

Paying City Students is a Wise Investment

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Opinion by Rourke O'Brien

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Summer has arrived in Baltimore, and so has summer school - bringing with it a chance for students who improve on their High School Assessment exams to pocket something more than academic success. A few months ago, Baltimore schools CEO Andres Alonso unveiled a controversial proposal to improve city schools: Pay students to perform. It's a simple idea that has generated quite a bit of controversy from purists who cringe at the thought of paying students to learn and from realists who believe there simply must be a more effective way to spend \$1 million in a failing school system.

Yet despite moral and practical objections, this approach does have a record of success abroad. What's more, there may be a way to tweak Mr. Alonso's plan so that it reinforces - rather than undermines - the value of learning and enables the city to earn a greater return on its investment.

Paying people to do what they should be doing, such as working hard in school, may seem like absurd policy, but this approach is proving to be an effective tool for fighting poverty in the developing world. "Conditional cash transfer" programs, as they are known in the international development community, have increased health and education outcomes for impoverished families around the globe, from Brazil and Argentina to Mozambique, Cambodia and Pakistan. Perhaps the best-known such program, Mexico's Progresa, pays parents cash in return for forfeiting the wages their child could earn and instead keeping him in school. Not surprisingly, children of families enrolled in Progresa are much more likely to stay in school and acquire the skills they need for the high-wage jobs that can lift an entire family out of poverty.

Progresa's success inspired New York Mayor Michael R. Bloomberg to implement the first conditional cash transfer program in this country. Launched last year, Mr. Bloomberg's Opportunity NYC is a privately funded demonstration project that offers cash payments to low-income workers who meet certain benchmarks, such as opening a bank account or meeting with teachers to discuss a report card. Early feedback from the program suggests that these transfers aren't simply a cash bonus; for many, they serve to replace the wages lost when a parent leaves work to meet with his or her child's teacher.

Mr. Alonso's proposal to pay students to perform draws ire from those who believe our instant-gratification culture has infiltrated every corner of society; no longer are students compelled to learn for learning's sake, or to achieve in the hope of securing a better future. The critique that these payments for passing send the wrong message to students is a fair one - and potent enough for Baltimore to reconsider how it structures and frames this program.

To start, the city should split the payment: Hand one part directly to the student and deposit the rest into a restricted savings account that can be used only to pay for higher education or skills training. The straight payment would give the city the instant results it seeks, while directing the savings to an account in the child's name would reinforce the expectation that passing the state assessment test is just one step in the journey to achieving a postsecondary credential and, with it, a better life. As a bonus, this plan helps provide these students - those who work hard to achieve - the financial boost they need to continue their education.

The program is thus transformed from a bribe for kids to pass tests to a vehicle for students to chart a path to higher education through building academic skills and earning their college scholarship.

What's more, this structure could be replicated well beyond Baltimore by utilizing a restricted account system that already exists. Maryland, like every state, offers 529 college savings plans, tax-advantaged accounts for families to save for higher education. Unfortunately, low- and moderate-income families are less likely to take advantage of these accounts than their wealthier peers, which has prompted many states to offer incentives such as matching contributions to attract more low-income savers. Maryland could take a slightly different approach: Instead of, or in addition to, matching contributions made by low-income families, the state could make a deposit into a student's 529 when the student successfully graduates from elementary school, after he or she maintains grade-level proficiency in middle school, and once the student passes state assessment tests in high school.

This conditional cash transfer model would meet three goals at once: setting an expectation for achievement, rewarding hard work and providing low-income families with a financial path to affording higher education.

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