This report discusses performance contracting as one means of implementing educational accountability. It describes the planning for and main features of the Dallas, Texas, performance contract -- the Guaranteed Student Performance in Education and Training Program that uses a multifaceted approach to remove math, reading, and motivation deficiencies. The unique part of this program -- the achievement motivation component -- will be concerned with occupational training in conjunction with 25 local employers. Related documents are EA 003 356, EA 003 355, EA 003 391, and EA 003 357. (JH)
A growing number of professional educators and laymen are becoming convinced that the public school system, like other service agencies in the private and public sector, can be held accountable for the results of their activities. The call for accountability in education represents a policy declaration to review and reform the educational system. The differences between a policy declaration for accountability and the tools which a local school district can utilize to implement the policy should be delineated. An excellent example of a policy declaration at the federal level was made by President Nixon in his March 3, 1970, education message, in which he stated, "From these considerations we derive another new concept: accountability. School administrators and school teachers alike are responsible for their performance, and it is in their interest as well as in the interests of their pupils that they be held accountable." 

Another example of a policy declaration for accountability in education was made in the preamble to the agreement between the Board of Education of the City of New York and the United Federation of Teachers for the period September 8, 1959 through September 8, 1972. The statement reads: "The Board of Education and the Union recognize that the major problem of our school system is the failure to educate all our students and the massive academic retardation which exists especially among minority group students. The Board and the Union, therefore, agree to join in an effort, in cooperation with universities, community school boards, and parent organizations, to improve the educational performance of the school system."

Presented at the ASBA luncheon in Atlantic City, New Jersey, February 21, 1971.
to seek solutions to this major problem and to develop objective criteria of professional accountability." Many similar calls for accountability in education have been made by state and local education agencies. Little disagreement exists as to the need and desirability of a policy for accountability. Much more controversy, however, surrounds some of the tools being utilized to implement this concept. Quite clearly we have entered the age of accountability in education, and the next decade will witness innovations designed to implement this policy.

One innovative approach to implementing the policy of accountability in education is the performance contract. Through performance contracting, school systems engage in incentive-penalty type agreements with private educational agencies for specified instructional services. The terms and conditions of the performance contract are such that if designated pupils achieve specified educational gains as a result of contractor administered activities, the contractor receives a set compensation. If pupils fall below specifications, the contractor receives less reimbursement. Likewise if the pupils exceed specifications, the contractor receives additional reimbursement.

Education performance contracting has captured the attention of educators for a number of reasons. At the most general level, it can be conceived as a new strategy for change within the education system. More specifically, performance contracting appears to offer school systems the opportunity to take advantage of advanced educational technology and instructional management techniques while minimizing financial risks. It promises new and perhaps more effective approaches to accountability and quality control, areas in which professionals and community leaders alike are demanding
Improved practices. Furthermore, performance contracting may very well represent the beginning of a new kind of relationship between private enterprise and public education. Through performance contracting school districts can apply, in a competitive manner, the imagination and resources of the private sector to the solutions of highly complex problems inherent in program development and implementation.

In November, 1969, the Dallas Independent School District initiated a $50,000.00 planning effort which concluded on August 25, 1970, with the first day of operation of their "Guaranteed Student Performance in Education and Training" project. The Dallas project is the first of its kind in a major metropolitan area and represents, perhaps, the most exhaustive planning effort undertaken to date.

Problem Definition

The combined dropout and failure to enroll rate in the Dallas Independent School District is approximately 11% per year. The DISD study (1969) estimated the dropout rates from grades 9-12 to range up to 30.27%. Students dropout for various reasons as indicated by "exit" interviews. (See Table 1.) Based on preliminary sampling and analysis of "a," "d," "f," "g," and "h," about 70% of the dropouts who gave one of the above reasons were two or more grade levels behind their class peers in math and reading. (The typical "target area" DISD student scored only 55% of the average District student on ACT.)

Furthermore, teachers, principals, and guidance counselors indicated that most dropouts lack motivation, "positive self-images and self-concepts,"
and positive attitudes toward education generally. An in-house study conducted for a previous dropout prevention proposal indicated a high correlation between lack of achievement motivation and low income level.

