Measuring Test Measurement Error: A General Approach

Donald Boyd*, Hamilton Lankford*,
Susanna Loeb**, and James Wyckoff***

*University at Albany, ** Stanford University, ***University of Virginia

forthcoming in the

Journal of Educational and Behavioral Statistics

We are grateful to the New York City Department of Education and the New York State Education Department for the data employed in this paper. We appreciate financial support from the National Science Foundation and National Center for the Analysis of Longitudinal Data in Education Research (CALDER). CALDER is supported by IES Grant R305A060018 to the American Institutes for Research. Thanks also to Dale Ballou, Henry Braun, Ed Haertel, J. R. Lockwood, Dan McCaffrey, Tim Sass, Jeffery Zabel, JEBS editor Sandip Sinharay, and three anonymous referees for their helpful comments and suggestions. The authors are solely responsible for the content of this paper.
Abstract

Test-based accountability as well as value-added assessments and much experimental and quasi-experimental research in education rely on achievement tests to measure student skills and knowledge. Yet we know little regarding fundamental properties of these tests, an important example being the extent of test measurement error and its implications for educational policy and practice. While test vendors provide estimates of split-test reliability, these measures do not account for potentially important day-to-day differences in student performance. In this paper, we demonstrate a credible, low-cost approach for estimating the overall extent of measurement error that can be applied when students take three or more tests in the subject of interest (e.g., state assessments in consecutive grades). Our method generalizes the test-retest framework by allowing for i) growth or decay in knowledge and skills between tests, ii) tests being neither parallel nor vertically scaled, and iii) the degree of measurement error varying across tests. The approach maintains relatively unrestrictive, testable assumptions regarding the structure of student achievement growth. Estimation only requires descriptive statistics (e.g., test-score correlations). With student-level data, the extent and pattern of measurement error heteroskedasticity also can be estimated. In turn, one can compute Bayesian posterior-means of achievement and achievement-gains given observed scores – estimators having statistical properties superior to those for the observed score (score-gain). We employ math and ELA test-score data from New York City to demonstrate these methods and estimate the overall extent of test measurement error is at least twice as large as that reported by the test vendor.
Test-based accountability, teacher evaluation and much experimental and quasi-experimental research in education rely on achievement tests as an important metric to assess student skills and knowledge. Yet we know little regarding the properties of these tests that bear directly on their use and interpretation. For example, evidence is often scarce regarding the extent to which standardized tests are aligned with educational standards or the outcomes of interest to policymakers or analysts. Similarly, we know little about the extent of test measurement error and the implications of such error for educational policy and practice. The estimates of reliability provided by test vendors capture only one of a number of different sources of error.

This paper focuses on test measurement error and demonstrates a credible approach for estimating the overall extent of error. For the achievement tests we analyze, the measurement error is at least twice as large as that indicated in the technical reports provided by the test vendor. Such error in measuring student performance results in measurement error in the estimation of teacher effectiveness, school effectiveness and other measures based on student test scores. The relevance of test measurement error in assessing the usefulness of metrics such as teacher value-added or schools’ adequate yearly progress often is noted but not addressed, due to the lack of easily implemented methods for quantifying the overall extent of measurement error. This paper demonstrates such a technique and provides evidence of its usefulness.

Thorndike (1951) articulates a variety of factors that can result in test scores being noisy measures of student achievement. Technical reports by test vendors provide information regarding test measurement error as defined in classical test theory and item response theory (IRT). For both, the focus is on the measurement error associated with the test instrument (i.e., randomness in the selection of test items and the raw-score to scale-score conversion). This information is useful, but provides no information regarding the error from other sources, e.g., variability in test conditions.

Reliability coefficients based on the test-retest approach using parallel test forms is viewed
in the psychometric literature to be the gold standard for quantifying measurement error from all sources. Students take alternative, but parallel (i.e., interchangeable), tests two or more times sufficiently separated in time to allow for the “random variation within each individual in health, motivation, mental efficiency, concentration, forgetfulness, carelessness, subjectivity or impulsiveness in response and luck in random guessing,”¹ but sufficiently close in time that the knowledge, skills and abilities of individuals taking the tests are unchanged. However, there are relatively few examples of this approach to measurement error estimation in practice, especially in the analysis of student achievement tests used in high-stakes settings.

Rather than analyze the consistency of scores across tests close in time, the standard approach is to divide a single test into parallel parts. Such split-test reliability only accounts for the measurement error resulting from the random selection of test items from the relevant population of items. As Feldt and Brennan (1989) note, this approach “frequently present[s] a biased picture,” in that, “reported reliability coefficients tend to overstate the trustworthiness of educational measurement, and standard errors underestimate within-person variability” because potentially important day-to-day differences in student performance are ignored.

In this paper, we show that there is a credible approach for measuring the overall extent of measurement error applicable in a wide variety of settings. Estimation is straightforward and only requires estimates of the variances and correlations of test scores in the subject of interest at several points in time (e.g., third-, fourth- and fifth-grade math scores for a cohort of students). Student-level data are not needed. Our approach generalizes the test-retest framework to allow for i) either growth or decay in the knowledge and skills of students between tests, ii) tests to be neither parallel nor vertically scaled and iii) the extent of measurement error to vary across tests. Utilizing test-score covariance or correlation estimates and maintaining minimal structure characterizing the

¹ Feldt and Brennan (1989).
nature of achievement growth, one can estimate the overall extent of test measurement error and decompose the test-score variance into the part attributable to real differences in achievement and the part attributable to measurement error. When student-level data are available, the extent and pattern of measurement-error heteroskedasticity also can be estimated.

The following section briefly introduces generalizability theory and shows how the total measurement error is reflected in the covariance structure of observed test scores. In turn, we explain our statistical approach and report estimates of the overall extent of measurement error associated with New York State assessments in math and English language arts (ELA), and how the extent of test measurement error varies across ability levels. These estimates are then used to compute Bayesian posterior means and variances of ability conditional on observed scores, the posterior mean being the best linear unbiased predictor of a student's actual ability. We conclude with a summary and a brief discussion of ways in which information regarding the extent of test measurement error can be informative in analyses related to educational practice and policy.

1.0 Measurement Error and the Structure of Test-Score Covariances

From the perspective of classical test theory, an individual’s observed score is the sum of two components: the true score representing the expected value of test scores over some set of test replications, and the residual difference, or random error, associated with test measurement error. Generalizability theory extends test theory to explicitly account for multiple sources of measurement error.² Consider the case where a student takes a test at a point in time with the test consisting of a set of tasks (e.g., questions) drawn from some universe of similar conditions of measurement. Over a short time period there is a set of possible test occasions (e.g., dates) for which the student’s knowledge/skills/ability is constant. Even so, her test performance typically will vary across such occasions. First, randomness in the selection of test items along with students

doing especially well or poorly on particular tasks is one source of measurement error. Temporal
instability in student performance due to factors aside from changes in ability (e.g. sleepiness) is
another.

Consider the case where students complete a sequence of tests in a subject or related
subjects. Let \( S_{ij} \) in \( S_{ij} = \tau_{ij} + \eta_{ij} \) represent the \( i \)th student’s score on the exam taken on one occasion
during the \( j \)th testing period. For exposition we assume there is one exam per grade.\(^3\) The student's
universe score, \( \tau_{ij} \), is the expected value of \( S_{ij} \) over the universe of generalization (e.g., the
universes of possible tasks and occasions). Comparable to the true score in classical test theory, \( \tau_{ij} \)
measures the student’s skills or knowledge. \( \eta_{ij} \) is the test measurement error from all sources
where \( E\eta_{ij} = 0, E\eta_{ij}\epsilon_{ik} = 0, \forall j, k \) and \( E\eta_{ij}\eta_{ik} = 0, \forall j \neq k \); the errors have zero mean, are not
correlated with actual achievement and are not correlated over time. Allowing for heteroskedasticity
across students, \( \sigma^2_{\eta_{ij}} \equiv E\eta^2_{ij} \) is the test measurement-error variance for the \( i \)th student in grade \( j \). Let
\( \sigma^2_{\eta*_{ij}} \equiv E\sigma^2_{\eta_{ij}} \) represent the mean measurement-error variance for a particular test and test-taking
population. In the case of homoskedastic measurement error, \( \sigma^2_{\eta_{ij}} = \sigma^2_{\eta*_{ij}}, \forall i \).

Researchers and policymakers are interested in decomposing the variance of observed scores
for the \( j \)th test, \( \omega_{jj} \), into the variance of universe scores, \( \gamma_{jj} \), and the measurement-error variance;
\( \omega_{jj} = \gamma_{jj} + \sigma^2_{\eta*_{jj}} \). The generalizability coefficient, \( G_j \equiv \gamma_{jj} / \omega_{jj} \), measures the portion of the test-score variance that is explained by the variance of universe scores.

\[
S_{ij} = \tau_{i} + \eta_{i} \tag{1}
\]

Vector notation is employed in Equation 1 where \( S_i' \equiv [S_{i1}, S_{i2}, \ldots, S_{iJ}] \), \( \tau_i' \equiv [\tau_{i1}, \tau_{i2}, \ldots, \tau_{iJ}] \).

\(^3\)Time intervals between tests need not be either annual or constant. For example, from a randomized control trial one
might know test-score correlations for tests administered at the start, end and at a point during the experiment.
and $\eta'_i \equiv [\eta_{i1}, \eta_{i2}, \ldots, \eta_{iJ}]$ for the first through the $J^{th}$ tested grades.\footnote{For example, the third grade might be the first tested grade. To simplify exposition, we often will not distinguish between the $i^{th}$ grade and the $i^{th}$ tested grade, even though we will mean the latter.} Equation 2 defines $\Omega(i)$ to be the auto-covariance matrix for the $i^{th}$ student’s observed test scores, $S_i$. $H$ is the auto-covariance matrix for the universe scores in the population of students. $Z_i$ is the diagonal matrix with the measurement-error variances for the $i^{th}$ student on the diagonal.

$$\Omega(i) = E \left[ (S_i - ES_i)(S_i - ES_i)' \right] = E \left[ (\tau_i - E\tau_i)(\tau_i - E\tau_i)' \right] + E(\eta_i\eta_i')$$

$$= \begin{bmatrix} \omega_{i1} & \omega_{i2} & \cdots & \omega_{iJ} \\ \omega_{2i} & \omega_{22} & \cdots & \omega_{2J} \\ \vdots & \vdots & \ddots & \vdots \\ \omega_{Ji} & \omega_{J2} & \cdots & \omega_{JJ} \end{bmatrix} = \begin{bmatrix} \gamma_{11} & \gamma_{12} & \cdots & \gamma_{1J} \\ \gamma_{21} & \gamma_{22} & \cdots & \gamma_{2J} \\ \vdots & \vdots & \ddots & \vdots \\ \gamma_{J1} & \gamma_{J2} & \cdots & \gamma_{JJ} \end{bmatrix} + \begin{bmatrix} \sigma_{\eta_1}^2 & 0 & \cdots & 0 \\ 0 & \sigma_{\eta_2}^2 & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & 0 & \sigma_{\eta_J}^2 \end{bmatrix} = H + Z_i$$

$$\Omega_* \equiv E\Omega(i) = H + Z_* \tag{2}$$

The test-score covariance matrix for the population of test-takers, $\Omega_*$, is shown in Equation 3 where $Z_*$ is the diagonal matrix with $\sigma_{\eta_1}^2, \sigma_{\eta_2}^2, \ldots, \sigma_{\eta_J}^2$ on the diagonal.\footnote{\textit{\(\Omega_*\) can be estimated using its empirical counterpart $\hat{\Omega}_* = \sum_i (S_i - \bar{S})(S_i - \bar{S})' / N_S$ where $N_S$ is the number of students with observed test scores. This corresponds to the case where one or more student cohorts are tracked through all $J$ grades, a key assumption being that the values of the $\omega_{jk}$ are constant across cohorts. A subset of the $\omega_{jk}$ can be estimated when the scores for individual students only span a subset of the grades included; a particular $\omega_{jk}$ can be estimated provided one has test score data for students in both grades $j$ and $k$.}} Note that corresponding off-diagonal elements of $\Omega(i)$, $\Omega(i')$ and $\Omega_*$ are equal; $\omega_{jk} = \omega_{kj} = \gamma_{jk} \quad \forall j \neq k$. In contrast, corresponding diagonal elements $\omega_{jj} = \gamma_{jj} + \sigma_{\eta_j}^2$ and $\omega_{jj} = \gamma_{jj} + \sigma_{\eta_j}^2$ are not equal when measurement error is heteroskedastic.

