



Payday on report card day? Cash for grades can emphasize earning rather than learning

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Whether report card day is filled with excitement or apprehension at your house surely depends on your children's academic performance—and how you're motivating them to learn.

Some parents choose to give money to their children for good grades. Often the reasoning is that school is the child's job, and good performance deserves good pay, just like in the real world. But is it really that simple? A counter argument could be that going to school

is the child's role within the family, like mom or dad's role of caregiver. No one gets paid for these roles—they're just a part of everyday life.

Child psychologists, parents and teachers (myself included in the latter two categories), have long debated the pros and cons of the money-for-grades issue. Psychologists point out that rewarding kids with money is an example of extrinsic motivation, or rewarding from the outside. This type of motivation may work well initially, but is hard to sustain as students become older (and the dollar amount must rise with age or the child's motivation dwindles). Most believe that developing intrinsic motivation, or the internal desire to do well, is what kids need to build. The focus should be on working to reach their potential, not the price tag attached to getting there. Helping children develop a stronger work ethic ultimately benefits them as adults, in work and in life.

Another concern for children is their stress level, which, as a teacher, I saw increase when kids know their academic performance is tied to a dollar amount. This type of pressure can shift their focus from learning to earning: Will I make all A's to get the max offered for this report card? How much extra credit can I do to bump a B to an A? This stress can result in test anxiety, when the mind goes blank and the grades take a nose dive.

So, should parents offer any incentives to their children to earn good grades? Yes. Small rewards keep kids on track without the bribe effect. These incentives might include family outings like dinner at their favorite restaurant, a movie, roller skating night or a trip for ice



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cream. Put it in writing and keep this list on the fridge or the child's bulletin board as a reminder of the recognition he or she will receive for a job well done at school. Consider rewarding an improvement in the child's work process (studying hard for a particular test or completing homework on time) as well as a grade achievement. Save a reward for completing a successful school year. Be sure to congratulate the child's work ethic as part of the festivities.

What if you are currently rewarding grades with money or know money is the best motivator for your child's progress? Start

depositing most of the cash in your child's bank account at report card time so he or she can save, and learn the value of earning interest and smart spending. Give them a token amount of money for immediate spending, and congratulate them on their good work in school—and in building their savings account.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information.

Fiction Books:

The Berenstain Bears Report Card Trouble

by Stan and Jan Berenstain

When Brother Bear spends too much time on sports and brings home a terrible report card, the whole family pitches in to help him improve his grades.

For ages 4-8.

The Report Card

by Andrew Clements

Nora is very bright but pretends to have average ability to avoid attention. Her best friend, Stephen, has test anxiety and pressure to achieve from his parents. Bringing home their report cards are stressful events for both students.

For ages 8-12.

Non-Fiction Books:

Start Smiling on Report Card Day, A Guide to Improving Your Child's Grades

by Anne Emerick

For more free activities, videos, curriculum and other resources, go to

FederalReserveEducation.org and **KansasCityFed.org**.