Intended for both researchers and practitioners, this review analyzes literature on educational accountability and performance contracting. It defines the concepts, describes certain individual contracts completed or in progress, discusses the use of management systems and safeguards, identifies some testing and measurement problems, and probes some legal aspects of performance contracting. A 44-item bibliography of relevant literature is included. (Author)
Accountability
and
Performance Contracting

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FOREWORD

Few educational innovations create such controversy within the profession as have accountability and performance contracting. Serving as an index of the interest these innovations have aroused is the large body of literature that has emerged in recent months to explain, assess, defend, and denounce the concepts.

This analysis and bibliography has been prepared to analyze the major research ideas and trends reported in this literature. The analysis provides definitions of accountability and performance contracting, surveys their causes, identifies supporters and critics, cites current projects, and discusses the issue of governance, the use of management systems and safeguards, the problems of measurement, and the legal aspects of performance contracting.

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The concept of accountability and one means of its implementation, performance contracting, are subjects of increasing debate within the educational community. While supporters justify and critics attack the concept, the demand grows for some way to measure the responsibility of educational managers for the outcomes and products of educational systems. Legislators and taxpayers insist, for example, that programs must achieve what their initiators claim they will achieve.

Presently, the theory and application of accountability is in a period of rapid development and change. New experiments are being conducted and refinements added as school districts decide to try some degree of accountability. As a result, the mainstream of the literature reflects a trial and error approach, but also reveals an increasing sophistication in proposal requests and evaluations.

In reviewing the literature concerning this innovative concept, this paper will gather definitions and dimensions of accountability and performance contracting, survey causes of and demands for accountability, identify supporters and critics, and cite current projects. Subjects covered include the issue of accountability and governance, the use of management systems and safeguards, the problems of measurement, and the legal aspects of performance contracting.

Definitions and Dimensions

A term classic in management theory but new to education, accountability is defined by Kruger (1970) as the responsibility to provide effective educational programs and to employ efficiently the resources allocated for this purpose. Rhodes (1970) considers accountability a goal-directed management process that permits both the present and the desired operation of a school to be viewed from a common frame of reference, with priority placed on the learner. Accountability provides the means for dealing with process and product together.

Probably the most well-known definition of accountability is that of Lessinger (1970), who calls it the product of the process of performance contracting (see below). In a 1971 publication Lessinger maintains that accountability helps to counter the Peter Principle that bureaucracy tends to be self-regulating, cut off from control and assessment by those outside it and, therefore, not accountable to the client or citizen. In contrast, accountability promotes competence and responsiveness in a bureaucracy by reporting publicly, through the medium of an outside agency, an independent and continuous review of results promised by the bureaucracy.

Under performance contracting a local educa-
tional agency contracts with private enterprise to achieve specific goals, within a specific period, for specific costs. According to Lessinger ([1970]), “At its most basic, it means that an agent, public or private, entering into a contractual agreement to perform a service will be held answerable for performing according to agreed-upon terms, within an established time period and with a stipulated use of resources and performance standards.”

A performance contract has been interpreted by Estes (1971) as a procedure by which a school district contracts with a private firm for certain instructional services, usually including reading or math programs, or both. Terms and conditions of the contract are such that the contractor receives a set compensation if designated pupils achieve specified educational gains as a result of contractor-administered activities. If pupils do not meet the specifications, the contractor receives less reimbursement and may even be penalized. If pupils exceed specifications, the contractor receives additional reimbursement.

According to Lessinger ([1970]), the purpose of a performance contract is to catalyze and foster institutional reform within a school system. A major concept of performance contracting is the “turnkey” provision whereby methods, materials, and practices resulting from the contractor’s intervention can be incorporated in the regular operations of the school or school system. As yet there is little literature on the provision; however, most contracts now contain a “turnkey” clause.

Performance contracting is representative of the approach that tries to foster accountability by relating “input” to “educational output” in a meaningful way. However, Lieberman (1970) warns that accountability should not be defined solely in terms of performance contracting. Another approach to accountability, he indicates, is to allow consumer choice of schools. The competition created by consumer choice would force schools to become more accountable or lose clientele. The voucher system represents this approach: parents are given a specified sum of money and allowed to select, with certain restrictions, the schools to which they send their children.

**Causes and Demands**

Educational accountability has many causes, a few of which are briefly described here. The federal government has increasingly demanded accountability for money issued under its programs, such as Titles II and VIII of the Elementary and Secondary Education Act of 1965. For example, Title VIII’s Dropout Prevention Program provided the impetus and funding for the Texarkana contract and a number of succeeding contracts. The Model Cities Program has also provided funding for contracts. Another cause of the federal government’s insistence on accountability is the increasing emphasis on evaluation and assessment, as evidenced by the National Assessment Program.