With $\omega_{jk} = \gamma_{jk}, \forall j \neq k$, and $\omega_{jj} = \gamma_{jj} / G_j$, we have the following formula for $\Omega*$:

$$\Omega_* = \begin{bmatrix} \omega_{11} & \omega_{12} & \omega_{13} & \omega_{1J} \\ \omega_{22} & \omega_{23} & \cdots & \omega_{2J} \\ \omega_{33} & \omega_{3J} & \ddots & \vdots \\ \omega_{JJ} & \vdots & \ddots & \omega_{JJ} \end{bmatrix} = \begin{bmatrix} \gamma_{11} / G_1 & \gamma_{12} & \gamma_{13} & \gamma_{1J} \\ \gamma_{22} / G_2 & \gamma_{23} & \cdots & \gamma_{2J} \\ \gamma_{33} / G_3 & \ddots & \vdots \\ \gamma_{JJ} / G_j \end{bmatrix} \tag{4}$$
Let \( r_{jk} \) and \( \rho_{jk} \), respectively, represent the test-score and universe-score correlations for tests \( j \) and \( k \). These correlations along with Equation 4 imply the test-score correlation matrix, \( R \):

\[
R = \begin{bmatrix}
1 & r_{12} & r_{13} & r_{14} & r_{15} \\
1 & 1 & r_{23} & r_{24} & r_{25} \\
1 & 1 & 1 & r_{34} & r_{35} \\
1 & 1 & 1 & 1 & r_{45} \\
\ldots & \ldots & \ldots & \ldots & \ldots
\end{bmatrix}
= \begin{bmatrix}
1 & \sqrt{G_1 G_2} \rho_{12} & \sqrt{G_1 G_3} \rho_{13} & \sqrt{G_1 G_4} \rho_{14} & \sqrt{G_1 G_5} \rho_{15} \\
1 & \sqrt{G_2 G_3} \rho_{23} & \sqrt{G_2 G_4} \rho_{24} & \sqrt{G_2 G_5} \rho_{25} & \ldots \\
1 & \sqrt{G_3 G_4} \rho_{34} & \sqrt{G_3 G_5} \rho_{35} & \ldots & \ldots \\
1 & \sqrt{G_4 G_5} \rho_{45} & \ldots & \ldots & \ldots \\
\ldots & \ldots & \ldots & \ldots & \ldots
\end{bmatrix}.
\tag{5}
\]

The presence of test measurement error (i.e., \( G_j < 1 \)) implies that each correlation of test scores is smaller than the corresponding correlation of universe scores. In contrast, \( \omega_{jk} = \gamma_{jk}, \ j \neq k \), as shown in Equation 4, so that the off-diagonal elements of the empirical test-score covariance matrix are estimates of the off-diagonal elements of the universe-score covariance matrix; \( \hat{\omega}_{jk} = \hat{\gamma}_{jk} \).

Estimates of the \( \omega_{jk} \) or the \( r_{jk} \) alone are not sufficient to infer estimates of the \( \gamma_{jj} \) and \( G_j \), as there are \( J \) more parameters in both Equation 4 and Equation 5 than there are moments.\(^6\)

However, there is a voluminous literature in which researchers employ more parsimonious covariance and correlation matrix specifications to economize on the number of parameters to be estimated while retaining sufficient flexibility in the covariance structure. For a variety of such structures one can estimate \( \gamma_{jj} \) and \( G_j \), though, the reasonableness of any particular structure will be context specific.

As an example, suppose that one knew or had estimates of test-score correlations for parallel tests taken at times \( t_1, t_2, \ldots, t_J \) where time intervals between consecutive tests can vary.

Correlation structures that allow for changes in skills and knowledge over time typically maintain that the correlation between any two universe scores is smaller the longer is the time span between the tests. For example, one possible specification is \( \rho_{jk} = \rho^{|t_k - t_j|} \) with \( \rho < 1 \). Here the correlation of

\(^6\) In Equation 4 there are \( J(J+1)/2 \) moments and \( J + J(J + 1)/2 = J(J + 3)/2 \) parameters. In Equation 5 there are \( J(J-1)/2 \) moments and \( J + J(J - 1)/2 = J(J + 1)/2 \) parameters.
universe scores decreases at a constant rate as the time interval between the tests increases.

Maintaining this structure and assuming $G_j = G$, $\forall j$, $G$ and $\rho$ are identified with three tests, as shown in Equation 6.\(^7\) If $J \geq 4$, $G_1$, $G_2$, $\ldots$, $G_J$ and $\rho$ are identified.

$$\hat{\rho} = \left(\hat{\rho}_{13}/\hat{\rho}_{12}\right)^{1/|k_1-t_j|} \quad \hat{G} = \hat{\rho}_{12}\hat{\rho}_{23}/\hat{\rho}_{13} \quad \left(6\right)$$

This example generalizes the congeneric model analyzed by Joreskog (1971). Tests are said to be congeneric if the true scores, $\tau_{ik}$, are linear functions of a common $\tau_{i*}$ (i.e., true scores are perfectly correlated). For this case, Joreskog shows that $G_1$, $G_2$, and $G_3$ are identified, which generalizes the test-retest framework where $\rho = 1$ and $G_j = G$, $\forall j$.

The structure $\rho_{jk} = \rho^{1/|k_1-t_j|}$ has potential uses, but is far from general. The central contribution of this paper is to show that the overall extent of test measurement error and universe-score variances can be estimated maintaining far less restrictive universe-score covariance structures, thereby substantially generalizing the test-retest approach. The intuition is relatively straightforward. For example, in a wide range of universe-score covariance structures, $\gamma_{jk}$ in Equation 4 can be expressed as functions of $\gamma_{jj}$ and $\gamma_{kk}$.\(^8\) In such cases, estimates of the $\omega_{jk} = \gamma_{jk}, j \neq k$, can be used to estimate $\gamma_{jj}$ and $G_j = \gamma_{jj} / \omega_{jj}$.

Additional intuition follows from an understanding of circumstances in which our approach is not applicable. The primary case is where a universe score is multidimensional with at least one of the dimensions of ability not correlated with any of the abilities measured by the other tests. For

\(^7\) These estimators are consistent, but biased as they are ratios of estimators. The same is true in several other examples discussed below.

\(^8\) In general $\tau_{i,j+m} = E(\tau_{i,j+m} | \tau_j) + \delta_{i,j+m}$ where $E \delta_{i,j+m} \tau_j = 0$. Utilizing a Taylor-series approximation for $E(\tau_{i,j+m} | \tau_j)$, $\tau_{i,j+m} = a_0 + a_1(\tau_j - \mu_j) + a_2^2(\tau_j - \mu_j)^2 + \cdots + \delta_{i,j+m}$ where $\mu_j = E\tau_j$. Thus,

$$\gamma_{j,j+m} = E(\tau_{ij} - \mu_j)(\tau_{i,j+m} - \mu_{j+m}) = a_1^m \gamma_{jj} + a_2^m \sigma_{\tau_j}^3 + \cdots$$

where $\gamma_{j,j+m}$ is a function of $\gamma_{jj}$.\(^9\)
example, suppose the universe score for the second exam measures two abilities such that
\[ \tau_{i2} = \tau_{i2}^a + \psi_{i2} \] with \( \text{Cov}(\psi_{i2}, \tau_{i2}) = 0 \) and \( \text{Cov}(\tau_{i2}^a, \tau_{i2}) \neq 0, \quad \forall k \neq 2. \]
Because
\[ \omega_{2k} = \gamma_{2k} = \text{Cov}(\tau_{i2}^a, \tau_{i2}) \text{ is not a function of } V(\psi_{i2}), \text{ knowledge of the } \omega_{jk} \text{ does not identify} \]
\[ V(\psi_{i2}), \gamma_{22} = V(\tau_{i2}^a) + V(\psi_{i2}) \text{ or } G_2 = \frac{\left[V(\tau_{i2}^a) + V(\psi_{i2})\right]}{\omega_{22}}. \]
Thus, in cases where tests measure multidimensional abilities, application of our approach is appropriate only if every skill and ability measured by each test is correlated with one or more skill or ability measured by the other tests.

When this property does not hold, the extent of measurement error and the extent of variation in \( \psi_{i2} \) measured by \( V(\psi_{i2}) \) are confounded. (Regarding dimensionality, it is relevant to note that IRT models used in test scoring typically maintain that each test measures ability along a single dimension, which can be, and often is, tested.)

Note that an increase in the extent of measurement error in the \( j^{th} \) test (i.e., a decrease in \( G_j \)), keeping other things constant, implies the same proportionate reduction in every test-score correlation in the \( j^{th} \) row and column of \( R \) in Equation 5, but no change in any of the other test-score correlations, as \( G_j \) only appears in that row and column. Whether \( G_j \) is identified crucially depends upon whether a change in \( G_j \) is the only explanation for such a proportionate change in \( r_{jk}, \quad \forall k, \text{ with no change in } r_{mn}, m, n \neq j. \) Another possible explanation is the case where \( \psi_{i2} \) represents an ability not correlated with any of the abilities measured by the other tests. An increase in \( V(\psi_{i2}) \) would imply proportionate declines in \( \rho_{2k} \) and \( r_{2k}, \quad \forall k, \text{ with } \rho_{mn} \text{ and } r_{mn}, m, n \neq 2, \) unchanged. However, in many circumstances analysts will find it reasonable to rule out this possibility, e.g., dismiss the possibility that the universe-score correlations for the first and second exams and the second and third exams could decline at the same time that the universe-score

---

9 An example might be a series of social-studies tests in which only one exam tests whether students know the names of state capitals, with this knowledge not correlated with any of the knowledge/abilities measured by the other tests.
correlation for the first and third exams remained unchanged. More generally, a variety of universe-score correlation structures rule out the possibility of a proportionate change in every universe-score correlation in the $j$th row and column with no change in every other $\rho_{mn}$, $m, n \neq j$. In those cases, a proportionate change in the $r_{jk}$, $\forall k$, with no change in $r_{mn}$, $m, n \neq j$, necessarily implies an equal proportionate change in $G_j$.

In Equation 5 note that $(\rho_{13}/\rho_{14})/(\rho_{23}/\rho_{24}) = (\rho_{13}/\rho_{14})/(\rho_{23}/\rho_{24})$. In general, $r_{ji}/r_{kj} : \rho_{ji}/\rho_{kj} : \rho_{jk}/\rho_{hk}$. Also, often it is reasonable to maintain that the universe-score correlation matrix follows some general structure, which implies functional relationships among the universe-score correlations. This, in turn, simplifies expressions such as

$(\rho_{13}/\rho_{14})/(\rho_{23}/\rho_{24})$. In this way, the relative magnitudes of the $r_{jk}$ are key in identifying the $\rho_{jk}$.

One example is the case of $\rho_{jk} = \rho^{[m-k]}$ which implies that $\rho = (r_{jk}/r_{jm})^{1/[m-k]}$. More generally, the pattern of decline in $r_{j, j+m}$ as $m$ increases in the $j$th row (column) relative to the pattern of decline for $r_{k, k+m}$ in other rows (columns) is key in identifying $\rho_{jk}$.

Identification is not possible in the case of a compound symmetric universe-score correlation structure (i.e., correlations are equal for all test pairs). Substituting $\rho_{jk} = \rho, \forall j, k$ in Equation 5 makes clear that a proportionate increase (decrease) in $\rho$ accompanied by an equal proportionate reduction (increase) in all the $G_j$ leaves all the test-score correlations unchanged. Thus, our approach can identify the $G_j$ only if it is not the case that $\rho_{jk} = \rho, \forall j, k$. Fortunately, it is quite reasonable to rule out this possibility in cases where tests in a subject or related subjects are taken over time, as the correlations typically will differ reflecting the timing of tests.

Note that the extent of test measurement error can be estimated whether or not tests are vertically scaled. Given the prevalence of questions regarding whether test scales in practice are the
same across grades and years, it is fortunate that our approach can employ test-score correlations as in Equation 5. Each test must reflect an interval scale, but the scales can differ across tests. Even though the lack of vertical scaling has a number of undesirable consequences regarding what can be inferred from test scores, no problem arises with respect to the estimation of the extent of test measurement error for the individual tests, measured by $G_j$. In analyses where tests are known, or presumed, to be vertically scaled, as in the estimation of growth models, the extent of test measurement error can be estimated employing either test-score covariances or the corresponding correlations. However, in estimating the extent of measurement error and universe-score variances, nothing is lost by employing the correlations and there is the advantage that the estimator does not depend upon whether the tests are, in fact, vertically scaled.

