

Early teacher retirement effect? Better student scores

November 5 2013, by Nancy Doolittle

Many businesses and organizations offer early retirement incentives (ERIs) to save costs, replacing their more expensive older workers with novices starting at entry-level salaries. In education, it is commonly thought that the cost-savings of such a policy would be offset by the loss of the experience that older workers bring to their job, which would lead to negative effects on student learning.

But a study by Maria Fitzpatrick, assistant professor, and Michael Lovenheim, associate professor, both in the Department of Policy and Management, summarized in an August working paper for the National Bureau of Economic Research and forthcoming in the *American Economic Journal: Economic Policy*, suggests otherwise.

This study of early teacher retirements in a statewide ERI program for teachers in Illinois in the mid-1990s shows that those retirements were linked to higher student test scores, with positive effects most pronounced in reading and in schools with a larger population of students from lower socioeconomic status (SES) backgrounds. However, the savings in salaries were more than outweighed by the increase in pension costs for the retiring teachers.

Using a two-year ERI program offered to all public school teachers in Illinois in 1992-93 and 1993-94 in which 10 percent of all teachers left the school system, Fitzpatrick and Lovenheim analyzed the results of standardized tests given to third-, sixth- and eighth-graders and the composition of the teachers both before and after the ERI was

implemented. They also collected such demographic information on the students as family income, race and proficiency in English.

They found student test scores increased after the ERI was implemented. After eliminating such factors as resource allotment and assigning new teachers to non-tested grades that might influence test scores, Fitzpatrick and Lovenheim say their results are most consistent with the conclusion that "teachers who took up the ERI were less productive [teachers](#) than the ones that replaced them or than the ones remaining in the school."

This trend was particularly strong in lower-SES schools, and especially for reading exams.

"For reading, the low-income, high-minority and lowest-baseline schools experience larger increases in test scores post-ERI for each [experienced retiring teacher] than their wealthier, low-minority, higher performing counterparts. In math, such a difference only is evident for the lowest versus the highest baseline score schools," according to Fitzpatrick and Lovenheim.

In calculating the cost savings from the ERI, Fitzpatrick and Lovenheim estimated that the savings in salary costs – about \$550.5 million – was surpassed by increased pension costs – about \$642.8 million. The ERI, resulting in higher test scores, cost the state's taxpayers about \$51 per student.

The researchers noted that "this unintended cost might be worth the unintended benefit of raising student test scores." Other methods of raising student [test scores](#) cost much more, they noted, such as reducing class size, which costs about \$147 per student, or \$96 more than the cost of the ERI per student to achieve the same test score gain.

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Provided by Cornell University

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