The demands of the disadvantaged for adequate education and the trends toward decentralization and community control place additional pressure on educators to focus on the outputs of the educational system. Finally, increased sophistication in evaluation and management systems, together with more accurate measuring devices, have made it feasible to relate inputs to outputs.

**Supporters and Critics**

Leon M. Lessinger and Charles L. Blaschke are considered by some as creators of the concept of educational accountability and performance contracting. Other strong supporters include:

1. congressmen, federal administrators, governors, and state legislators, who demand evidence of educational outputs for dollar inputs
2. corporations in the growing educational industrial complex, who want an opportunity to demonstrate their new teaching materials and techniques and hope that lessons learned in performance contract experiments will lead to more profitable contracts
3. administrators of inner-city schools and school board members and associations, who are anxious to find ways of more efficiently using diminished funds to satisfy their constituencies
4. minority groups and other disadvantaged groups, who demand that their children be educated to a minimal level of competency and that schools remedy the causes of high and accelerating dropout rates

Among the critics and skeptics is Edith Green, an influential congresswoman from Oregon and a former teacher. She objects to the overemphasis on skills inherent in an accountability project and believes there are too many external environmental
and health factors beyond the teacher's control to hold a teacher responsible for outcomes. She also distrusts the motives and abilities of the educational industrial complex. Bob Bhaerman and the American Federation of Teachers (AFT), Helen Bain and the National Education Association (NEA), and local teacher associations have also criticized accountability for reasons discussed below.

**Current Projects**

Hall and Stucker (1971) note the diversity of programs in operation. Programs may differ in the content of the educational programs in the portions of the programs under contract in the contract terms and in the characteristics of the contractors' learning programs. Few contracts go beyond reading and math skills because of the problems in measuring achievement in other areas of learning. Hall and Stucker classify the programs in four groups. The first group contains the 1969-70 programs. The second comprises the 1970-71 programs for student achievement. The third contains programs unique for their concern with the education of teachers rather than with the education of students. The final group contains programs in the structured experiment being conducted by the United States Office of Economic Opportunity.

Projects range from the controversial Texarkana project to the Gary, Indiana, school district, which contracted a whole school to Behavioral Research Laboratories.

A comprehensive listing of current projects involving performance contracting is provided by Hall and Stucker, and another by the New York State Education Department (1970).

**Accountability and Governance**

One of the first questions asked is, "Who will be held accountable?" At least three answers to this question can be found in the literature, depending on which of three groups the writer belongs to. Teacher associations as a group demand various degrees of governance or decision-making in policy matters before they will accept accountability. Another group focuses on the school level and would hold the principal responsible. Yet a third group is researching to develop models and methods for determining the effects of various inputs by parents, administrators, and teachers on specified educational outputs.

Representing the first group, Harland (1970) has capsulized the views of the NEA in its demand that governance precede accountability. The NEA requests self-governance in such areas as the right of the teaching profession to approve programs, issue licenses, enforce standards of ethics and practices, promote studies and research designed to improve teacher education, and in general delegate responsibilities concomitant with accountability. This participation in decision-making, Harland argues, would remove the reluctance of the profession to being held responsible.

The AFT has opposed both accountability and performance contracting. Bhaerman (1970), in his critique of Lessinger's views, states that teachers have not been made sufficiently aware of new technology and materials, nor have they been given adequate preservice and inservice training. He proposes that strengths and weaknesses of teachers be identified so that continuous growth experiences can be provided.

Another facet of the question of governance is brought up by Wilson (1971) in a discussion of the views of the American Association of Classroom Teachers (ACT), which stresses the right of teachers to speak on matters relating to curriculum and instruction. Although school boards have the right to set policy, the ACT maintains that development and implementation of policy remain the responsibility of professionals and their organizations. Wilson delineates specific matters for which teachers should be held responsible and insists that classroom teachers, through their professional associations, should be involved in decision-making processes in performance contracts.

In some instances teacher organizations are working closely with contractors and administrators on various programs. The Chicago Model Cities Program involves the Chicago Teachers Union in what it calls the Performance Contract Management Committee, an overall management group of administrators and community organizations engaged in preplanning and long-range planning. The Dallas Project (Estes 1971) uses a similar group called the Planning Advisory Group. Albert Shanker of the New York United Federation of Teachers has agreed to develop, with the New York City Board of Education, objective criteria of professional responsibility.

English and Zaharis (1971) offer an alternative to teacher association objections by suggesting that accountability and governance are incompatible since the increase in teacher power at the bargain-
ing table restricts the ability of the public to hold teachers accountable. In the authors’ view, the solution is internal contracting, such as the system now in progress at Mesa, Arizona, where teams of teachers contract with the school board for services.