In summary, smaller test-score correlations can reflect either larger measurement error or smaller universe-score correlations, or a combination of both. Fortunately, it is possible to distinguish between these explanations in a variety of settings, including situations in which tests are neither parallel nor vertically scaled. In fact, the tests can measure different abilities, provided that, first, there is no ability measured by a test that is uncorrelated with all the abilities measured by the other tests, and, second, one can credibly maintain at least minimal structure characterizing the universe-score correlations for the tests being analyzed.

Our approach falls within the general framework for the analysis of covariance structures discussed by Joreskog (1978), the kernel of which can be found in Joreskog (1971). Our method also draws upon that employed by Abowd and Card (1989) to study the covariance structure of individual and household earnings, hours worked and other time-series variables.

2.0 Estimation Strategy

To decompose the variance of test scores into the parts attributable to real differences in
achievement and measurement error requires estimates of test-score variances and covariances or
correlations along with assumptions regarding the structure characterizing universe-score
covariances or correlations. One approach is to directly specify the $\rho_{jk}$ (e.g., assume $\rho_{jk} = \rho_{|j-k|}$).
We label this the reduced-form approach as such a specification directly assumes some reduced-
form stochastic relationship between the universe scores. An alternative is to assume an underlying
structure of achievement growth, including random and nonrandom components, and infer the
corresponding reduced-form pattern of universe-score correlations.

Employing such a structural specification, we assume that academic achievement, measured
by universe scores, is cumulative:

$$\tau_{i,j+1} = \beta_j \tau_{i,j} + \theta_{i,j+1}.$$  (7)

This first-order autoregressive structure models attainment in grade $j+1$ as depending upon the level
of knowledge and skills in the prior grade, possibly subject to decay (if $\beta_j < 1$) that can vary
across grades. A key assumption is that decay is not complete, i.e., $\beta_j > 0$. $\beta_j = \beta_j$, $\forall j$, is a special
case, as is $\beta_j = 1$. $\theta_{i,j+1}$ is the gain in student achievement in grade $j+1$, gross of any decay. In a
fully specified structural model one must also specify the statistical structure of the $\theta_{i,j+1}$. For
example, $\theta_{i,j+1}$ could be a function of a student-level random effect, $\mu_i$, and white noise, $\varepsilon_{i,j+1}$:

$$\theta_{i,j+1} = \mu_i + \varepsilon_{i,j+1}.$$ Alternatively, $\theta_{i,j+1}$ could be a first-order autoregressive process or a moving
average. Each such specification along with Equation 7 implies reduced-form structures for the
covariance and correlation matrices in Equations 4 and 5. As demonstrated below, one can also
employ a hybrid approach which continues to maintain Equation 7 but, rather than fully specifying
the underlying stochastic structure of test-to-test achievement gains, assumes that the underlying

11 Todd and Wolpin (2003) discuss the conditions under which this will be the case.
12 When $\tau_{i,j}$ and $\tau_{i,j-1}$ are homoskedastic, as assumed above, the same must be true for $\theta_j$ per Equation 7.
13 Examples of such derivations are available upon request.
structure is such that \( E(\theta_{i,j-1} | \tau_{ij}) \) is a linear function of \( \tau_{ij} \).

The relative attractiveness of these approaches will vary depending upon the particular application. For example, when analysts employ test-score data to estimate models of achievement growth and also are interested in estimating the extent of test measurement error, it would be logical in the latter analysis to maintain the covariance or correlation structures implied by the model(s) of achievement growth maintained in the former analysis. At the same time there are advantages of employing the hybrid, linear model developed below. For example, the framework has an intuitive, relatively flexible, and easy-to-estimate universe-score correlation structure so that the approach can be applied whether or not the tests are vertically scaled. The hybrid model also lends itself to a relatively straightforward analysis of measurement-error heteroskedasticity and also allows the key linearity assumption to be tested. Of primary importance is whether there is a convincing conceptual justification for the specification employed in a particular application. Analysts may have greater confidence in assessing the credibility of a structural or hybrid model of achievement growth than assessing the credibility of a reduced-form covariance structure considered in isolation.

2.1 A Linear Model

In general, the test-to-test gain in achievement can be written as the sum of its mean conditional on the prior level of ability and a random error having zero mean; \( \theta_{i,j+1} = E(\theta_{i,j+1} | \tau_{ij}) + u_{i,j+1} \) where \( u_{i,j+1} \equiv \theta_{i,j+1} - E(\theta_{i,j+1} | \tau_{ij}) \) and \( E u_{i,j+1} \tau_{ij} = 0 \). The assumption that such conditional mean functions are linear in parameters is at the core of regression analysis. We go a step further and assume that \( E(\theta_{i,j+1} | \tau_{ij}) \) is a linear function of \( \tau_{ij} \); \( E(\theta_{i,j+1} | \tau_{ij}) = a_j + b_j \tau_{ij} \) where \( a_j \) and \( b_j \) are parameters. Here we do not explore the full set of stochastic structures characterizing test-to-test learning, \( \theta_{i,j+1} \), for which a linear specification is a reasonably good approximation. However, it is relevant to note that the linear specification is a first-order Taylor approximation for
any $E\left(\theta_{i,j+1} \mid \tau_{ij}\right)$ and that $\tau_{ij}$ and $\theta_{i,j+1}$ having a bivariate normal distribution is sufficient, but not necessary, to assure linearity in $\tau_{ij}$. Also, as discussed below, the assumption of linearity can be tested.

Equation 7 and $\theta_{i,j+1} = a_j + b_j \tau_{ij} + u_{i,j+1}$ imply that $\tau_{i,j+1} = a_j + c_j \tau_{ij} + u_{i,j+1}$ where $c_j \equiv \beta_j + b_j$; the universe score in grade $j+1$ is a linear function of the universe score in the prior grade. The two components of coefficient $c_j$ reflect i) part of the student’s proficiency in grade $j+1$ having already been attained in grade $j$, attenuated per Equation 7, and ii) the expected growth during year $j+1$ being linearly dependent on the prior-year achievement, $\tau_{ij}$.

The linear model $\tau_{i,j+1} = a_j + c_j \tau_{ij} + u_{i,j+1}$ implies that $\rho_{j,j+1} = c_j \sqrt{\gamma_{ij} / \gamma_{j+1,j+1}}$ (e.g., $\rho_{12} = c_1 \sqrt{\gamma_{11} / \gamma_{22}}$). In addition, $\rho_{j,j+2} = \rho_{j,j+1} \rho_{j+1,j+2}$ (e.g., $\rho_{3} = c_2 c_1 \sqrt{\gamma_{11} / \gamma_{33}} = c_1 \sqrt{\gamma_{12} / \gamma_{22}} c_2 \sqrt{\gamma_{22} / \gamma_{33}} = \rho_{12} \rho_{23}$), $\rho_{j,j+3} = \rho_{j,j+1} \rho_{j+1,j+2} \rho_{j+2,j+3}$, etc. This structure along with Equation 5 implies the following moment conditions:

$$
\begin{bmatrix}
\rho_{12} & r_{13} & r_{14} & \cdots \\
r_{23} & r_{24} & \cdots \\
r_{34} & \cdots \\
& \ddots
\end{bmatrix}
= \begin{bmatrix}
\sqrt{G_1 G_2} & \sqrt{G_1 G_3} \rho_{12} & \sqrt{G_1 G_4} \rho_{12} \rho_{23} & \cdots \\
\sqrt{G_2 G_3} \rho_{23} & \sqrt{G_2 G_4} \rho_{23} \rho_{34} & \cdots \\
\sqrt{G_3 G_4} \rho_{34} & \cdots \\
& \ddots
\end{bmatrix}
.$$  (8)

Because $\sqrt{G_1}$ and $\rho_{12}$ only appear as a multiplicative pair, the parameters are not identified, but $\rho_{12}^* \equiv \sqrt{G_1} \rho_{12}$ is identified. The same is true for $\rho_{j-1,j}^* \equiv \sqrt{G_j} \rho_{j-1,j}$ where $J$ is the last grade for which test scores are available. After substituting the expressions for $\rho_{12}^*$ and $\rho_{j-1,j}^*$, the

$$
N_m = J(J-1)/2 \text{ moments in Equation 8 are functions of the } N_\pi = 2J - 3 \text{ parameters in } \pi = \begin{bmatrix}
G_2 & G_3 & \cdots & G_{J-1} & \rho_{12}^* & \rho_{23}^* & \cdots & \rho_{J-2,j-1}^* & \rho_{j-1,j}^*
\end{bmatrix},
$$

which can be identified provided that $J \geq 4$. With one or more additional parameter restrictions, $J = 3$ is sufficient for identification. For example, when
$G_j = G$, estimates of the test-score correlations for $J = 3$ tests imply the following estimators:

$$
\hat{\rho}_{12} = \hat{r}_{13}/\hat{r}_{23} \quad \hat{\rho}_{23} = \hat{r}_{13}/\hat{r}_{12} \quad \hat{G} = \hat{r}_{12}\hat{r}_{23}/\hat{r}_{13}.
$$

(9)

In general, estimated test-score correlations together with assumptions regarding the structure of student achievement growth are sufficient to estimate the universe-score correlations and the relative extent of measurement error measured by the generalizability coefficients. In turn, estimates of $G_j$ and the test-score variance, $\omega_j$, imply the variance of test measurement error estimator $\hat{\sigma}_{\hat{\eta}_j}^2 = \hat{\omega}_j(1 - \hat{G}_j)$ as well as the universe-score variance estimator $\hat{\gamma}_j = \hat{\omega}_j\hat{G}_j$ measuring the dispersion in student achievement in grade $j$.

The equations in (9) illustrate the general intuition regarding identification discussed in Section 1.0. Consider the implications of $\hat{r}_{12}$, $\hat{r}_{23}$, and $\hat{r}_{13}$ being smaller. First, this need not imply an increase in the extent of test measurement error. The last equation in (9) implies that

$$
d\hat{G}/\hat{G} = d\hat{r}_{13}/\hat{r}_{12} + d\hat{r}_{23}/\hat{r}_{23} - d\hat{r}_{13}/\hat{r}_{13}.
$$

Thus, $\hat{G}$ would remain constant if the proportionate change in $\hat{r}_{13}$ equals the sum of the proportionate changes in $\hat{r}_{12}$ and $\hat{r}_{23}$. In such cases, the magnitude of the proportionate reduction in $\hat{r}_{13}$ equals or exceeds the proportionate reduction in $\hat{r}_{12}$ ($\hat{r}_{23}$). With strict inequalities, $\hat{\rho}_{12}$ and $\hat{\rho}_{23}$ will decline, as shown in the first two formulae in (9). If the proportionate reduction in $\hat{r}_{13}$ equals the proportionate reductions in both $\hat{r}_{12}$ and $\hat{r}_{23}$, $\hat{\rho}_{12}$ and $\hat{\rho}_{23}$ would remain constant, but $\hat{G}$ would have the same proportionate reduction. In other cases, changes in $\hat{r}_{12}$, $\hat{r}_{23}$, and $\hat{r}_{13}$ will imply changes in $\hat{G}$ as well as a change in either $\hat{\rho}_{12}$ or $\hat{\rho}_{23}$, or changes in both.

Whether the parameters are exactly identified as in Equation 9 or over-identified, the parameters can be estimated using a minimum-distance estimator. For example, suppose the elements of the column vector $r(\pi)$ are the moment conditions on the right-hand-side of Equation 8.
after having substituted the expressions for \( \rho_{ij}^* \) and \( \rho_{j-1,j}^* \). With \( \hat{r} \) representing the corresponding vector of \( N_m \) test-score correlations for a sample of students, the minimum-distance estimator is

\[
\arg\min_{\pi} [\hat{r} - r(\pi)]'B[\hat{r} - r(\pi)]
\]

where \( B \) is any positive semi-definite matrix. \( \pi \) is locally identified if \( B \to B_0 \) and \( \text{rank}[B_0 \partial r(\pi)/\partial \pi'] \geq N_{\pi}, \ N_M \geq N_{\pi} \) being a necessary condition.

