendations

Phase out premium pay for advanced degrees in non-content fields. Empirical evidence on the role of advanced degrees in K-12 education lays out a clear case for school districts to divest from this spending, especially for degrees not earned in math or science. This recommendation enjoys broad support from across the political spectrum, including from the Center for American Progress.⁶

¹Raegen Miller and Marguerite Roza, “The Sheep-skin Effect and Student Achievement,” Center for American Progress issue brief, July 2012.

²Dan Goldhaber et al., “A Three-Way Error Components Analysis of

Educational Productivity,” *Education Economics*, Vol. 7, No. 3 (1999).

³Op cit., Miller and Roza, note 1.

⁴Ibid.

⁵Ibid.

⁶Ibid.

States' Average Spending on Teacher Premium Pays for Possession of Advanced Degree

State	Avg. premium	Percentage of teachers receiving premium	Total funds used to pay premiums	Expenditures per pupil tied up in premiums
AL	\$6,030	56	\$178,895,561	\$240
AK	\$4,840	44	\$17,152,272	\$131
AZ	\$3,040	51	\$102,929,789	\$95
AR	\$3,970	41	\$58,803,479	\$123
CA	\$5,890	47	\$863,154,237	\$136
CO	\$8,010	57	\$229,226,490	\$286
CT	\$5,906	81	\$239,265,948	\$419
DE	\$6,230	62	\$31,866,301	\$260
DC	\$11,280	59	\$29,101,443	\$371
FL	\$2,850	39	\$197,352,532	\$74
GA	\$6,880	61	\$513,017,279	\$311
HI	\$4,524	53	\$30,702,812	\$171
ID	\$3,730	34	\$20,530,723	\$75
IL	\$11,910	55	\$941,356,284	\$446
IN	\$3,830	63	\$164,031,621	\$157
IA	\$4,160	40	\$66,297,572	\$137
KS	\$5,520	47	\$97,691,014	\$209
KY	\$4,570	79	\$160,628,861	\$241
LA	\$4,810	28	\$64,975,475	\$95
ME	\$2,940	46	\$23,865,079	\$122
MD	\$2,080	57	\$71,460,647	\$84
MA	\$4,890	69	\$272,796,897	\$283
MI	\$7,600	63	\$468,845,456	\$277
MN	\$10,090	58	\$377,087,017	\$450
MS	\$4,800	43	\$73,938,605	\$150
MO	\$6,180	53	\$239,221,776	\$261
MT	\$7,340	37	\$34,688,217	\$243
NE	\$3,290	47	\$35,750,582	\$123
NV	\$5,810	59	\$80,444,533	\$187
NH	\$4,890	51	\$43,110,192	\$215
NJ	\$5,090	44	\$280,318,122	\$203
NM	\$4,590	47	\$48,960,564	\$149
NY	\$7,426	88	\$1,493,627,786	\$540
NC	\$5,020	35	\$170,569,896	\$115
ND	\$8,550	32	\$24,270,562	\$255
OH	\$8,760	68	\$801,281,161	\$439
OK	\$2,460	33	\$38,277,952	\$60
OR	\$2,450	63	\$48,922,436	\$86
PA	\$7,220	55	\$540,618,348	\$300
RI	\$8,500	55	\$62,244,776	\$422
SC	\$5,320	59	\$154,187,168	\$216
SD	\$5,250	33	\$18,483,967	\$152
TN	\$2,720	55	\$100,583,796	\$104
TX	\$3,390	30	\$345,557,328	\$74
UT	\$2,010	39	\$21,295,794	\$37
VT	\$6,440	57	\$37,813,798	\$402
VA	\$3,290	43	\$131,950,610	\$107
WA	\$5,000	69	\$199,381,622	\$194
WV	\$3,050	61	\$42,269,732	\$150
WI	\$5,990	55	\$231,837,898	\$265
WY	\$5,050	44	\$17,645,951	\$204

Source: Center for American Progress Issue Brief, "The Sheep-skin Effect and Student Achievement," July 2012.