Meade (1968) is representative of the second group, which holds the school principal responsible. He maintains that there has been a shift away from holding individual staffs and schools responsible for their effect on educational outcomes. Those who propose this theory compare the principal to an industrial plant manager who is responsible for all that goes on in his plant.

The third group attempting to assign responsibility are researchers who develop methods and models relating input variables to specific outputs. Barro (1970), for example, has written a sophisticated analysis of the information and methodology required to determine the extent to which teachers or administrators can affect outcomes within their own spheres of responsibility, given the environments in which they must work and the constraints placed on them. He recommends statistical analysis of the effects on a pupil’s progress in a given classroom of such variables as ethnicity, socioeconomic status, and prior educational experience. Barro’s methodology for measuring the individual agent’s contributions to pupil performance is a multiple regression analysis of the relationship between pupil performance and an array of pupil, teacher, and school characteristics.

Dyer (1970), on the other hand, emphasizes not individual contributions, but the joint responsibility of the entire school staff. He advocates recognizing and measuring four school variables: input, educational process, surrounding conditions, and output. These variables must be measured and appropriately interrelated and combined to produce readily interpretable indices by which the staff can know to what degree its own efforts produce the desired changes in pupils. He calls such indices School Effectiveness Indices (SEIs) and describes their derivation, suggesting short- and long-range plans for operation.

Management Systems and Safeguards

Accountability systems and performance contracting have drawn on the theory and applications of management systems, systems approaches, systems analysis, and evaluation procedures. Management support groups, a feature of most performance contracts, provide many of the management services required by a contract and supplement school staff management experience. Evaluators function as monitors by assisting in management and seeing that the instructional contractor meets specifications. Additional safeguards are provided by independent audit teams, who verify that a contractor has met his contract guarantees.

Kruger (1970) identifies ten critical factors of program design, operation, and management: community involvement, technical assistance, needs assessment, management systems, performance objectives, performance contracting, staff development, comprehensive evaluation, cost effectiveness, and program audit.

Community involvement provides one of the more effective safeguards in an accountability program. Accordingly, community priorities and resources must be considered in both the planning and operating stages. Farquhar (1971) discusses the information systems needed to determine these priorities and resources and also to keep the public informed of the performance of the program. In a work published soon after the adoption of the Model Cities Act, Campbell, Marx, and Nystrand (1969) discuss the importance of community involvement in model cities projects. Both the Chicago and the Dallas performance contracts involve community groups in planning procedures.

Describing evaluation as one of the most important aspects of a performance contract or accountability program, Kruger urges that an evaluation plan be made prior to the commencement of project operations, that the plan have adequate scope, that it provide evaluation of objectives-accomplishments at both operational and management levels, and that, within these levels, it pay attention to product and process. The evaluator must be skilled in both educational evaluation and management operations analysis.

Hall and Stucker (1971) recommend a broad perspective to evaluate effects other than the narrow objectives listed for a performance contract, since there will likely be affective or volitional impacts on students and both positive and negative impacts on teachers and school officials.

Andrew and Roberts' (1970) evaluation report on the Texarkana project points out the errors and weaknesses of that experiment and provides a good example of the problems that may face an evaluator. One of the problems in that project was that the internal evaluator was hired after the project had begun.
Lessinger (1970) has outlined the general functions of the various groups in a performance contract:

- The local education agency (LEA) employs a management support group (MSG).
- The MSG draws up a set of general specifications called a request for proposal (RFP).
- The RFP is the subject of a prebidding conference.
- The LEA, with the aid of the MSG, selects the best bid and negotiates a performance contract.
- The LEA employs an independent audit team to monitor execution of the performance contract and to certify results for purposes of payments.


**Measurement Problems**

Accountability presupposes some measure of inputs and outputs. Because the evaluation of achievement is no better than the measurement instruments used, the identification of appropriate instruments to measure the attainment of the objectives specified in the performance contract is essential. The instruments and systems used for measurement are critical, not only in determining the amount of the contract payments, but also in evaluating the conduct and effectiveness of the program.

The instruments for measuring these outputs have generally been the standardized norm-referenced achievement tests for reading and mathematics skills, together with their subtests. In his thoughtful analysis of the measurement process and problems, Lennon (1971) questions the validity of the standard achievement tests, noting that these tests are concerned with a wider range of content and outcomes than the narrowly defined, specific areas of contract intervention. Moreover, achievement tests on reading skills do not correlate perfectly with one another and may even vary on subtest composition and relative emphases. Similar problems exist in the mathematics tests.

Another problem, reliability, involves the difficulty of measuring the gains of an individual pupil. Since the highest reliability of any test is .90, the error of measurement of a gain score may very easily equal or exceed the amount of gain guaranteed in a short-term contract intervention. One solution Lennon offers is designing projects of longer duration.