Equalities imply the parameters are exactly identified with the estimators implicitly defined in \( \hat{r} = r(\hat{\pi}) \) and unaffected by the choice of \( B \). Equation 9 is one such example. We employ the identity matrix so that \( \hat{\pi}_{MD} = \arg\min_{\pi} [\hat{r} - r(\pi)]' [\hat{r} - r(\pi)] \).\(^{14}\) The estimated generalizability coefficients, in turn, can be used to infer estimates of the universe-score variances, \( \hat{\gamma}_{jj} = \hat{G}_{jj} \hat{\omega}_{jj} \), and measurement-error variances \( \hat{\sigma}^2_{n_j} = \hat{\gamma}_{jj} (1 - \hat{G}_{jj}) / \hat{G}_{jj} = (1 - \hat{G}_{jj}) \hat{\omega}_{jj} \). Rather than estimating \( \gamma_{jj} \) and \( \sigma^2_{n_j} \) in such a second step, the moment conditions \( \omega_{jj} = \gamma_{jj} / G_{jj} \) and \( \omega_{jj} = (1 - G_{jj}) / \sigma^2_{n_j} \) can be included in \( r(\pi) \) and \( r \), yielding parameter estimates and standard errors of \( \gamma_{jj} \) and \( \sigma^2_{n_j} \), in addition to the other parameters in \( r(\pi) \).

The variance of the minimum-distance estimator is

\[
V(\hat{\pi}_{MD}) = [Q'Q]^{-1} Q' V(\hat{r}) Q [Q'Q]^{-1}
\]

where \( Q \) is the matrix of derivatives \( Q = \partial r(\pi)/\partial \pi \). \( V(\hat{r}) \) enters the formula because sample moments, \( \hat{r} \), are employed as estimates of the corresponding population moments, \( r_\pi \), where the limit distribution of \( \hat{r} \) is \( \sqrt{N_s} (\hat{r} - r_\pi) \overset{d}{\to} N[0, V(\hat{r})] \). The precision of the estimator \( \hat{\pi}_{MD} \) is affected by random sampling error which also can be assessed using bootstrapping; computing \( \hat{\pi}_{MD} \) for each of a large number of bootstrapped samples will provide information regarding the distribution of the

\(^{14}\) See Cameron and Trivedi (2005) for a more detailed discussion of minimum-distance estimators. The equally-weighted minimum-distance estimator, \( \hat{\pi}_{MD} \), is consistent but less efficient than the estimator corresponding to the optimally chosen \( B \). However, \( \hat{\pi}_{MD} \) does not have the finite-sample bias problem that arises from the inclusion of second moments. See Altonji and Segal (1996).
\( \hat{\pi}_{MD} \), including an estimate of \( V(\hat{\pi}_{MD}) \).

### 2.2 Additional Points

Estimation of the overall extent of measurement error for a population of test-takers only requires descriptive statistics and correlations of test scores, an attractive feature of our approach. Additional inferences are possible when student-level data are available, an important example being the analysis of the extent and pattern of heteroskedasticity. The linear model \( \tau_{i,j+1} = a_j + c_j \tau_j + u_{i,j+1} \) and the formula \( S_{ik} = \tau_{ik} + \eta_{ik} \) imply that \( \eta_{i,j+1} - c_j \eta_j + u_{i,j+1} = S_{i,j+1} - a_j - c_j S_j \).

The variances of the expressions before and after the equality being equal implies Equation 10.

\[
\sigma^2_{\hat{\eta}_{i,j+1}} + c_j^2 \sigma^2_{\eta_j} = V\left(S_{i,j+1} - c_j S_j \right) - \sigma^2_{\hat{\eta}_{i,j+1}} \quad (10)
\]

Here \( c_j = \gamma_{j,j+1}/\gamma_{jj} \) and \( \sigma^2_{\hat{\eta}_{i,j+1}} = \gamma_{j,j+1} S_{i,j+1} - \gamma_{j,j+1}^2/\gamma_{jj} \). By specifying a functional relationship between \( \sigma^2_{\hat{\eta}_{i,j+1}} \) and \( \sigma^2_{\eta_j} \), Equation 10 can be used to explore the nature and extent of measurement-error heteroskedasticity. \( \sigma^2_{\hat{\eta}_{i,j+1}} = \sigma^2_{\eta_j} \) is an example, but is of limited use in that it does not allow for either i) variation in common factors affecting \( \sigma^2_{\eta_j} \) for all students (e.g., a decrease in

\[
\sigma^2_{\eta_j} = E\sigma^2_{\eta_j} \quad \text{resulting from an increase in the number of test items)} \) or ii) variation between \( \sigma^2_{\eta_j} \) and \( \sigma^2_{\eta_{i,j+1}} \) for individual students, holding \( \sigma^2_{\eta_j} \) and \( \sigma^2_{\eta_{i,j+1}} \) constant. To allow for differences in the population mean measurement-error variance across tests one could employ the specification

\[
\sigma^2_{\hat{\eta}_{i,j+1}}/\sigma^2_{\eta_{i,j+1}} = \sigma^2_{\eta_j}/\sigma^2_{\eta_j} \quad \text{or, equivalently,} \quad \sigma^2_{\hat{\eta}_{i,j+1}} = K_j \sigma^2_{\eta_j} \quad \text{where} \quad K_j \equiv \sigma^2_{\eta_{i,j+1}}/\sigma^2_{\eta_j} \quad .
\]

Here the proportionate difference between \( \sigma^2_{\hat{\eta}_{i,j+1}} \) and \( \sigma^2_{\eta_{i,j+1}} \) for the \( \text{i}^\text{th} \) test-taker is the same as that between

---

\( \text{15 The equations } \tau_{i,j+1} = a_j + c_j \tau_j + u_{i,j+1} \text{ and } E u_{i,j+1} \tau_j = 0 \text{ imply that } \gamma_{i,j+1} \equiv \text{cov}(\tau_j, \tau_{i,j+1}) = c_j \gamma_{jj} \text{ and, in turn,} \quad c_j = \gamma_{j,j+1}/\gamma_{jj} \cdot \text{ With } u_{i,j+1} = \tau_{i,j+1} - a_j - c_j \tau_j, \text{ it follows that } \sigma^2_{u_{i,j+1}} = \gamma_{j,j+1} + c_j^2 \gamma_{jj} - 2c_j \gamma_{j,j+1} = \gamma_{j,j+1} - \gamma_{j,j+1}/\gamma_{jj} \cdot \)
\( \sigma_{\eta_{ij}}^2 \) and \( \sigma_{\eta_{ij}}^2 \). To meaningfully relax this assumption we assume that \( \sigma_{\eta_{ij}}^2 = K_j \sigma_{\xi_{ij}}^2 + \xi_{ij} \) where the random variable \( \xi_{ij} \) has zero mean. This formulation along with Equation 10 implies Equation 11. Thus, the mean measurement-error variance for a group students represented by \( C \) can be estimated using Equation 12. One can also employ the noisy student-level estimate in Equation 13 as the dependent variable in a regression analysis estimating the extent to which \( \sigma_{\eta_{ij}}^2 \) varies with the level of student achievement or other variables, as employed below.

\[
\sigma_{\eta_{ij}}^2 = \frac{V(S_{i,j+1} - c_j S_{ij}) - \sigma_{\eta_{ij}}^2}{(K_j + c_j^2)} \tag{11}
\]

\[
\hat{\sigma}_{\eta_{ij}}^2 = \frac{(1/N_C) \sum_{i \in C} \left[ (S_{i,j+1} - \hat{c}_j S_{ij})^2 - \hat{\sigma}_{\eta_{ij}}^2 \right]}{\left( \hat{K}_j + \hat{c}_j^2 \right)} \tag{12}
\]

\[
\hat{\sigma}_{\eta_{ij}}^2 = \frac{\left[ (S_{i,j+1} - \hat{c}_j S_{ij})^2 - \hat{\sigma}_{\eta_{ij}}^2 \right]}{\left( \hat{K}_j + \hat{c}_j^2 \right)} \tag{13}
\]

The parameters entering the universe-score covariance or correlation structure can be estimated without specifying the distributions of \( \tau_{ij} \) and \( \eta_{ij} \), but additional inferences are possible with such specifications. When needed, we assume that \( \tau_{ij} \) and \( \eta_{ij} \) are normally distributed. If \( \eta_{ij} \) is either homoskedastic or heteroskedastic with \( \sigma_{\eta_{ij}}^2 \) not varying with the level of ability, \( \tau_{ij} \) and \( S_{ij} \) are bivariate normal, which implies that the conditional distribution of \( \tau_{ij} \) given \( S_{ij} \) is normal with moments \( E(\tau_{ij} \mid S_{ij}) = (1-G_{ij})\mu_j + G_{ij} S_{ij} \) and \( V(\tau_{ij} \mid S_{ij}) = (1-G_{ij})\gamma_{ij} \) where \( \mu_j \equiv ES_{ij} \). In the homoskedastic case, \( G_{ij} = G_{j} \). With heteroskedasticity and \( \sigma_{\eta_{ij}}^2 \) not varying with ability, \( G_{ij} = \gamma_{ij} \left( \gamma_{ij} + \sigma_{\eta_{ij}}^2 \right) \). The Bayesian posterior mean of \( \tau_{ij} \) given \( S_{ij} \), \( E(\tau_{ij} \mid S_{ij}) \), is the best linear
unbiased predictor (BLUP) of the student’s actual ability.\(^{16}\) \(V(\tau_{ij} | S_{ij})\) and easily computed Bayesian credible bounds (confidence intervals) can be employed to measure the precision of the best-linear-unbiased estimator for each student.

Computing posterior means and variances as well as credible bounds are somewhat more complicated when the extent of test measurement error systematically varies across ability levels, as in our application (i.e., \(\sigma_{\eta_{ij}} = \sigma_{\eta_j}(\tau_{ij})\)). The normal density of \(\eta_{ij}\) is \(g^j(\eta_{ij} | \tau_{ij}) = \phi(\eta_{ij}/\sigma_{\eta_j}(\tau_{ij}))/\sigma_{\eta_j}(\tau_{ij})\) where \(\phi(\cdot)\) is the standard-normal density. The joint density of \(\tau_{ij}\) and \(\eta_{ij}\), shown in Equation 14, is not bivariate normal, due to \(\sigma_{\eta_{ij}}\) being a function of \(\tau_{ij}\).

\[
h^j(\eta_{ij}, \tau_{ij}) = g^j(\eta_{ij} | \tau_{ij})f^j(\tau_{ij}) = \frac{1}{\sigma_{\eta_j}(\tau_{ij})} \phi(\eta_{ij}/\sigma_{\eta_j}(\tau_{ij}))\phi((\tau_{ij} - \mu_j)/\sqrt{\gamma_{ij}}) \tag{14}
\]

\[
k^j(S_{ij}) = \int_{-\infty}^{\infty} h^j(S_{ij} - \tau_{ij}, \tau_{ij})d\tau_{ij} = \int_{-\infty}^{\infty} g^j(S_{ij} - \tau_{ij} | \tau_{ij})f^j(\tau_{ij})d\tau_{ij} \tag{15}
\]

\[
k^j(S_{ij}) = \sum_{m=1}^{M} g^j(S_{ij} - \tau_{mj}^* | \tau_{mj}^*)/M \tag{16}
\]

\[
E(\tau_{ij} | S_{ij}) = \frac{1}{k^j(S_{ij})M} \sum_{m=1}^{M} \tau_{mj}^* g^j(S_{ij} - \tau_{mj}^* | \tau_{mj}^*) \tag{17}
\]

\[
P(\tau_{ij} < a | S_{ij}) = \frac{1}{k^j(S_{ij})M} \sum_{\tau_{mj} < a} g^j(S_{ij} - \tau_{mj}^* | \tau_{mj}^*) \tag{18}
\]

The conditional density of \(\tau_{ij}\) given \(S_{ij}\) is \(h^j(S_{ij} - \tau_{ij}, \tau_{ij})/k^j(S_{ij})\) where \(k^j(S_{ij})\) is the density of \(S_{ij}\). As shown in Equation 15, \(S_{ij}\) is a mixture of normal random variables. Given \(\sigma_{\eta_{ij}} = \sigma_{\eta_j}(\tau_{ij})\),

\(^{16}\) Even though \(\hat{E}(\tau_{ij} | S_{ij})\) is the best linear unbiased predictor for the ability of any individual test-taker, the distribution of the \(\hat{E}(\tau_{ij} | S_{ij})\) is not the BLUP for the distribution of abilities. Neither is the rankings of the \(E(\tau_{ij} | S_{ij})\) the BLUP for ability rankings. See Shen and Louis (1998). However, the latter two BLUPs can be computed employing the distribution of observed scores and the parameter estimates used to compute \(\hat{E}(\tau_{ij} | S_{ij})\).
the integral can be calculated using Monte Carlo integration with importance sampling as shown in
Equation 16 where \( r_m, m = 1, 2, \ldots, M \), is a sufficiently large set of random draws from the
distribution \( f'(r_j) \). Similarly, the posterior mean ability level given any particular score can be
computed using Equation 17. Also, the formula for the cumulative posterior distribution of \( \tau_{ij} \) in
Equation 18 can be used to compute Bayesian credible bounds. For example, the 80 percent credible
interval is \((L, U)\) such that \( P(L \leq \tau_{ij} \leq U \mid S_{ij}) = 0.80 \). Here we choose the lower- and upper-bounds
such that \( P(\tau_{ij} < L \mid S_{ij}) = 0.10 \) and \( P(\tau_{ij} < U \mid S_{ij}) = 0.90 \).

