Models for Setting Performance Standards

Four main models are used for setting standards; each model reflects different policy goals and has a different potential impact on programs. To set standards, you should first adapt the most appropriate model for your state or program, and then, adjust the standards as necessary for local program conditions, such as the types of students who attend or the type of instruction offered. After the standards are set, you must monitor and guide the effect of the standards on programs to ensure the standards affect quality in the way you intended. Performance standards have the potential for producing undesirable or unintended effects that adversely affect program quality. You also must manage these unintended consequences.

Continuous Improvement Model

The most popular model for setting performance standards is the continuous improvement model, in which the standard is set according to a program's past performance. The program's performance during the last several years is reviewed, and a standard is set above the previous year's level or above its average. The level increase is determined by policy and what is realistic and desirable from the program. With this approach, every program's standards must be set individually, and all programs usually have different standards.

Many policymakers believe this strategy is the most effective approach for setting standards because it requires all programs to improve continually, but each program's improvement efforts are judged only against its own past performance. Comparing the program against its own past performance controls for factors such as student characteristics, local conditions, and factors unrelated to program quality that might affect performance, assuming the program remains stable in these areas. Consequently, it is easy to evaluate whether increased performance on the standards is related to program improvements. For these same reasons, most program managers consider it a fair way to evaluate their improvement efforts.

To use this strategy effectively, however, the program must have data on its performance history to calculate the standard. When the NRS began, most states and programs lacked accurate data on their past performance and had to guess the level at which to set their standards. As NRS data became available, most states and the U.S. Department of Education adopted the continuous improvement model to set performance standards.

The major disadvantage of this model is that eventually, programs reach a ceiling at which continued improvement is difficult or no longer possible. There is an upper limit for performance (at most, 100%, although usually much lower). Therefore, over time this strategy is no longer effective or possible. This model effective when the accountability system is relatively new or when you can be confident that the program is not near its peak performance—in other words, when there is room to improve.

Relative Ranking Model

The relative ranking model is the second most popular model for setting performance standards. In this model, programs are placed into a rank order on the measure, and the median or mean becomes the standard. By definition, all programs have the same standard for the measure: Half the programs will fall below the standard and half will be above.

This model is effective when the goal is to maintain a stable, uniform, or similar level of performance among all programs. Because performance is focused on the average, variation among programs on the measure lessens over time as program performance becomes increasingly similar. The disadvantage for the higher performing programs—those already above the average—is that there is little incentive to improve performance. Because performance has already exceeded the standard, the staff may perceive that there is little advantage to further program improvement efforts. Unlike the continuous improvement model, where there is always pressure on the programs to improve, the relative ranking model challenges only half of the programs to improve.

The relative ranking model is most appropriate when you want to direct program improvement efforts only to the programs that are below the standard. This approach may be desirable to create a more homogenous system or when resources for program improvement are limited and thus are directed only to programs most in need. The model also may work when you believe the higher performing programs are already at or near their peak or do not need further improvement.

External Criteria Model

Policy considerations determine performance standards under the external criteria model. With this approach, policymakers typically set a long-term strategic goal as the standard that all programs must meet. Often the goal is set in response to a perceived crisis or political objective.

This model of setting standards is familiar. For example, automakers must meet fuel efficiency standards, measured by miles per gallon, and airports have standards for the percentage of passengers and luggage that must be screened. In adult education, this approach appears in the setting of GED pass rates or employment placements to improve performance. Several years ago, when the National Adult Literacy Survey (NALS) found that low levels of literacy were widespread, some states used this model for setting goals to increase literacy levels to a higher standard. For example, some states set standards to have all adults perform at least at Level 2 of NALS within 5 years.

As these examples show, the use of the external criteria model may be a good approach for mobilizing programs to adopt a long-term policy goal and achieve a uniform higher standard of performance. The approach can bring attention to the underlying problem, and mobilize resources to improve it, resulting in improvements. Fuel efficiency and baggage screening have certainly increased, for example. However, the chief drawback to the approach is that the external standard, by not considering past performance, may be set at an unrealistic or unachievable level. As a result, program staff may not take the approach seriously or may resort to counterproductive approaches to achieve the performance standard, resulting in unintended consequences.

Return on Investment Model

The purpose of this standard-setting model is to provide an indicator of whether the resources invested in a program are worth the outcomes achieved. Typically, the monetary cost of the program is compared with the value of the outcomes. This model is common in business but is not often used in education or other social service programs. Its most frequent use has been in employment training, where the cost of such programs is compared to the economic benefits that result from graduates' getting jobs. To determine the program's success, the increased taxes paid by graduates and reduced cost in welfare and unemployment benefits are weighed against the program cost. The benefit of the GED credential also has been evaluated in this way.

At the program level, this model can be used strategically to evaluate the value of classes or sites. For example, a program director can weigh the cost of running an instructional site by evaluating the outcomes it achieves compared with the resources it takes to operate. Within this standard-setting model, the director would calculate the cost of the program and set a value on the outcomes to determine the performance standard the sites need to meet to make it worth continuing.

Many people criticize this approach as cold and narrow and view this as its primary disadvantage. By using the cost-benefit approach inherent in this strategy, you may ignore other valuable outcomes the site or program produces. In the preceding example, the site may offer other services to the community or bring the community together in positive ways. Closing the site may leave the community with no services at all. These contributions are not reflected in the performance standards. However, the approach may be appropriate when cost considerations are important, particularly in an environment of cost cutting and performance pressures.