

# An idea that deserves an F: Getting paid for college grades

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When I first read the press on Ultrinsic I felt an immediate roll of my stomach. Here's a site where the most prized target of marketers - incoming college freshman -- can sign up and place a "bet" on their grades. If they get the grades, they make money on the bet. If not, they lose the money they put down. "This (incentive) helps remove one of the large barriers students have to studying and staying motivated over the course of long semesters of college..." explains Ultrinsic Chief Operations Officer Judah Guber, in "Pay for an A?" by Andrew Gelman.



I suspected Guber (who graduated college himself in 2005 with B.A. from CUNY-Queens College) had it wrong. How could just paying for grades somehow provide a magic bullet for motivating students to study harder? But I continued to read, seeking first to understand.

Here's what I discovered. Ultrinsic makes its money when college students fail to get the grade they were shooting for. Students are allowed to make a bet -- small at first -- on how well they think they will perform in a class. "As" pay better than "Bs." A student's "bet" is their skin in the game. Ultrinsic puts up the rest of the money.

Per Guber, Ultrinsic makes some of its money on the "discrepancy of the contributions (what a student bets) and payouts to students who achieve their target grade and those who don't." However, even if a student gets the grade and thus the payout, Ultrinsic still wins: They have now amassed an enormous amount of data on the student -- including student's transcripts -- that Guber intends to sell to companies that want to market ancillary services to students.

Aside from all the annoying emails pitching stuff that students don't want or never thought they needed, is it possible that they will also sell the data to potential recruiters that want to know how well a student did in college? Hmm. Could access to that data keep a student from even getting an interview? I felt another stomach roll coming on.

As the parent of a college freshman, we have already been down the "pay for grades" road with our oldest. It went great guns in the first couple of months of middle school but then was not what really juiced her as she got older. Love of learning, really liking the topic, a great teacher -- that's what helped her get the grade -- not money. Money just did not have the legs that real love of learning had long-term.

Guber however is not trying to help a student's motivation long-term. "The program changes students' immediate cost-benefit calculations by causing them to take a long-term benefit and moving the benefit closer into view." Huh? So this encourages immediate gratification? Now we're getting into trouble. I want my college freshman to finally start to get the long view -- not need everything right now.

In the end, I firmly believe Ultrinsic is not worth a student's investment of their time. Ultrinsic claims students invest in themselves when they sign-up. I see it differently.

I see the student wasting their time and Ultrinsic being the ultimate winner -- when students sell themselves so cheap. For years college students were duped on campus when companies got them to sign up for credit they did not need -- and as we have seen, could not manage properly. The payout at that time? College students walked away with a bag of M&Ms, a t-shirt or a baseball cap. Oh, and crippling debt that some of them had to quit school so they could get a job to pay it down.

I agree with many comments on line from folks who have suggested that students should put their money in a savings account and take the "interest," small as it is, and the principal that remains in the savings account as a just reward for knowing how to delay gratification.

It's not as sexy but it's a much safer bet banking on compound interest. Over time, it's the way you become a millionaire.

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