The linear model is a useful tool for estimating the overall extent of test measurement error.
Estimation is straightforward and the key requirement that \( E(\tau_{i,j+1} \mid r_{ij}) \) is a linear function of \( r_{ij} \)
will be reasonable in a variety of circumstances. However, this will not always be the case. Exams
assessing minimum-competency are one possible example. Thus, in assessing the applicability of
the linear model in each possible use, one must assess whether the assumptions underlying the
linear model are likely to hold. Fortunately, whether \( r_{i,j+1} \) is a linear function of \( r_{ij} \) can be tested,
as demonstrated below in Section 3.1.

Finally, it is important to understand that the linear model is only one of the specifications
that fall within our general approach. One can carry out empirical analyses employing fully-
specified statistical structures for the \( \theta_{ij} \). Furthermore, rather than inferring the correlation structure
based on a set of underlying assumptions, one can start with an assumed covariance or correlation
structure. A range of specifications for the structure of correlations are possible, including
\( \rho_{jk} = \rho^{|k-j|} \) and variations on the specification shown in Equation 8. Again, the reasonableness of
any particular structure will be context specific.
3.0 An Empirical Application

We estimate the parameters in the linear model employing test-score moments (e.g., correlations) for the third- through eighth-grade New York State math and ELA tests taken by the cohort of New York City students who were in the third grade during the 2004-2005 school year. Students who made normal grade progression were in the eighth grade in 2009-2010. The exams, developed by CTB-McGraw Hill, are aligned to the New York State learning standards and are given to all registered students, with limited accommodations and exclusions. Here we analyze IRT scale-scores, but our approach can be used to analyze raw-scores as well.

Table 1 reports descriptive statistics for the sample of students. Correlations for ELA and Math are shown below the diagonals in Tables 2 and 3. Employing these statistics as estimates of population moments results in sampling error, as discussed at the end of Section 2.1. In the case of sampling completely at random, the sample correlations will equal those for the population except for differences due to sampling error. However, the extent of such error will be relatively small in cases where most students in the population of interest are tested (e.g., state-wide assessments), with missing scores primarily reflecting absences on test days due to random factors such as illness. Individuals in the population of interest also may not be tested due to non-random factors, e.g., a student subpopulation being exempt from testing. More subtle problems also can arise. For example, across grades and subjects in our sample of NYC students, roughly seven percent of the students having scores in one grade have missing scores for the next grade. There would not be a problem if the scores were missing completely at random. (See Rubin (1987) and Schafer (1997).) However, this is not the case as students who have missing scores typically score relatively low in the grades for which scores are present. The exception is that there are missing scores for some very high-scoring students who skip the next grade. Dropping observations with any missing scores would yield a sample not representative of the overall student population. Pair-wise computation of
correlations would reduce, but not eliminate, the problem. Imputation of missing data, which we employed prior to computing the descriptive statistics reported in Tables 1, 2 and 3, is a better solution for dealing with such systematic patterns of missing data.\footnote{We impute values of missing scores using SAS Proc MI. The Markov Chain Monte Carlo procedure is used to impute missing-score gaps (e.g., a missing fourth grade score for a student having scores for grades three and five). This yielded an imputed database with only monotone missing data (e.g., scores included for grades three through five and missing in all grades thereafter). The monotone missing data were then imputed using the parametric regression method.}

3.1 Testing Model Assumptions

The simple correlation structure in Equation 8 follows from assuming that $E(\tau_{i,j+1} | \tau_j)$ is linear in $\tau_j$. Whether linearity is a reasonably good approximation can be assessed using test-score data. The lines in Figures 1(a) and 1(b) are nonparametric estimates of $E(S_{8i} | S_{7j})$ for ELA and math, respectively, showing how eighth-grade scores are related to scores in the prior grade. The bubbles with white fill show the actual combinations of observed 7th and 8th grade scores, with the area of each bubble reflecting the relative number of students with that score combination.

The dark bubbles toward the bottoms of Figures 1(a) and 1(b) show the IRT standard errors of measurement (SEMs) for the 7th grade tests (right vertical axis) reported in the test technical reports.\footnote{As an example, see CTB/McGraw-Hill (2009).} Note that the extent of measurement error associated with the test instrument is meaningfully larger for both low and high abilities, reflecting the nonlinear mapping between raw and scale scores. Each point of the conditional standard errors of measurement plot corresponds to a particular scale score as well as the corresponding raw score; movements from one dot to the next (left to right) reflect a one-point increase in the raw score (e.g., one additional correct answer), with the scale-score change shown on the horizontal axis. For example, starting at an ELA scale score of 709, a one point raw-score increase corresponds to a 20 point increase in the scale score to 729. In contrast, starting from a scale score of 641, a one point increase in the raw score corresponds to a two point increase in the scale score. This varying coarseness of the raw- to scale-score mappings –
reflected in the varying spacing of points aligned in rows and columns in the bubble plot – explains why the reported scale-score SEMs are substantially higher for both low and high scores. Even if the variance were constant across the range of raw scores, the same would not be true for scale scores.

The fitted nonparametric curves in Figures 1(a) and (b), as well as very similar results for other grades, provide strong evidence that $E\left( S_{i,j+1} \mid S_y \right)$ is not a linear function of $S_y$. Even so, this does not contradict our assumption that $E\left( \tau_{i,j+1} \mid \tau_y \right)$ is a linear function of $\tau_y$; test measure error can explain $E\left( S_{i,j+1} \mid S_y \right)$ being S-shaped even when $E\left( \tau_{i,j+1} \mid \tau_y \right)$ is linear in $\tau_y$. It is not measurement error per se that implies $E\left( S_{i,j+1} \mid S_y \right)$ will be an S-shaped function of $S_y$; $E\left( S_{i,j+1} \mid S_y \right)$ will be linear in $S_y$ if the measurement-error variance is constant (i.e.,

$\sigma^2_{\eta_y} = \sigma^2_{\eta_y^*}, \forall i$). However, $E\left( S_{i,j+1} \mid S_y \right)$ will be an S-shaped function of $S_y$ when $\eta_y$ is heteroskedastic with $\sigma^2_{\eta_y} = \sigma_{\eta_y} (\tau_y)$ having a U-shape (e.g., the SEM patterns shown in Figure 1).

The explanation and an example are included in the Appendix, along with a discussion of how information regarding the pattern of test measurement error can be used to obtain consistent estimates of the parameters in a polynomial specification of $E\left( \tau_{i,j+1} \mid \tau_y \right)$. We utilize this approach to eliminate the inconsistency of the parameter estimates resulting from the measurement-error reflected in the SEMs reported in the technical reports. Even though this does not eliminate any inconsistency of parameter estimates resulting from other sources of measurement error, we are able to adjust for the meaningful heteroskedasticity reflected in the reported SEMs.19

---

19 As discussed below, how the reported SEMs vary with the level of ability is similar to our estimates of how the standard deviations of the measurement-error from all sources vary with ability. If true, by accounting for the heteroskedasticity in the measurement error associated with the test instrument, we are able to roughly account for the effect of heteroskedasticity, increasing our confidence in the estimated curvature of $E\left( \tau_{i,j+1} \mid \tau_y \right)$ for each grade and
Results from using this approach to analyze the NYC test-score data are shown in Figure 2 for ELA and math, respectively. The thicker, S-shaped curves correspond to the OLS estimate of $S_{ij}$ regressed on $S_{ij}$ using a cubic specification. The third-order polynomial is the lowest-order specification that can capture the general features of the nonparametric estimates of $E\left(S_{i,j+1} \mid S_{ij}\right)$ in Figure 1. The dashed lines are cubic estimates of $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ obtained using the approach described in the Appendix to avoid parameter-estimate inconsistency associated with that part of test measurement error reflected in the SEMs reported in the technical reports. For comparison, the straight lines are the estimates of $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ employing this approach and a linear specification. It is striking how close the consistent cubic estimates of $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ are to being linear.20 Similar patterns were found for the other grades. Overall, the assumption that $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ is a linear function of $\tau_{ij}$ appears to be quite reasonable in our application.

3.2 Estimated Model

Parameter estimates and standard errors are reported in Table 4. The predicted correlations implied by the estimated models, shown above the diagonals in Tables 2 and 3, allow us to assess how well the estimated models fit the observed correlations shown below the diagonals. To evaluate goodness of fit, consider the absolute differences between the empirical and predicted correlations. The average, and average proportionate, absolute differences for ELA are 0.001 and 0.002, respectively. For math, the differences are 0.003 and 0.005. Thus, the estimated linear models fit the

---

20 The cubic estimates of $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ in the graphs might be even closer to linear if we had accounted for all measurement error. This was not done to avoid possible circularity; one could question results where the estimates of the overall measurement-error variances are predicated maintaining linearity and the estimated variances are then used to assess whether $E\left(\tau_{i,j+1} \mid \tau_{ij}\right)$ is in fact linear.
New York data quite well.

The estimated generalizability coefficients in Table 4 for math are meaningfully larger than those for ELA, and the estimates for ELA are higher in some grades compared to others. These differences are of sufficient size that one could reasonably question whether they reflect estimation error or a fundamental shortcoming of our approach, or both, rather than underlying differences in the extent of test measurement error. Fortunately, we can compare the estimates to the reliability measures reported in the technical reports for the New York tests, to see whether the reliability coefficients differ in similar ways. The top two lines in Figure 3 show the reported reliability coefficients for math (solid line) and ELA (dashed line). The lower two lines show the generalizability coefficient estimates reported in Table 4. It is not surprising that the estimated generalizability coefficient are smaller than the corresponding reported reliability coefficients, as the latter statistics do not account for all sources of measurement error. However, consistencies in the patterns are striking. The differences between the reliability and generalizability coefficients vary little across grades and subjects, averaging 0.117. The generalizability coefficient estimates for math are higher than those for ELA, mirroring corresponding difference between the reliability coefficients reported in the technical reports. Also, in each subject the variation in the generalizability coefficient estimates across grades closely mirrors the corresponding across-grade variation in the reported reliability coefficients. This is especially noteworthy given the marked differences between math and ELA in the patterns across grades.

The primary motivation for this paper is the desire to estimate the overall extent of measurement error motivated by concern that the measurement error in total is much larger than that reported in test technical reports. The estimates of the overall extent of test measurement error on the NY math exams, on average, are over twice as large as that indicated by the reported reliability coefficients. For the NY ELA tests, the estimates of the overall extent of measurement error average
130 percent higher than that indicated by the reported reliability coefficients. The extent of measurement error from other sources appears to be at least as large as that associated with the construction of the test instrument.

Estimates of the variances of actual student achievement can be obtained employing estimates of the overall extent of test measurement error together with the test-score variances. Universe-score variance estimates for our application are reported in column 3 of Table 5. It is possible to infer estimates of the variances of universe-score gains shown in column 6. Because these values are much smaller than the variances of test-score gains, the implied generalizability coefficient estimates in column 7 are quite small. We estimate that only 20 percent of the variance in math gain scores is actually attributable to variation in achievement gains. Gain scores in ELA are even less reliable.