At least six percent and probably a large percentage of those giving reason "a" below dropped out to accept "regular employment." Because of labor demands, initial wages are rather enticing, although few dropouts have vertical job mobility.

TABLE I

<table>
<thead>
<tr>
<th>Causes for Dropping Out</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Removal from district</td>
<td>11,326</td>
</tr>
<tr>
<td>b. Entry into Private School &amp; Expulsion</td>
<td>475</td>
</tr>
<tr>
<td>c. Regular Employment &amp; Military</td>
<td>1,138</td>
</tr>
<tr>
<td>d. Social &amp; Economic Factor</td>
<td>303</td>
</tr>
<tr>
<td>e. Marriage</td>
<td>343</td>
</tr>
<tr>
<td>f. Dislike School</td>
<td>180</td>
</tr>
<tr>
<td>g. Continued Absence &amp; Expulsion</td>
<td>797</td>
</tr>
<tr>
<td>h. Advice from Central Office</td>
<td>597</td>
</tr>
<tr>
<td>i. Graduation</td>
<td>7,898</td>
</tr>
<tr>
<td>j. Other</td>
<td>1,231</td>
</tr>
</tbody>
</table>

TOTAL 24,279

The characteristics of the potential dropout in Dallas are similar to those across the state: (a) is two to three grade levels behind his peers in math and reading; (b) has low motivation to achieve "excellence" and socially acceptable goals; (c) is from a family with low income level and usually a minority group; (d) comes from negative reinforcing environment; (e) needs to earn money; (f) has parents who finished seventh grade on an average and would not go to school for a better job (52% according to CAP sample survey).

Attempts, including the following, have been made to reduce the number of dropouts: (a) the establishment of a vocational training project; (b) the initiation four years ago of ABE programs; (c) "after school" programs; (d) the creation of a liaison office between the Dallas County Juvenile Home and the school; (e) a refinement of the existing dropout reporting
information system; and (f) remedial and "Special Education" projects.

Dropouts, however, continue to increase.

Based on the aforementioned preliminary analysis and critiques of the adequacy of existing projects, a need was established for a nontraditional and multifaceted approach which (a) guarantees to remove math, reading, and motivation deficiencies; (b) provides financial support through a "learn and earn" program for a limited number of students; and (c) improves the effectiveness of existing programs directed towards removing the other causes (See Table 1) of student dropouts. The schools with the highest dropout rates are the five Title I schools selected for the project. The long-run target population was defined as 1,000 potential dropouts who would, more than likely, dropout in grades 9-12 for academic and financial reasons. All selected students were at least two years behind in reading achievement. Over thirty percent, based on pre-test scores, were more than six years behind in reading.

Preliminary Planning Activities

The major effort during the conceptualization and pre-planning phases was completed by members of the Planning Advisory Group, consisting of two administrative officers; one principal; President of the Classroom Teachers; Director, Continuing Education Program; Coordinator of Counseling; two Classroom Teachers; seven students and ex-students; two residents of the target area; the chairman of the Education Committee of the Crossroads Community Center and a member of the Dallas County Community Action Committee; two Texas Education Agency officials; representatives from three local colleges; representatives of the business community (three businessmen, one representative
each of the Chamber of Commerce and the Dallas Negro Chamber of Commerce; one school board member; and one City Council Woman. This group assisted in problem analysis, provided programming ideas, assessed the relevancy of the ideas presented, and identified the concerns of various publics. Their inputs were particularly valuable in the conceptualization and design of the project. General meetings were held to provide orientation, to allow for general discussion of major concepts involved, and to reach consensus on program elements. The remainder of the work was done in subcommittee meetings.

The activities completed during the planning phase of the project are listed below. A management support group assisted in the planning and operation of this phase of the project.

1. Problem definition
2. Development of a planning network which enumerates each task to be completed and the responsible staff
3. Identification of funding source
4. Population identification
5. Site selection
6. Analysis of in-house capabilities
7. Drafting of the Request for Proposals
8. Pre-bid conference
9. Evaluation Proposals
10. Selection and notification of winning contractor
11. Negotiation and contract signing
12. Implementation
Long-Run Program Objectives

The following are the project goals developed by the DISD staff in conjunction with the Planning Advisory Group. These goals are for the first year of the proposed five-year project.

