Performance Standards and Educational Cost Indexes: 
You Can't Have One without the Other

Abstract - Performance standards and educational adequacy have been at the center of recent debates on educational reform. Many states have implemented new performance standards, often based on student test scores, and a district's state aid is sometimes linked to its success in meeting the standards (Clotfelter and Ladd, 1996). National politicians have debated the merits of a nationwide testing program, which is a way to obtain comparable performance indicators across states. In addition, several state supreme courts have ruled that their state constitution requires a system enabling all school districts to reach an adequate performance level (see Minorini and Sugarman, chapter 6 in this volume), and state aid programs can be used to provide all districts with the funds they need to reach a performance level that is thought to be adequate - or some higher standard.

Performance standards are designed to encourage more effective educational practices, particularly in school districts that are currently not performing well by holding school districts accountable. The trouble is that a district's performance is influenced not only by the actions of its administrators and teachers but also by factors outside of its control, such as the nature of its student body. A recent article in The New York times expresses this concern very clearly. In a discussion of report cards and school rankings, now used in 35 states, this article points out that "because such rankings are often based exclusively on test scores, which give only a partial snapshot of a school's performance, some educators worry that schools may be unfairly blackballed, especially those with high populations of poor children: (Steinberg, 1998)."