Estimation of the overall extent of measurement error for a population of students only requires test-score variances and correlations. Additional inferences are possible employing student-level test-score data. In particular, such data can be used to estimate \( \sigma_{\eta_j}^2 = \sigma_{\eta_j}^2 (\tau_{ij}) + \zeta_{ij} \) characterizing how the variance of measurement error varies with student ability. (\( \zeta_{ij} \) is a random variable having zero mean.) Here we specify \( \sigma_{\eta_j}^2 (\tau_{ij}) \) to be a third-order polynomial, compute \( \hat{\sigma}_{\eta_j}^2 \) using Equation 13 and employ observed scores as estimates of \( \tau_{ij} \). Regressing \( \hat{\sigma}_{\eta_j}^2 \) on \( S_{ij} \) would yield inconsistent parameter estimates since \( S_{ij} \) measures \( \tau_{ij} \) with error. However, consistent parameter estimates can be obtained using a two-stage least-squares, instrumental-variables estimator where the instruments are the scores for each student not used to compute \( \hat{\sigma}_{\eta_j}^2 \). In the first stage \( S_{ij} \) for grade \( j \) is regressed on \( S_{ik}, k \neq j, j + 1 \), along with squares and cubes, yielding fitted values \( \hat{S}_{ij} \). In turn, \( \hat{\sigma}_{\eta_j}^2 \) is regressed on \( \hat{S}_{ij} \) to obtain consistent estimates of the parameters in
\[ \sigma_{\eta_j}^2(\tau_{ij}) \].

The bold solid lines in Figure 4 show \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \). The dashed lines are the IRT SEMs reported in the test technical reports. Let \( \eta_{ij} = \eta_{ij}^a + \eta_{ij}^b \) where \( \eta_{ij}^a \) is the measurement error associated with test construction, \( \eta_{ij}^b \) is the measurement error from other sources and \( \sigma_{\eta_j}^2 = \sigma_{\eta_j}^2 + \sigma_{\eta_j}^2 \), assuming that \( \eta_{ij}^a \) and \( \eta_{ij}^b \) are uncorrelated. For a particular test, \( \sqrt{\hat{\sigma}_{\eta_j}(\tau_{ij}) - \hat{\sigma}_{\eta_j}(\tau_{ij})} \) can be used to estimate of \( \sigma_{\eta_j}(\tau_{ij}) \). The thin lines in Figure 4 show these “residual” estimates. The range of ability levels for which \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) is shown roughly corresponds to our estimates of the ranges containing 99 percent of actual abilities. In Figure 4(b), for example, it would be the case that

\[
P(608 \leq \tau_{ij} \leq 715) = 0.99 \quad \text{if our estimates of the ability distribution were correct.}
\]

There are a priori explanations for why \( \sigma_{\eta_j}(\tau_{ij}) \) would be a U-shaped function for IRT-based scale-scores and an inverted-U-shaped function in the case of raw scores. A speculative, but somewhat believable, hypothesis is that the variance of the measurement error unrelated to the test instrument is relatively constant across ability levels. However, this begs the question as to whether the relevant “ability” is measured in raw-score or scale-score units. If the raw-score measurement-error variance were constant, the nonlinear mapping from raw-scores to scale-scores would imply a U-shaped scale-score measurement-error variance – possibly explaining the U-shaped patterns of \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) in Figure 4. Whatever the explanation, values of \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) and \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) are roughly comparable in magnitude and vary similarly over a wide range of abilities. We have less confidence in the estimates of \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) for extreme ability levels. Because \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \) is the square
root of a residual, computed values of \( \sqrt{\hat{\sigma}_{\eta_j}(\tau_{ij}) - \hat{\sigma}_{\eta_j'}(\tau_{ij})} \) can be quite sensitive to estimation error when \( \hat{\sigma}_{\eta_j}(\tau_{ij}) - \hat{\sigma}_{\eta_j'}(\tau_{ij}) \) is close to zero. Here it is relevant to note that for the case corresponding to Figure 4(a), our estimate is that only 1.8 percent of students have universe scale-scores exceeding 705. In Figure 4(d), the universe-scores of slightly less than five percent of students exceed 720.

3.3 Inferences Regarding Universe Scores and Universe Score Gains

Observed scores typically are used to directly estimate student achievement and achievement gains. More precise estimates of universe scores and universe-score gains for individual students can be obtained employing observed scores along with the parameter estimates in Table 4 and the estimated measurement-error heteroskedasticity reflected in \( \hat{\sigma}_{\eta_j}(\tau_{ij}) \). As an example, the solid S-shaped lines in Figure 5 show the values of \( \hat{E}(\tau_{ij} \mid S_{ij}) \) for 5th and 7th grade ELA and math. Referencing the 45° line, the estimated posterior-mean ability levels for higher-scoring students are substantially below the observed scores while predicted ability levels for low-scoring students are above the observed scores. This Bayes "shrinkage" is largest for the highest and lowest scores due to the estimated pattern of measurement-error heteroskedasticity. The dashed lines show 80-percent Bayesian credible bounds for ability conditional on the observed score. For example, the BLUP of the universe-score for fifth-grade students scoring 775 in ELA is 737, 38 points below the observed score. We estimate that 80 percent of students scoring 775 have universe scores in the range 719 to 757; \( P(718.8 < \tau_{ij} < 757.2 \mid S_{ij} = 775) = 0.80 \). In this case, the observed score is 18 points higher than the upper bound of the 80-percent credible interval. Midrange scores are more informative, reflecting the smaller standard deviation of test measurement error. For an observed score of 650, the estimated posterior mean and 80-percent Bayesian credible bounds are 652 and (638, 668), respectively. The credible bounds range for a 775 score is 30 percent larger.
than that for a score of 650.

Utilizing test scores to directly estimate students' abilities clearly is problematic for high- and, to a lesser extent, low-scoring students. To explore this relationship further, consider the root of the expected mean squared errors (RMSE) associated with estimating student ability using i) observed scores and ii) estimated posterior mean abilities conditional on observed scores. For the New York City fifth-grade math exam, the RMSE associated with using $\hat{E}\left(\tau_{ij} \mid S_{ij}\right)$ to estimate students' abilities is 14.9 scale-score points. In contrast, the RMSE associated with using $S_{ij}$ is 17.2, 15 percent larger. This difference is meaningful given that $\hat{E}\left(\tau_{ij} \mid S_{ij}\right)$ differs little from $S_{ij}$ over the range of scores for which there are relatively more students. Over the range of actual abilities between 620 and 710, the RMSE for $\hat{E}\left(\tau_{ij} \mid S_{ij}\right)$ and $S_{ij}$ are 14.9 and 15.1, respectively. However, for ability levels below 620 the RMSEs are 13.4 and 20.9, respectively, the latter being 57 percent larger. For students whose actual abilities are greater than 710, the RMSE associated with using $S_{ij}$ to estimate $\tau_{ij}$ is 26.6, which is 62 percent larger than the RMSE for $\hat{E}\left(\tau_{ij} \mid S_{ij}\right)$. By accounting for test measurement error from all sources, it is possible to compute estimates of student achievement that have statistical properties superior to those corresponding to the observed scores of students.

Turning to the measurement of ability gains, the solid S-shaped curve in Figure 6 shows the posterior-mean universe-score change in math between grades five and six conditional on the observed score change. Again, the dashed lines show 80-percent credible bounds. For example,

---

21 The expected values are computed using Monte Carlo simulation described in Section 2.2 and assuming the parameter estimates are correct.

22 The joint density of $\tau_{ij}, \tau_{i+1j}, \eta_{ij}$, and $\eta_{i+1j}$ is $h^{i}\left(\tau_{ij}, \tau_{i+1j}, \eta_{ij}, \eta_{i+1j}\right) = g^{i}\left(\eta_{ij} \mid \tau_{ij}\right) g^{j+1}\left(\eta_{i+1j} \mid \tau_{i+1j}\right) f^{i}\left(\tau_{ij}, \tau_{i+1j}\right)$. With $\delta = \tau_{i+1j} - \tau_{ij}$ and $D = S_{i+1j} - S_{ij} = \delta + \eta_{i+1j} - \eta_{ij}$, the joint density of $\tau_{ij}, \delta, \eta_{ij}$, and $D$ is $h^{i}\left(\tau_{ij}, \tau_{i+1j} + \delta, \eta_{ij}, D - \delta + \eta_{ij}\right)$. Integrating over $\tau_{ij}$ and $\eta_{ij}$ yields the joint density of $\delta$ and $D$:

$$z(\delta, D) = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} g^{i+1}\left(D - \delta + \eta_{ij} \mid \tau_{i+1j}\right) f^{2}\left(\tau_{ij} + \delta \mid \eta_{ij}\right) g^{i}\left(\eta_{ij} \mid \tau_{ij}\right) f^{i}\left(\tau_{ij}\right) d\eta_{ij} d\tau_{ij}$$

where $f^{i}(\tau_{ij})$ is the marginal density of
among students observed to have a 40-point score increase between the fifth and sixth grades, their actual universe-score changes are estimated to average 12.7. Eighty percent of all students having a 40-point score increase are estimated to have actual universe score changes falling in the interval -2.3 to 27.0. It is noteworthy that for the full range of score changes shown (±50 points), the 80-percent credible bounds include no change in actual ability.

Many combinations of scores yield a given score change. Figure 6 corresponds to the case where one knows the score change but not the pre- and post-scores. However, for a given score change, the mean universe-score change and credible bounds will vary across known score levels because of the pattern of measurement-error heteroskedasticity. For example, Figure 7 shows the posterior-mean universe-score change and credible bounds for various scores consistent with a 40-point increase. For example, students scoring 710 on the grade-five exam and 750 on the grade-six exam are estimated to have a 10.3 point universe-score increase on average, with 80 percent of such students having actual changes in ability in the interval (-11.4, 31.7). For students scoring at the fifth-grade proficiency cut-score (648), the average universe-score gain is 19.6 with 80 percent of such students having actual changes in the interval (-1.15, 37.4). (Note that a 40 point score increase is relatively large in that the standard deviation of the score change between the fifth- and sixth-grades is 26.0.) The credible bounds for a 40-point score increase include no change in ability for all fifth-grade scores other than those between 615 and 645.

\[ \tau_{ij} \text{ and } f^i(\tau_{ij}, \tau_y) \text{ is the conditional density of } \tau_{ij} \text{ given } \tau_y. \]  

This integral can be computed using

\[ z(\delta, D) = (1/J) \sum_{j=1}^{J} g^{i+1} \left( D - \delta + \eta_y \tau_y^* + \delta \right) f^i(\tau_y^* + \delta | \tau_y^*). \]  

where \((\tau_y^*, \eta_y), j = 1, 2, \ldots, J, \) is a sufficiently large number of draws from the joint distribution of \((\tau_y^*, \eta_y).\) In turn, the density of the posterior distribution of \(\delta\) given \(D\) is

\[ v(\delta | D) = z(\delta, D) / l(D) \]  

where \(l(D) = (1/J) \sum_{j=1}^{J} g^{i+1} \left( D - \tau_{ij}^* + \tau_y^* + \eta_y^* \right) \) is the density of \(D.\) The cumulative posterior distribution is

\[ P(\delta \leq \delta | S) = (1/J l(D)) \sum_{j=1}^{J} g^{i+1} \left( D - \tau_{ij}^* + \tau_y^* + \eta_y^* \right) \]  

Finally, the posterior mean ability given \(D\) is

\[ E(\delta | D) = (1/J l(D)) \sum_{j=1}^{J} (\tau_{ij}^* - \tau_y^*) g^{i+1} \left( D - \tau_{ij}^* + \tau_y^* + \eta_y^* \right). \]
A striking feature of Figure 7 is that the posterior mean universe-score change,
\[ \hat{E}(\tau_6 | S_5, S_6) = \hat{E}(\tau_6 | S_5, S_6) - \hat{E}(\tau_5 | S_5, S_6), \]
is substantially smaller than the observed-score change. Consider \[ \hat{E}(\tau_6 | S_6 = 750) = 734.0 \] is 16 points below the observed score due to the Bayes shrinkage toward the mean. \[ \hat{E}(\tau_5 | S_5, S_6 = 750) = 729.5 \] is even smaller. Because \( S_6 \) is a noisy estimate of \( \tau_6 \) and \( \tau_5 \) is correlated with \( \tau_6 \), the value of \( S_5 \) provides information regarding the distribution of \( \tau_6 \) that goes beyond the information gained by observing \( S_6 \). \( E(\tau_6 | S_5, S_6) \) would equal \( E(\tau_6 | S_6) \) if either the sixth-grade exam were not subject to measurement error or the fifth- and six-grade universe scores were not correlated.) \[ \hat{E}(\tau_5 | S_5 = 710) = 705.3 \] is less than 710 because the latter is substantially above \( E\tau_{i5} \). However, \[ \hat{E}(\tau_5 | S_5, S_6) = 719.2 \] is meaningfully larger than \( \hat{E}(\tau_5 | S_5) = 707.5 \) and larger than \( S_5 = 710 \), because \( S_6 = 750 \) is substantially larger than \( S_5 \).