I. Management

A. To design, implement, and evaluate performance contracting as a means of attracting the skills and resources of the private sector to education and then of holding the companies representing that sector accountable for results.

B. To strengthen institutional capability by adopting through the Turnkey process those program combinations that increase student achievement in the most cost-effective manner for grade 9 students.

C. To plan for initiating performance contracting in grades 7 and 8 for 1971-72 in Communications, Mathematics, and Motivation.

D. To plan a program in occupational training for 1971-72 in two areas in addition to those offered in 1970-71 and designed to complement the curriculum in the Career Development Center.

II. Social

A. To increase project retention power so that it is equal to or better than the five most successful U.S.O.E. Title VIII urban projects, as measured by their first year dropout rates.

B. To reduce significantly absenteeism among project participants.

C. To reduce vandalism costs in the schools where accelerated achievement learning centers are operating by one percent for every one percent of the individual school's student body receiving instruction in the project.

D. To increase the cost-effectiveness of instruction in mathematics, communications, and directly related programs throughout the relevant counterpart grade levels and target populations within the five target high schools.

III. The specific performance requirements for contractor(s) will be:

A. To maximize student performance in mathematics, communications, and motivation training through the use of a remedial instructional system, given the following time and cost constraints:

   (1) The student will be available to the contractor one hour
per day per subject matter area for a full year (maximum of 180 days).

(2) $213.75 will be allocated per student per subject matter component per school year.

B. To optimize student performance in the area of occupational training by combining occupational training with either communications or motivational training, within the following time and cost constraints:

(1) Students will be allowed to participate for a total of 720 hours during the normal school year on any combination of the areas of formal classroom training, on-the-job training, and "world of work" preparation.

(2) $427.50 per student per year will be allocated for occupational training only.

The project includes four operational components: communications, mathematics, achievement motivation, and occupational training. Also included are two service components: management support and independent auditing, each of which are discussed individually.

PROGRAM COMPONENTS I AND II

Communications and Mathematics

Deficiencies in communications and mathematics skills are the major underlying cause of students' dropping out of school. Because of high transient rates among families in low income levels, target students fall behind or cannot compete educationally during transition. In the request for proposals, Dallas called for a modular, self-paced, individually-prescribed instructional program. Potential bidders were required to meet the following general conditions:

A. That the operating costs decrease over volume or through other economies of scale limited by the prescribed size of this project
A. That the contractor's learning system, as demonstrated during the school year 1970-71, be guaranteed by the contractor to achieve a cost-effectiveness level of at least 50% upon incorporation and adoption by the Dallas Independent School District at the counterpart grade levels, subjects, and schools during the school year 1971-72.

B. That the contractor's instructional learning system be tailored to the individual needs of the target population.

C. That the contractor be willing to utilize to the greatest extent possible the existing capabilities and resources within the Dallas Independent School District, building upon the results and findings of recently conducted projects, studies, etc.

D. That the contractor be willing to negotiate an incentive contract after validation of the first-year achievement results and costs, both interim and final, to insure that the learning systems which could be utilized during the second and subsequent year of the project are the most cost-effective possible.

E. That the contractor show evidence that his program and approach can be installed in counterpart grade levels within the relevant senior high school systems without creating inordinate political and social problems within the community. The contractor will be required at prescribed periods to make available to the Project Manager or his representatives the data and assistance necessary to facilitate implementation and analysis of the program.

F. That the contractor be willing to report actual start-up and operating costs to the Project Manager in accordance with the forms and procedures prepared by him.

G. That the contractor state his willingness to conduct his operational programs within the constraints of, and in accordance with, the intent and conditions of the evaluation design. (The random assignment of students to treatments and combinations of programs was considered a non-negotiable feature of the project.)

H. That the contractor be willing to conduct program operations for approximately three hours in the late afternoon or early evening at one or two sites. These operations would be conditional upon maximum utilization of contractor-provided learning stations.
NEW CENTURY COMPANY, a subsidiary of the Meredith Corporation, was selected to operate the communications and mathematics program for each of 125 students in the five target high schools. The contract with New Century requires student gains of 1.4 grade levels in both communications and mathematics on a standardized, nationally normed, commercially available test in order for New Century to recoup its costs. Payment is based on individual student gains.

