Getting More Bang for CFE Bucks
by Jay Greene

The Campaign for Fiscal Equity decision ordering more than $5 billion a year in additional spending on New York City schools is likely to have little effect on student achievement in the city. Because lack of money is not a primary explanation for the city’s low student performance, additional money by itself will do little to improve the situation.

Pending an agreed-upon state response or appeal of Justice Degrasse’s latest order, the case will surely result in some level of increased spending on New York City public schools. The challenge for state officials is to ensure these new expenditures yield better results than those produced by previous spending increases. The best way to do this is to impose on educators the kind of accountability that is imposed on other professions. And the best way to do that is by implementing a system of teacher-merit pay.

The fatal flaw in previous increases was that spending was never made significantly dependent on performance. Money was provided for buildings, teachers and administrators regardless of how they served their students. Perversely, schools were actually in a stronger position to demand spending increases the worse their students performed. The CFE decision itself proves the point.

What doesn’t work

A system that financially rewards failure is far more likely to produce failure. New York’s schools need a system that provides financial incentives for success. Yet if we look at how teachers are compensated, we see a complete absence of financial incentives for teachers to improve student achievement. Instead, teachers are paid more for possessing credentials, such as advanced degrees, and for having taught for more years.

But do teachers with advanced degrees actually produce better results in the classroom? Research suggests the answer is no. Consider:

- Based on a review of 171 scientifically valid studies, Eric Hanushek of Stanford University found the pattern of results indicated no relationship between teacher credentials and student achievement.1 Another recent review of the research literature by the Abbell Foundation similarly found no relationship between teachers holding education masters degrees and student achievement.2
- Rivkin, Hanushek, and Kain analyzed several years of Texas data and found that advanced degrees had no effect on student achievement.3
- Two separate analyses of data from the National Assessment of Educational Progress (NAEP) by Wenglinsky4 and Grissmer5 both found that master’s degrees did not improve student performance.

The evidence for experience-based pay is also weak. For example, Dan Goldhaber’s research for the Urban Institute found that “only about 3 percent of the contribution

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Engaging the Media

Teaching the public about the difficulty of evaluating educational outcomes is a key component of effective advocacy. The fact that no System of Credit for Experience (SCE) is likely to improve student achievement is also critical information. 教育成果的评估是有效倡导的关键组成部分。事实证明，没有信用系统（SCE）对学生成绩的改进是至关重要的信息。
teachers made to student learning was associated with teacher experience, degree attained, and other readily observable characteristics” combined. Some of the studies cited here indicate that teachers do get a little more effective in their first few years in the classroom, but not thereafter. If burn-out becomes a factor, they may, in fact, get less effective.

**Moving to merit pay**

The bottom line is that the research literature clearly does not support the method by which teachers are now paid in New York. What we need is a system that aligns the compensation of teachers and administrators with student success. The more that educators improve student learning the more they should get paid. This can be accomplished by offering bonuses that are linked to gains in student learning.

Such a merit-based system is not only in keeping with common sense, but is also supported by a growing body of research.

For example, Thomas Dee and Benjamin Keys at Swarthmore analyzed a merit pay system implemented in Tennessee at the same time as that state conducted the Project STAR class-size experiment (which was heavily cited in Justice Degrassie’s decision). Using a high-quality random assignment design, they found that the merit pay system increased student achievement by about 3 percentile points in math and 2 percentile points in reading, although the reading sample was too small to be statistically significant.

Dee and Keys concluded that the benefit of having a teacher in the merit pay system was “equal to or greater than 60 percent of the estimated gains associated with assignment to a small class. Furthermore, these gains are approximately equivalent to a third of the corresponding black-white gap in test scores.” Two studies of a merit pay program in South Carolina come to similarly positive conclusions.

If the benefits of Tennessee’s merit pay system were about half as large as reducing class size, why not just reduce class size? The answer is that reducing class size costs a whole lot more. A one-third reduction in class size, as was done in Tennessee, roughly requires one-third more classrooms, one-third more teachers and, therefore, a one-third increase in expenditures. Merit pay costs only a fraction of that.

On a dollar-per-dollar basis, the city can do more to improve learning with merit pay. No one should cite the Tennessee results as support for smaller class sizes without also being willing to embrace the merit pay results from the same random-assignment data.

**The role of testing**

Others might object that a merit pay system -- linked to increases in student achievement, as measured by test scores -- will only produce “teaching to the test,” cheat-

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2) Teacher Certification Reconsidered: Stumbling for Quality, Abell Foundation, 2001
4) The study examined year-to-year gains in student achievement.