In summary, among New York City students scoring 710 on the fifth-grade math exam and 40 points higher on the sixth grade exam, we estimate the mean gain in ability is little more than one-fourth as large as the actual score change; \[ \hat{E}(\tau_6 | S_5, S_6) - \hat{E}(\tau_5 | S_5, S_6) = 729.5 - 719.2 = 10.3. \] The importance of accounting for the estimated correlation between ability levels in grades five and six is reflected in the fact that the mean ability increase would be two and one-half times as large were the ability levels uncorrelated; \[ \hat{E}(\tau_6 | S_6) - \hat{E}(\tau_5 | S_5) = 734.0 - 705.3 = 28.7. \]

**4.0 Conclusion**

We show that there is a credible approach for estimating the overall extent of test measurement error using nothing more than test-score variances and non-zero correlations for three or more tests. Our approach is a meaningful generalization of the test-retest method and can be used
in a variety of settings. First, substantially relaxing the requirement that the tests be parallel, our approach does not require tests to be vertically scaled. The tests even can measure different abilities provided that there is no ability measured by a test that is uncorrelated with all the abilities measured by the other tests. Second, as in the case of congeneric tests analyzed by Joreskog (1971), the method allows the extent of measurement error to differ across tests. Third, the approach only requires some persistence (i.e., correlation) in ability across the test administrations, a requirement far less restrictive than requiring that ability remains constant. However, as with the test-retest framework, the applicability of our approach crucially depends upon whether a sound case can be made that the tests to be analyzed meet the necessary requirements.

As the analysis of Rogosa and Willet (1985) makes clear, commonly observed covariance patterns can be consistent with quite different models of achievement growth; the underlying correlation structures implied by different growth models can yield universe-score correlation patterns and values that are indistinguishable. Rather than identifying the actual underlying covariance structure, our goal is to estimate the extent of measurement error as well as values of the universe-score variances and correlations. We conjecture that the inability to distinguish between quite different underlying universe-score correlation structures actually is advantageous given our goal in that the estimated extent of test measurement error will be robust to a range of underlying covariance structure misspecifications. This conjecture is consistent with our finding that estimates of measurement-error variances are quite robust across a range of structural specifications. Monte Carlo simulations using a wide range of underlying covariance structures could provide more convincing evidence, but goes beyond the scope of this paper.

We illustrate the general approach employing a model of student achievement growth in which academic achievement is cumulative following a first-order autoregressive process:

\[ \tau_j = \beta_{j-1}\tau_{j-1} + \theta_j \]

where there is at least some persistence (i.e., \( \beta_{j-1} > 0 \)) and the possibility of
decay (i.e., $\beta_{j-1} < 1$) that can differ across grades. An additional assumption is needed regarding the stochastic properties of $\theta_j$. Here we have employed a reduced-form specification where $E(\tau_{i,j+1} | \tau_i)$ is a linear function of $\tau_i$, an assumption that can be tested. Fully specified structural models also could be employed. In addition, rather than inferring the correlation structure based on a set of underlying assumptions, one can directly assume a correlation structure where there are a range of possibilities depending upon the tests being analyzed.

Estimation of the overall extent of measurement error for a population of students only requires test-score descriptive statistics and correlations; neither student-level test scores nor assumptions regarding functional forms for the distribution of either abilities or test measurement error are needed. However, one can explore the extent and pattern of measurement error heteroskedasticity employing student-level data. Standard distributional assumptions (e.g., normality) allow one to make inferences regarding universe scores and gains in universe scores. In particular, for a student with a given score, the Bayesian posterior mean and variance of $\tau_i$ given $S_{ij}$, $E(\tau_i | S_{ij})$ and $V(\tau_i | S_{ij})$, are easily computed where the former is the best linear unbiased predictor of the student's actual ability. Similar statistics for universe-score gains also can be computed. We show that using the observed score as an estimate of a student's underlying ability can be quite misleading for relatively low- or high-scoring students. However, the bias is eliminated and the mean-square-error substantially reduced when the posterior mean is employed.

In any particular analysis, estimation will be based on empirical variances and correlations for a sample of test-takers, yet the analysis typically will be motivated by an interest in the extent of measurement error or the variance of abilities, or both, for some population of individuals. Thus, an important consideration is whether the sample of test-takers employed is representative of the population of interest. In addition to the possibility of meaningful sampling error, subpopulations of
interest may be systematically excluded in sampling, or data may not be missing at random. Such possibilities need to be considered when assessing whether parameter estimates are relevant for the population of interest. Issues of external validity can also arise. Just as the variance of universe scores can vary across populations, the same often will be true for the extent of test measurement error, possibly reflecting differences in test-taking environments. The population measurement error variance, $\sigma^2_{\eta_j}$, typically will vary across populations as well, even if the relationship between individuals’ measurement-error variances and their abilities, $\sigma^2_{\eta_j}(\tau_{ij})$, is unchanged, due to ability differences between populations.

Estimates of the overall extent of test measurement error have a variety of uses that go beyond merely assessing the reliability of various assessments. Using $E\left(\tau_{ij} \mid S_{ij}\right)$, rather than $S_{ij}$, to estimate $\tau_{ij}$ is one example. Judging the magnitudes of the effects of different causal factors relative to either the standard deviation of ability or the standard deviation of ability gains is another. Bloom et al. (2008) discuss the desirability of assessing the magnitudes of effects relative to the dispersion of ability or ability gains, rather than test scores or test-score gains, but note that analysts often have had little, if any, information regarding the extent of test measurement error.

As demonstrated above, the same types of data researchers often employ to estimate how various factors affect educational outcomes can be used to estimate the overall extent of test measurement error. Based on the variance estimates shown in columns 1 and 3 of Table 5, for the tests we analyze, effect-sizes measured relative to the standard deviation of ability will be ten to 18 percent larger than effect-sizes measured relative to the standard deviation of test scores. In cases where it is pertinent to judge the magnitudes of effects in terms of achievement gains, effect sizes measured relative to the standard deviation of ability gains will be two to over three times larger compared to those measured relative to the standard deviation of test-score gains.
Estimates of the extent and pattern of test measurement error can also be used to assess the precision of a variety of measures based on test scores, including binary indicators of student proficiency, teacher- and school-effect estimates and accountability measures such as No Child Left Behind adequate-yearly-progress requirements. It is possible to measure the reliability of such measures as well as employ the estimated extent of test measurement error to calculate more accurate measures, useful for accountability purposes, research and policy analysis.

Overall, this paper has methodological and substantive implications. Methodologically, it shows that the total measurement-error variance can be estimated without employing the limited and costly test-retest strategy. Substantively, it shows that the total measurement error is substantially greater than that measured using the split-test method, suggesting that much empirical work has been underestimating the effect sizes of interventions that affect student learning.
References


Table 1 Descriptive Statistics for Cohort

<table>
<thead>
<tr>
<th>Grade</th>
<th>ELA mean</th>
<th>ELA standard deviation</th>
<th>Math mean</th>
<th>Math standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 3</td>
<td>626.8</td>
<td>37.3</td>
<td>616.5</td>
<td>42.3</td>
</tr>
<tr>
<td>Grade 4</td>
<td>657.9</td>
<td>39.0</td>
<td>665.8</td>
<td>36.0</td>
</tr>
<tr>
<td>Grade 5</td>
<td>659.3</td>
<td>36.1</td>
<td>665.7</td>
<td>37.5</td>
</tr>
<tr>
<td>Grade 6</td>
<td>658.0</td>
<td>28.8</td>
<td>667.8</td>
<td>37.5</td>
</tr>
<tr>
<td>Grade 7</td>
<td>661.7</td>
<td>24.4</td>
<td>671.0</td>
<td>32.5</td>
</tr>
<tr>
<td>Grade 8</td>
<td>660.5</td>
<td>26.0</td>
<td>672.2</td>
<td>31.9</td>
</tr>
</tbody>
</table>

N = 67,528
N = 74,700

Table 2 Correlations of Scores on the NYS ELA Examinations in Grades Three Through Eight (Computed values below the diagonal and fitted-values above)

<table>
<thead>
<tr>
<th>Grade 3</th>
<th>Grade 4</th>
<th>Grade 5</th>
<th>Grade 6</th>
<th>Grade 7</th>
<th>Grade 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 3</td>
<td>0.7416</td>
<td>0.6934</td>
<td>0.6937</td>
<td>0.6571</td>
<td>0.6332</td>
</tr>
<tr>
<td>Grade 4</td>
<td>0.7416</td>
<td>0.7342</td>
<td>0.7346</td>
<td>0.6958</td>
<td>0.6705</td>
</tr>
<tr>
<td>Grade 5</td>
<td>0.6949</td>
<td>0.7328</td>
<td>0.7173</td>
<td>0.6794</td>
<td>0.6548</td>
</tr>
<tr>
<td>Grade 6</td>
<td>0.6899</td>
<td>0.7357</td>
<td>0.7198</td>
<td>0.7309</td>
<td>0.7044</td>
</tr>
<tr>
<td>Grade 7</td>
<td>0.6573</td>
<td>0.6958</td>
<td>0.6800</td>
<td>0.7303</td>
<td>0.6923</td>
</tr>
<tr>
<td>Grade 8</td>
<td>0.6356</td>
<td>0.6709</td>
<td>0.6514</td>
<td>0.7050</td>
<td>0.6923</td>
</tr>
</tbody>
</table>

Table 3 Correlations of Scores on the NYS Math Examinations in Grades Three Through Eight (Computed values below the diagonal and fitted-values above)

<table>
<thead>
<tr>
<th>Grade 3</th>
<th>Grade 4</th>
<th>Grade 5</th>
<th>Grade 6</th>
<th>Grade 7</th>
<th>Grade 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 3</td>
<td>0.7286</td>
<td>0.7003</td>
<td>0.6603</td>
<td>0.6393</td>
<td>0.6119</td>
</tr>
<tr>
<td>Grade 4</td>
<td>0.7286</td>
<td>0.7694</td>
<td>0.7254</td>
<td>0.7023</td>
<td>0.6722</td>
</tr>
<tr>
<td>Grade 5</td>
<td>0.6936</td>
<td>0.7755</td>
<td>0.7597</td>
<td>0.7355</td>
<td>0.7039</td>
</tr>
<tr>
<td>Grade 6</td>
<td>0.6616</td>
<td>0.7248</td>
<td>0.7592</td>
<td>0.7964</td>
<td>0.7623</td>
</tr>
<tr>
<td>Grade 7</td>
<td>0.6480</td>
<td>0.6998</td>
<td>0.7323</td>
<td>0.7944</td>
<td>0.7929</td>
</tr>
<tr>
<td>Grade 8</td>
<td>0.6091</td>
<td>0.6685</td>
<td>0.7077</td>
<td>0.7643</td>
<td>0.7929</td>
</tr>
</tbody>
</table>
Table 4 Correlation and Generalizability Coefficient Estimates, New York City

<table>
<thead>
<tr>
<th>Parameters</th>
<th>ELA</th>
<th>Math</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\rho_{34}$</td>
<td>0.8369</td>
<td>0.8144</td>
</tr>
<tr>
<td></td>
<td>(0.0016)</td>
<td>(0.0016)</td>
</tr>
<tr>
<td>$\rho_{45}$</td>
<td>0.9785</td>
<td>0.9581</td>
</tr>
<tr>
<td></td>
<td>(0.0013)</td>
<td>(0.0012)</td>
</tr>
<tr>
<td>$\rho_{56}$</td>
<td>0.9644</td>
<td>0.9331</td>
</tr>
<tr>
<td></td>
<td>(0.0012)</td>
<td>(0.0011)</td>
</tr>
<tr>
<td>$\rho_{67}$</td>
<td>0.9817</td>
<td>0.9647</td>
</tr>
<tr>
<td></td>
<td>(0.0012)</td>
<td>(0.0011)</td>
</tr>
<tr>
<td>$\rho_{78}$</td>
<td>0.8168</td>
<td>0.8711</td>
</tr>
<tr>
<td></td>
<td>(0.0013)</td>
<td>(0.0013)</td>
</tr>
</tbody>
</table>

* The parameter subscripts here correspond to the grade tested. For example, $\rho_{34}$ is the correlation of universe scores of students in grades three and four.