COMPONENT III
Achievement Motivation

Students often drop out of school because they lack motivation within the academic school setting. Follow-up studies indicate that many potentially bright students drop out of school for reasons difficult to define, usually noted in such ambiguous terms as a "lack of self-esteem," "damaged self-concept;" "the need for motivation," etc.

Public school administrators and teachers have usually placed motivational attitude and training in a support capacity, contributing to increased and/or longer lasting gains in communications and mathematics. However, preliminary results of several USCE-sponsored research programs (McClelland, Alshuler) indicate that through the use of new psychological education techniques and materials, a student's academic performance and probability of his remaining in school are increased.

The achievement motivation component was awarded to Thiokol Chemical Corporation, a Utah-based company. Thiokol has been involved in motivation and occupational training of the hard-core unemployed for the past five years. Thiokol's largest school is located in Clearfield, Utah, where they
annually train over 1000 young men and women from all parts of the country.

COMPONENT IV

Occupational Training

The "World of Work," or Occupational Training Component, allows real company workers and trainers to plan and assist students in learning a skill. Auto Mechanics, Machine Tool Operation, and Mechanical Drafting are being taught, while at the same time vocational students are receiving special training in personal development, grooming and hygiene, pre-employment training, and on-the-job experience. Thiokol Chemical Corporation is conducting the training phase of this component with the assistance of twenty five local employers who have agreed to aid the District and Thiokol in on-the-job training for the youngsters.

COMPONENT V

Independent Education Auditor

The auditing contractor was selected through a competitive procedure similar to the procedure utilized to select New Century Company and Thiokol Corporation. The reimbursement schedule for the auditor is fixed with no incentive or penalty provision. The auditing contractor serves in a staff capacity to the project director's office.

Educational Testing Service (ETS) of Princeton, New Jersey was chosen to perform the duties of auditor in the project "Guaranteed Student Performance in Education and Training." These duties, as enumerated in the contract document between DISD and ETS, include the following tasks:
1. To review, modify and certify the Project's goals and evaluation design. The Auditor will examine the design, the proposed instruments, the data collection procedures, the statistical treatments, and the Project's goals and objectives. He will make recommendations as to the internal logic of the design, the validity and reliability of the instruments, and the administrative feasibility of the total evaluation process. He will assist the Project Manager in making recommended changes and will certify the final product.

2. To advise the Dallas Independent School District during contract negotiations with the contractors who are offering instructional goods and services which will be utilized in the Project. Such advice will pertain to the merits and weaknesses of each bidders' program(s), interim and final objectives, methods of performance, measurement, instrumentation and cost-reimbursement proposals.

3. To review, modify, implement and monitor the Dallas Independent School District's proposal evaluation process. The Auditor will establish criteria that expands upon, but does not basically change, the criteria and weights stipulated in the request for proposals provided potential bidders. The objectives of the Auditor's proposal evaluation process will facilitate neutrality, objectivity and ease in the review.

4. To develop an audit design. The Auditor will submit for the Project Manager's approval an audit design for one of the Project. The design proposal, with supporting documentation, instrumentation, and rationale, will be directed at the assessment of management procedures and instructional processes and products. The audit design will specify:

   a. Information requirements by appropriate levels of DISD personnel with suggested formats to be used in performing the audit.

   b. Documentation requirements and procedures for program modifications of operational and/or service contracts, including decision criteria and validation of same.

   c. Format for presentation of information to Project Manager; Assistant Superintendent, Planning and Research; Executive Team; the Dallas Independent School District Superintendent; and School Board.

   d. Manpower requirements for implementation, by activity, by level of expertise; and by direct and indirect resources necessary for completion.

5. To implement the audit design. The Auditor will be responsible for instrument development and validation, determining and certifying testing conditions, receipt of data from the DISD
testers, statistical analysis of the data, formulations of conclusions, and presentation to the appropriate decision makers stipulated in 1-3, above. Sub-tasks to be completed as specified in audit design.

6. To supervise and certify all measurements, tests, and other assessments upon which contractor payment is based. The Auditor will ensure that testing conditions are comparable, that the instruments and their component parts are confidential, and that contractor payment is based solely upon their results, both in the interim performance and final product assessment.

