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Should Students Be Paid for Good Grades?

By Laura Fitzpatrick

Back in the day, a good report card earned you a parental pat on the back, but now it could be money in your pocket. Experiments with [cash incentives for students](#) have been catching on in public-school districts across the country, and so has the debate over whether they are a brilliant tool for hard-to-motivate students or bribery that will destroy any chance of fostering a love of learning. Either way, a rigorous new study — one of relatively few on such pay-for-performance programs — found that the programs get results: cash incentives help low-income students stay in school and get better grades. ([See TIME's special report on paying for college.](#))

According to a study released today by the social-policy research group MDRC, a nonpartisan organization perhaps best known for evaluating state welfare-to-work programs, cash incentives combined with counseling offered "real hope" to low-income and nontraditional students at two Louisiana community colleges. The program for low-income parents, funded by the Louisiana Department of Social Services and the Louisiana Workforce Commission, was simple: enroll in college at least half-time, maintain at least a C average and earn \$1,000 a semester for up to two terms. Participants, who were randomly selected, were 30% more likely to register for a second semester than were students who were not offered the supplemental financial aid. And the participants who were first offered cash incentives in spring 2004 — and thus whose progress was tracked for longer than that of subsequent groups before Hurricane Katrina abruptly forced researchers to suspend the survey for several months in August 2005 — were also more likely than their peers to be enrolled in college a year after they had finished the two-term program. ([Read "Putting College Tuition on Plastic."](#))

Students offered cash incentives in the Louisiana program didn't just enroll in more classes; they earned more credits and were more likely to attain a C average than were nonparticipants. And they showed

psychological benefits too, reporting more positive feelings about themselves and their abilities to accomplish their goals for the future. "It's not very often that you see effects of this magnitude for anything that we test," notes Thomas Brock, MDRC's director for young adults and postsecondary-education policy.

Although U.S. college enrollment has climbed, college completion rates have not. Only a third of students who enroll in community colleges — which educate nearly half the undergraduates in the U.S. — get a degree within six years. Hence the interest in this study among such philanthropic powerhouses as the Bill & Melinda Gates Foundation, which helped fund the MDRC study. (MDRC, by the way, was created in 1974 by the Ford Foundation and a group of federal agencies; originally named the Manpower Demonstration Research Corporation, it now goes only by the abbreviation.)

Given that the follow-up study of the program was disrupted as the schools struggled to rebuild enrollment and facilities in the wake of Katrina, it's difficult to draw any long-term conclusions about the effects that cash incentives will have on community-college students. However, there could soon be more data to parse: with a grant from the Gates Foundation, MDRC plans to test cash incentives at community and state colleges in California, New Mexico, New York and Ohio.

Despite the study's impressive, albeit short-term results, some critics in higher education are concerned that cash incentives will encourage students to start taking easier courses to ensure they'll do well enough to pocket the money. "Everyone knows what the gut classes are when you're in college," notes Kirabo Jackson, an assistant professor of labor economics at Cornell who has studied cash incentives for high school students. "By rewarding people for a GPA, you're actually giving them an impetus to take an easier route through college." Other critics note that students' internal drive to learn may be sapped as they focus on getting an external reward.

But those involved with the study note that particularly in this economy, cash incentives could help part-time students devote more hours to their studies. Faced with soaring bills for tuition, books and housing, many college students need a job just to get by. In the Louisiana program, all the participants were low-income parents, three-quarters of whom were unmarried or living without a partner. "We're talking about adults who have quite a number of other responsibilities," says Brock. "When you're talking about minors who are required by law to be in school, that's a different situation."

Arnel Cosey, assistant vice chancellor for student affairs and provost for the City Park Campus at New Orleans' Delgado Community College, one of two schools in the study, says she understands why some people are concerned that cash incentives are nothing more than bribery. "But on the other hand, I think because I am involved with these students daily, I'm not sure that I'm opposed to bribing," she says. "If that's what we need to do for these people to reach these goals, which ultimately will lead to them having a

better life, I wish I had more money to give."

Besides, as Cosey adds, if all goes well, students will be getting cash incentives for their work soon after graduating — in the form of a paycheck. "Most of us wouldn't turn up at work every day if we weren't getting a check," she says. "What's wrong with starting the payment a little early?"

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