The Power and Pitfalls of Education Incentives

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The Racial Achievement Gap

8th Grade Reading Scores (NAEP)  8th Grade Math Scores (NAEP)
Conventional Wisdom Has Failed

Total Expenditure Per Pupil (08-09 USD)

Student to Teacher Ratio

Mean Reading and Math Achievement, 1971-2008

HS Graduates as a Ratio of 17-Year-Old Population
# Experimenting with Student Incentives

<table>
<thead>
<tr>
<th>Grade level</th>
<th>Reward Structure</th>
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<tbody>
<tr>
<td><strong>Input Experiments</strong></td>
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<tr>
<td>Dallas</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
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<tr>
<td>Washington, DC</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; – 8&lt;sup&gt;th&lt;/sup&gt;</td>
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<td>Houston</td>
<td>5&lt;sup&gt;th&lt;/sup&gt;</td>
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<tr>
<td><strong>Output Experiments</strong></td>
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<tr>
<td>New York City</td>
<td>4&lt;sup&gt;th&lt;/sup&gt;, 7&lt;sup&gt;th&lt;/sup&gt;</td>
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<td>Chicago</td>
<td>9&lt;sup&gt;th&lt;/sup&gt;</td>
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Student incentives can be a cost-effective strategy to raise scores but won’t close the achievement gap.
10 Do’s and Don’ts of Education
Incentives

- **Do** provide incentives for inputs, not outputs
- **Do** think carefully about what to incentivize
- **Do** align incentives
- **Do** implement what works
- **Do** stay the course

- **Don’t** think effects go away after incentives are removed
- **Don’t** believe incentives destroy intrinsic motivation
- **Don’t** worry students waste their money
- **Don’t** be cheap
- **Don’t** think incentives are a panacea