COMPONENT VI

Management Support Services

The Council of the Great City Schools, which is a consortium of twenty-one of the largest school districts in the United States, was selected to perform the duties of the management support group. The reimbursement schedule, like the one utilized with the auditing contractor, is a fixed-price formula. Services by the Council, as outlined in the contract with DISD, follow:

1. The first step will be to develop in conjunction with the Project Director an appropriate plan for the MSG functions.

2. For the entire term of this contract the MSG will be responsible for assisting the Project Director and his staff in the general administration of this project.

3. Design and implement a management information system which will:

   A. Report student progress toward interim and final performance objectives, by treatment configuration, by school, by contractor, and by individual results, for the following officials for the following general purposes (reporting dates to be stipulated by Project Director):

      1. The Project Director for determining basis of interim payments to the contractor.

      2. The Project Director for validating and/or modifying decision criteria.

      3. The Project Director for renegotiating or terminating the instructional contracts and/
or modifying modules of the instructional program according to pre-determined contingency plans indicated in the instructional contractor's proposal.

4. The Project Director for validating voucher requests from the contractors and reporting verified statements to the Dallas Independent School District budget and accounting office for contractor payment.

5. The contractor(s) to be used as feedback for internal evaluation and instructional systems modification as necessary.

6. The staff evaluator on the Project Management staff for input into the evaluation design.

B. Report actual costs as well as assigned costs of other resources to the Project Director at predetermined dates to be used for cost effectiveness analysis (including tradeoff analyses) in order to determine the optimal configuration and feasibility of Turnkey operation (reporting dates to be stipulated by Project Director).

1. Develop the relevant procedures, forms, timesheets, etc. for implementation of the management information system (reporting dates to be stipulated by Project Director).

2. Make procedures compatible with existing Dallas Independent School District administrative procedures and legal constraints so that they may be certified by the Education Audit Group.

3. Assist the Project Management Office in the initiation and execution of the operational components, including monitoring of their components on a requested basis.

4. Conduct the following cost effectiveness analysis as indicated in activities (A) and (B), with recommendations presented to the Dallas Independent School District Project Director's Office, other school officials, and the Dallas Independent School District Board of Education:

a. Relative cost effectiveness in terms of cost per level of increase by unit of instructional time and/or student learning characteristics.

b. The actual costs and cost of administrative and other changes to implement the three most cost-effective treatment configurations into the Dallas Independent School District counterpart programs
in the Project senior high schools, beginning with the ninth grade at the end of Year One of the Project.

c. The relative levels of guarantee which the contractor will make if the program is adopted by the Dallas Independent School District -- to be presented in terms of alternative costs and benefits to relevant decision makers.

5. Assist the Project Director in evaluating and then implementing new and proven cost-effective techniques and strategies to the management of this Project.

6. Assist the Project Director in planning for the second year of the Project. This activity is to include the preparation for Turnkey and/or Project expansion, requiring at a minimum the development of an education resources management system, an objects network, and an estimated budget for the second year's activities and products.

7. Assist in soliciting funds for Project expansion and/or continuation in the second year.

8. Assist the Project Director in the preparation of summary and interim reports, School Board Agenda Items, Executive Team reports, reports to advisory groups and to participating schools, and recommendations relative to Project decision making (reporting dates to be stipulated by Project Director).

9. Commit two and one-half on site full-time staff members to the project. These staff members will be under the direct supervision of the Project Director. The Systems Specialist will have as his major responsibility the Belmont Project. The Specialist will have training and maintenance responsibilities for the Management Support Services.

10. Provide a software package to design the management information system. The Computer costs for the designing phase will likewise be absorbed by the MSG except for line charges.

CONCLUSION

The project, "Guaranteed Student Performance in Education and Training," provides the Dallas Independent School District with an opportunity to take a close look at performance contracting as an agent of change. The purpose of performance contracting is just that: to bring about meaningful change.
If the changes result in a more effective, efficient educational program, the school district will take over the responsibilities of the contractor and continue the program. If the evaluation shows that the changes are not improvements, the indictment is of the program and not of the process of performance contracting.

Performance contracting is one implication or one manifestation of the concept of accountability. Performance contracting may not last indefinitely; accountability is here to stay.