

# Financial Incentives Supplement to Caseworker Retention Brief

Research Brief

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## THE QUESTION

Do financial incentives – pay for performance or merit pay – promote caseworker retention and morale in the U.S. child welfare system?

## WHAT WE FOUND

In our search, we found no research on financial incentives to support caseworker retention and morale in the U.S. There was a small literature base with mixed findings on financial incentives from different industries in a variety of geographic locations:



### Education

In a sample of teachers who worked only in merit pay districts, findings showed **teachers who received merit pay were more satisfied overall with their jobs than were teachers who did not receive merit pay.**<sup>1</sup>



### Behavioral Health Programs

Findings from a narrative review (i.e. no statistical analyses were done to assess outcomes across studies) of 24 studies found that empirical data on **the effect of pay for performance in behavioral health care are scarce.** The limited data suggest that external incentives lead to positive outcomes, but much more research needs to be done to determine the overall efficacy.<sup>2</sup>



### Healthcare

In a review of elder care organizations in Italy, authors found that the **effectiveness of financial incentives were directly related to the quality of the performance appraisal system.** In the absence of a well-developed and trusted performance appraisal system, financial incentives were viewed as an exercise in favoritism. Importantly, the authors noted employees' participation in developing the appraisal system was an effective practice in motivating improved performance in terms of both turnover and absenteeism reduction.<sup>3</sup>



### Substance Use Treatment Programs

A study of programs in Maine found that providing monetary incentives had a **positive influence on directors' knowledge of quality indicators and desire to improve quality but was not a key driver of reforms.**<sup>4</sup>

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## METHODS

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Findings presented in this brief come from a literature review of academic peer-reviewed studies, as well as a review of research and findings from non-partisan think tanks, foundations, and organizations. Given the rapid nature of this search, other relevant studies may exist. In addition, please note that we did not use formal statistical methods for summarizing results and exploring reasons for differences in findings across studies.

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## REFERENCES

- <sup>1</sup> Gius, M. (2013). The effects of merit pay on teacher job satisfaction. *Applied Economics*, 45(31), 4443-4451.
- <sup>2</sup> Stewart, R. E., Lareef, I., Hadley, T. R., & Mandell, D. S. (2017). Can we pay for performance in behavioral health care?. *Psychiatric Services*, 68(2), 109-111.
- <sup>3</sup> Mariani, L., Gigli, S., & Bandini, F. (2021). Pay-for-Performance and other practices: Alternative paths for human resource management effectiveness in public social care organizations. *Review of Public Personnel Administration*, 41(1), 78-104.
- <sup>4</sup> Davis, M. T., Torres, M., Nguyen, A., Stewart, M., & Reif, S. (2021). Improving quality and performance in substance use treatment programs: What is being done and why is it so hard? *Journal of Social Work*, 21(2), 141-161.