As an alternative or supplement to the norm-referenced test, Lennon suggests the use of criterion-referenced tests. However, it is not yet clear how results of a series of criterion-referenced tests can be translated into units that will yield measures of gain or growth. Criterion-referenced tests have been recommended by other authors. Harmes (1971), for example, maintains that use of behavioral objectives increases the options for development of many different specific procedures, instead of limiting the process to one test or combination of uncorrelated tests. Some requests for proposals are already specifying a certain percent—usually 25 percent—of the payment to be based on criterion-referenced test items taken from pools of items developed by the instructional contractor (Chicago Board of Education 1970, Texarkana School District 7 1970).

Byrd (1970) discusses current testing problems, including the time lag between events and curricular changes and new test construction, and the use of test results as a method of evaluation in accountability.

Andrew and Roberts (1970), the internal evaluators for the first Texarkana contract, describe that contract's notorious problem of teaching test items. The effect of such teaching was to make evaluation of the contract meaningless. Although Educational Testing Service, the auditor for that contract, attempted to analyze the effects of teaching certain test items and hence salvage some meaningful evaluation, it did not succeed. To avoid this problem, local education agencies use criterion-referenced test items, to establish stricter procedures for monitoring contracts in progress, and to cease telling instructional contractors what achievement tests or forms of those tests will be used.

**Legal Aspects**

Local education agencies desiring to draft performance contracts must obtain expert legal assistance to make sure the contracts are legally valid. A lawyer assisting in this drafting should be knowledgeable in educational matters as well as in the law.
Some legal offices serving boards of education have questioned the ability of school boards, under state constitutions and laws, to contract with outside, private firms. For example, the counsel to the New York State Education Department has stated he does not believe boards of education in that state have authority to enter into agreements with third parties to provide instructional services in public schools (New York State Education Department 1970).

Martin and Blaschke (1971) divide the problem into two issues: the authority to contract and the improper delegation of policy-making powers. A school's authority to contract may be limited if it is under a duty to perform a task imposed on it by constitutional declaration or statutory delegation. In such instances, an attempt to contract for the performance of this duty may be void.

To decide the issue of improper delegation, the courts must determine what is within a board's policy-making responsibility. There are indications the courts will construe this very strictly. To determine if a school is improperly delegating policy matters, school districts should consider: (1) the degree of specificity on requests for proposals, (2) the sufficiency of expertise of the school staff or additional personnel hired to fulfill its monitoring and management function, and (3) the specificity of the period the contract is to run before it is abandoned or absorbed by the school.

Future Trends in the Literature

The literature on performance contracting may be expected to follow three differing trends. The first group, directed to decision-makers, will consist largely of evaluations of current projects and practical treatises on how to implement performance contracting or accountability in schools.

The second group, written by theoreticians such as Barro and Dyer, will continue to develop methods and means to determine the precise effect of inputs on pupil performance. Since research designs and methodologies are not yet sufficient to relate inputs to outputs with precision, temporary intermediate methods for evaluating teacher and administrator performance will be required.

The third group, presenting views of various teacher associations, may be expected to attack both accountability and performance contracting with renewed vigor as current programs progress beyond the experimental stage to practical application.

The first of three reports in a comprehensive study of performance contracting sponsored by the United States Department of Health, Education, and Welfare has been published by The Rand Corporation. The report is in two parts. In part 1, Stucker and Hall (1970) explore the basic issues in performance contracting, addressing their discussion to education decision-makers. The second part (Stucker 1971) is a technical appendix of mathematical models of interest mainly to theoreticians and model builders.

A later report will analyze the outcomes of some programs after 1970-71 results are available, and the final report will be a Performance Contracting Guide, combining concepts of the first report with conclusions drawn from program results in the second to produce a general guide on how to plan, conduct, and evaluate performance contracting programs.

Conclusion

Many writers are concerned that educational accountability and performance contracting will join the long list of innovations that have been debated with a great deal of fanfare and then quietly discarded. Chandler (1971), noting this phenomenon, suggests that performance contracting can go one of two ways. Through abuses, exaggerated claims, unreliable evaluations, and unethical practices, performance contracting could end in disrepute. On the other hand, if performance contracting is carried out with patient, careful, and intelligent testing and experimentation, it could become a highly effective tool for education. The next few months may provide the answer.

Even when well conceived and implemented, performance contracts are usually considered only temporary or stopgap devices to be used until schools can adopt the techniques and technology of the contractor through turnkeying. Consequently, as performance contracts are phased out, it may be expected that more attention will focus on the basic concept of accountability. If that stage is reached, the persons or groups who are held accountable may become vociferous in their disapproval—as teacher associations threaten to do—if the accountability programs are not carefully planned and worked out with the affected groups.
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