

# Financial Incentives and Student Achievement: Evidence from Randomized Trials

Roland G. Fryer, Jr.

Harvard University

April 2010

- Large racial achievement gap
  - gap at age 2
  - 8 months schooling in math
  - 5 months schooling in reading
- Many attempts to close gap, little success.
  - early childhood programs
  - small schools and smaller classrooms
  - school choice

## The Bottom Line

Well-designed student incentives:  
large results at low cost.

Program	Months of Schooling	Cost/Student (2009 \$)
Well-designed incentives	2.2-3.1	\$533 in DC, \$14 in Dallas
Head Start	4.0	\$5,865
Avg. NYC charter	1.1	
Class size reduction: 22 to 15	2.8	\$4,660

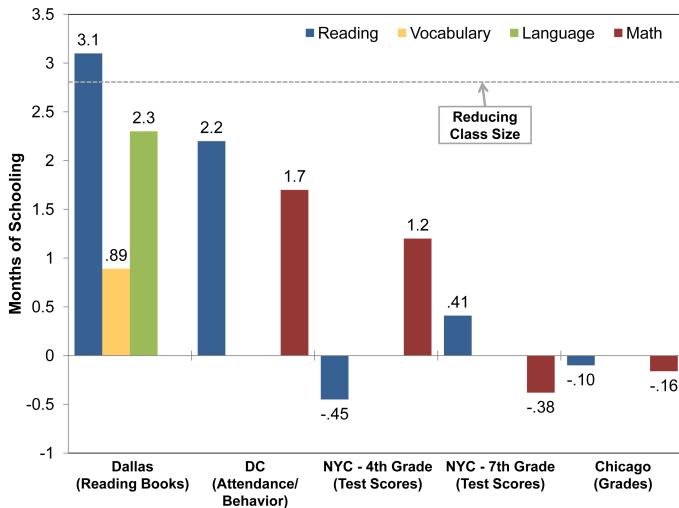
# The Experiments

260 schools in 4 cities

18,026 students, over \$10 million distributed

Dallas 14th largest 160,000 students	1,780 2nd graders	22% Black, 76% Hispanic, 59% free lunch
DC 71st largest 57,000 students	3,495 6th-8th graders	86% Black, 11% Hispanic, 74% free lunch
NYC Largest 1.1 million students	3,455 4th graders 4,900 7th graders	40% Black, 43% Hispanic, 88% free lunch
Chicago 3rd largest 414,000 students	4,396 9th graders	58% Black 36% Hispanic 94% free lunch

# The Results



Incentives for reading, attendance, behavior:  
large return on investment.

- Incentives as part of turnaround strategy in Race to the Top.
- \$500 million for “Incentives Innovation Fund” to develop incentives-based education reform.
  - Incentives for parents: prepare children for kindergarten.
  - Incentives for principals, teachers, and students all centered on a common goal.