Table 5: Variances of Test Scores, Test Measurement Error, Universe Scores, Test-Score Gains, Measurement Error for Gains, and Universe Score Gains and Generalizability Coefficient for Test-Score Gain, ELA and Math

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
<th>(7)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\sigma^2_{S_j}$</td>
<td>$\hat{\sigma}^2_{\eta_j}$</td>
<td>$\hat{\gamma}_{jj} = \hat{G}<em>j \sigma^2</em>{S_j}$</td>
<td>$\hat{\sigma}^2_{\Delta S_j}$</td>
<td>$\hat{\sigma}^2_{\Delta \eta_j}$</td>
<td>$\hat{\sigma}^2_{\Delta \gamma_j}$</td>
<td>$\hat{G}<em>j \sigma^2</em>{S_j}$</td>
</tr>
<tr>
<td><strong>ELA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>grade 7</td>
<td>1520.8</td>
<td>326.5</td>
<td>1194.3</td>
<td>763.8</td>
<td>695.3</td>
<td>68.4</td>
<td>0.090</td>
</tr>
<tr>
<td>grade 6</td>
<td>1303.0</td>
<td>368.8</td>
<td>934.2</td>
<td>646.2</td>
<td>558.9</td>
<td>87.3</td>
<td>0.135</td>
</tr>
<tr>
<td>grade 5</td>
<td>832.1</td>
<td>190.0</td>
<td>642.1</td>
<td>407.4</td>
<td>357.6</td>
<td>49.8</td>
<td>0.122</td>
</tr>
<tr>
<td>grade 4</td>
<td>595.1</td>
<td>167.6</td>
<td>427.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Math</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>grade 7</td>
<td>1297.6</td>
<td>259.0</td>
<td>1038.6</td>
<td>661.9</td>
<td>532.8</td>
<td>129.1</td>
<td>0.195</td>
</tr>
<tr>
<td>grade 6</td>
<td>1409.5</td>
<td>273.8</td>
<td>1135.7</td>
<td>677.9</td>
<td>523.8</td>
<td>154.1</td>
<td>0.227</td>
</tr>
<tr>
<td>grade 5</td>
<td>1409.5</td>
<td>250.0</td>
<td>1159.5</td>
<td>527.8</td>
<td>431.0</td>
<td>96.8</td>
<td>0.183</td>
</tr>
<tr>
<td>grade 4</td>
<td>1054.9</td>
<td>181.0</td>
<td>873.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 1: Nonparametric Regression of Grade 8 Scores on Scores in Grade 7, Bubble Graph Showing the Joint Distribution of Scores and Standard-Error of Measurement for 7th Grade Scores

(a) ELA  
(b) math

Figure 2: Cubic Regression Estimates of $E(S_{i,j+1} | S_j)$ as well as consistent estimates of cubic and linear specifications of $E(\tau_{i,j+1} | \tau_j)$, Grades 7 and 8

(a) ELA  
(b) Math

Figure 3: Generalizability and Reliability Coefficient Estimates for New York Math and ELA Exams by Grade
Figure 4: Estimated Standard Errors of Measurement Reported in Technical Reports, $\hat{\sigma}_{\eta_j}$, Estimates for the Measurement Error from All Sources, $\hat{\sigma}_{\eta_j}$, and Estimates for the Residual Measurement Error, $\hat{\sigma}_{\eta_j}$.

(a) grade five ELA  
(b) grade seven ELA  
(c) grade five math  
(d) grade seven math

Figure 5: Estimated Posterior Mean Ability Level Given the Observed Score and 80-Percent Bayesian Confidence Bounds, Grades 5 & 7 ELA and Math.

(a) Grade Five ELA  
(b) Grade Seven ELA  
(c) Grade Five Math  
(d) Grade Seven Math
Figure 6: Estimated Posterior Mean Change in Ability Given the Score Change and 80-Percent Credible Bounds, Grades 5 and 6 Mathematics

Figure 7: Estimated Posterior Mean Change in Ability for the Observed Scores in Grades Five and Six Mathematics for $S_6 - S_5 = 40$ and 80-Percent Credible Bounds
Appendix

Measurement error can result in $E\left(S_{i,j+1} \mid S_y\right)$ being a nonlinear function of $S_y$ even when $E\left(\tau_{i,j+1} \mid \tau_y\right)$ is linear in $\tau_y$. $E\left(\tau_{i,j+1} \mid \tau_y\right) = \beta_0 + \beta_1 \tau_y$ implies that $\tau_{i,j+1} = \beta_0 + \beta_1 \tau_y + u_{i,j+1}$ where $Eu_{i,j+1} = 0$ and $E\tau_y u_{i,j+1} = 0$. With $S_{i,j+1} = \tau_{i,j+1} + \eta_{i,j+1}$, $S_{i,j+1} = \beta_0 + \beta_1 \tau_y + \eta_{i,j+1} + u_{i,j+1}$ and, in turn, $E\left(S_{i,j+1} \mid S_y\right) = \beta_0 + \beta E\left(\tau_y \mid S_y\right)$. Thus, the nonlinearity of $E\left(S_{i,j+1} \mid S_y\right)$ depends upon whether $E\left(\tau_y \mid S_y\right)$ is nonlinear in $S_y$. Consider the case where $\tau_y \sim N(\mu_j, \sigma_{\tau_j}^2)$ and $\eta_y \sim N(0, \sigma_{\eta_y}^2)$ and the related discussion in Section 2.2. When $\eta_y$ is either homoskedastic or heteroskedastic with $\sigma_{\eta_y}^2$ not varying with the level of ability, $\tau_y$ and $S_y$ will be bivariate normal so that $E\left(\tau_y \mid S_y\right) = (1-G_y)\mu_j + G_y S_y$, implying that $E\left(S_{i,j+1} \mid S_y\right)$ is also linear in $S_y$. Thus, it is not measurement error per se that implies $E\left(S_{i,j+1} \mid S_y\right)$ is nonlinear. Rather, $E\left(S_{i,j+1} \mid S_y\right)$ is nonlinear in $S_y$ when $\eta_y$ is heteroskedastic with the extent of measurement error varying with the ability level (i.e., $\sigma_{\eta_y} = \sigma_{\eta_j}(\tau_y)$). When $\sigma_{\eta_j}(\tau_y)$ is U-shaped, as in Figure 1, $E\left(S_{i,j+1} \mid S_y\right)$ is an S-shaped function of $S_j$, even when $E\left(\tau_{i,j+1} \mid \tau_y\right)$ is linear in $\tau_y$.

When $\sigma_{\eta_y} = \sigma_{\eta_j}(\tau_y)$, $S_y$ and $\tau_y$ are not bivariate normal, and $E\left(\tau_y \mid S_y\right)$ can be computed using simulation as discussed in Section 2.2. Consider the following example which is roughly consistent with the patterns found for the NYC test scores: $\tau_y \sim N(670, 900)$ and $\eta_y \sim N\left(0, \sigma_{\eta_j}^2(\tau_y)\right)$ with $\sigma_{\eta_j}(\tau_y) = \sigma_\alpha + \alpha(\tau_y - \mu_j)^2$ and $\sigma_{\eta,y} \equiv E\sigma_n(\tau_y) = \sigma_\alpha + \alpha \gamma_j = 15$. The three cases in Figure A.1 differ with respect to the degree of heteroskedasticity: the homoskedastic case ($\sigma_\alpha = 15$ and $\alpha = 0.0$), moderate heteroskedasticity ($\sigma_\alpha = 12$ and $\alpha = 0.00333\cdots$) and more
extreme heteroskedasticity \((\sigma_o = 3 \text{ and } \alpha = 0.01333 \cdots)\). For each cases the simulated values of \(E\left(S_{i,j+1} | S_y\right) = \beta_0 + \beta_1 E\left(\tau_y^i | S_y\right)\) are shown in Figure A.2, with \(\beta_0 = 0\) and \(\beta_1 = 1\). \(E\left(S_{i,j+1} | S_y\right)\) is linear in the homoskedastic case and the degree to which \(E\left(S_{i,j+1} | S_y\right)\) is S-shaped depends upon the extent of this particular type of heteroskedasticity.

Knowing that the S-shape patterns of \(E\left(S_{i,j+1} | S_y\right)\) in Figure 1 can be consistent with \(E\left(\tau_{i,j+1} | \tau_y\right)\) being linear in \(\tau_{ij}\) is useful, but of greater importance is whether \(E\left(\tau_{i,j+1} | \tau_y\right)\) is in fact linear for the tests of interest. This can be explored employing the cubic specification

\[\tau_{i,j+1} = \beta_0 + \beta_1 \tau_y + \beta_2 \tau_y^2 + \beta_3 \tau_y^3 + \nu_{i,j+1}\]

where \(\beta_2 = \beta_3 = 0\) implies linearity. Substituting

\(S_{ij} = \tau_{ij} + n_{ij}\) and regressing \(S_{i,j+1}\) on \(S_y\) would yield biased parameter estimates. However, if \(\lambda_{ij}^k \equiv E\left(\tau_{ij}^k | S_y\right), k = 1, 2, 3\), were known for each student, regressing \(S_{i,j+1}\) on \(\lambda_{ij}^1, \lambda_{ij}^2,\) and \(\lambda_{ij}^3\) would yield consistent estimates.²³

Computing \(\lambda_{ij}^k, k = 1, 2, 3\), for each student requires knowledge of the overall extent and pattern of measurement error. It is the lack of such knowledge that motives this paper. However, we are able to compute \(\hat{\lambda}_{ij} = \hat{E}\left(\tau_{ij}^k | S_y\right)\) accounting for the meaningful measurement-error heteroskedasticity reflected in the reported SEMs²⁴, even though this does not account for other sources of measurement error. Computation of \(\hat{E}\left(\tau_{ij}^k | S_y\right)\) also requires an estimate of \(\gamma_{jj}\) which can be obtained by solving for \(\hat{\gamma}_{jj}\) implicitly defined in

\[\hat{\gamma}_{jj} = \hat{\omega}_{jj} - \hat{\sigma}_{jj}^2 = \hat{\omega}_{jj} - \int \sigma_{ij}^2(\tau) f(\tau | \hat{\mu}_{jj}, \hat{\gamma}_{jj})d\tau\]. Using Monte Carlo integration with importance

²³ See the discussion of the "structural least squares" estimator in Kukush et. al (2005).

²⁴ Because SEM values are reported for a limited set of scores, a flexible functional form for \(\sigma_{ij}^2(\tau)\) was fit to the reported SEM. This function was then used in computation of moments.
sampling $\hat{y}_{jj} = \hat{\omega}_{jj} - \frac{1}{M} \sum_{m}^{M} \sigma^2_{mj} (\hat{\tau}^*_{mj})$ where the $\hat{\tau}^*_{mj}$ are random draws from the distribution $N(\hat{\mu}_j, \hat{\gamma}_{jj})$ and $\hat{\gamma}_{jj}$ is an initial estimate of $\gamma_{jj}$. This yielded an updated value of $\hat{y}_{jj}$ which can be used to repeat the prior step. Relatively few iterations are needed for converge to the fixed-point – our estimate of $\gamma_{jj}$. The estimate $\hat{y}_{jj}$ allows us to compute values of $\hat{\lambda}^k_{ij}$ and, in turn, regress $S_{ij+1}$ on $\hat{\lambda}^1_{ij}$, $\hat{\lambda}^2_{ij}$, and $\hat{\lambda}^3_{ij}$.

Figure A.1 Examples Showing Different Degrees of Heteroskedastic Measurement Error

![Figure A.1](image1)

Figure A.2 How the Relationship Between $E(S_{ij+1}|S_{ij})$ and $S_{ij+1}$ Varies with the Degree of Heteroskedasticity

![Figure A.2](image2)