Exploring Complete School Effectiveness via Quantile Value-Added

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Abstract

In education studies value-added is by and large defined in terms of a test-score distribution mean. Therefore, all but a particular summary of the test score distribution is ignored. Developing a value-added definition that incorporates the entire conditional distribution of student’s scores given school effects and control variables would produce a more complete picture of a school’s effectiveness and as a result provide more accurate information that could better guide policy decisions. Motivated in part by the current debate surrounding the recent proposal of eliminating co-pay institutions as part of Chile’s education reform, we provide a new definition of value-added that is based on the quantiles of the conditional test score distribution. Further, we show that the quantile based value-added can be estimated within a quantile mixed model regression framework. We apply the methodology to Chilean standardized test data and explore how information garnered facilitates school effectiveness comparisons between public schools and those that are subsidized with and without co-pay.

Key Words: quantile mixed models, value-added models, school effectiveness

1 Introduction

In spite of the criticisms (EPI Briefing Paper 2010; Scherrer 2011; Harris and Herrington 2015) and taking into account several methodological concerns (Goldstein and Spiegelhalter 1996; Amrein-Beardsley 2008; Leckie and Goldstein 2009; Ehlert et al. 2014), value-added models are still a useful tool for analyzing the effectiveness of a school system (Cheng 1999; Thomas 2001; Van Damme et al. 2002; Ballou et al. 2004; McCaffrey et al. 2004; Tekwe et al. 2004; Strathdee and Boustead 2005; Peng et al. 2006; Ray 2006; Downes and Vindurampulle 2007; Jakubowski 2008; Ray et al. 2009; Coates 2009; Ferrão and
Couto 2014), for relating effectiveness to specific aspects of an educational system (Demie 2003; Angrist et al. 2011; Carrasco and San Martín 2012; Davis and Raymond 2012; Boonen et al. 2014; Dumay and Dupriez 2014; Troncoso et al. 2015; Hofman et al. 2015), for critically evaluating specific educational policies (Goldstein and Woodhouse 2000; Chudowsky et al. 2010; Milla et al. 2015), and for supporting or qualifying accountability systems (Lincove et al. 2013; Franco and Seidel 2014; Koedel et al. 2015, and the references therein).

The applications just listed are based on the understanding that school value-added corresponds to “the contribution of a school to students’ progress towards stated or prescribed education objectives [...] this contribution is net of other factors that contribute to students’ educational progress” (OECD 2008, p.17). Thus, as remarked by Timmermans et al. (2011), value-added models are based on the notion that student achievement is influenced by factors such as student’s background characteristics, school context, school practices, and student’s unique contribution (typically through a lagged score). Therefore, the challenge in value-added modeling is to disentangle the influence the factors just mentioned have on student achievement from that of the school effect. In so doing, school performance can be measured by comparing student’s progress between two or more test occasions. Consequently, the concept of value-added can intuitively be described as a measure of the net gain or the net loss (with respect to factors that have an impact on student achievement) of attending a given school with respect to an “average” or “reference” school. This “reference” school is defined as the average performance of the schools that are found in the data set.

According to this perspective, the use of covariates or factors is crucial not only to control for differences among schools, but also in establishing the “reference” school and as a consequence the meaning of value-added. For example, Raudenbush and Willms (1995), Raudenbush (2004), Timmermans et al. (2011) and Troncoso et al. (2015) discuss the meaning of specific value-added models according to the covariates that are being considered. By doing so, the indicators of effectiveness do not relate to factors that schools cannot modify and, consequently, schools can be judged in a fair way. These considerations motivate searching for more informative value-added models which we discuss next.
1.1 Developing more informative value-added models: A conceptual motivation

Developing more informative value-added models that are able to identify specific factors that help explain educational effectiveness has been considered. For instance, Hofman et al. (2015) report that school-level variables are the most “important” in explaining educational effectiveness, in particular the sector effect (public/private) explains 16% of the between school variance, other school-level variables explain 51%, and the teacher- or classroom-level variables explain 32%. In another example, Isac et al. (2014) analyze the impact that student, school, and educational system characteristics have on several cognitive and non-cognitive student outcomes that are related to citizenship education. The variance components at the school and educational system levels are reported in order to indicate differences between and within the educational systems. Along the same lines, Timmermans and Thomas (2015) analyze the explanatory character of compositional variables on indicators of school effectiveness. Depending on the specification, and according to the terminology introduced by Raudenbush and Willms 1995 and Raudenbush 2004, these indicators are of Type A (student-level covariates) or of Type B (student- and school-type covariates). The differences that were found between them is based on a standard correlation analysis.

Although widely used, employing these practices to establish more informative value-added models seems to have a conceptual problem: the meaning of value-added depends on the specification of the model. Value-added scores arriving from different models are different by construction and, therefore, comparing them to make substantive conclusions must be done with care. Thus, a natural question is the following: how can we gather more information regarding school effectiveness when the set of explanatory variables is fixed? Addressing this question is one of the main contributions of this paper.

Since all education studies dedicated to estimating value-added have focused only on the average student test scores, one approach to gathering more value-added information is to consider the entire student test score distribution. It is plausible that basing value-added on a particular percentile of the student test score distribution rather than the average would produce a different estimate of a school’s value-added.
Therefore, taking into account the entire test score distribution should be considered which would provide a more complete picture of school effectiveness. To this end, we provide a definition of value-added that is based on quantiles of the test score distribution in place of the expected value. In order to motivate such a definition, in Section 2 we review the general definition of value-added proposed by Manzi et al. (2014), along with the consequences implied by it. Doing this will illustrate how the concept of value-added essentially depends on two conditional distributions (the distribution of the test scores given the school effects and a the explanatory factors; and the distribution of the test scores given the explanatory factors) and, consequently, value-added based on the quantiles of such distributions will appear as a natural extension. Before providing these details and to provide context, in the next section we briefly introduce the motivating case-study and data.

1.2 Why more informative value-added models are useful? The Chilean Educational System

1.2.1 The new Chilean National System of Quality Assurance of Education

In 2013 the Chilean government implemented a National System of Quality Assurance of Education (in what follows, SAC). Three axes underlie this system: i) autonomy of schools (for instance, each school or group of schools choose the way in which the national curriculum is implemented; the internal practices of teacher recruitment are fixed by schools), ii) official support (for instance, the SAC law establishes that both the National Agency of Quality of Education as well as the Ministry of Education will provide pedagogical support to schools of low quality), and iii) external accountability (the high stakes school classification implemented by the National Agency of Quality of Education). The main purpose of the policies of the SAC is to achieve the overall educational objectives and learning standards as set by the Ministry of Education (SAC, Art. 1b). The learning standards are regularly measured by the national large-scale SIMCE (Sistema de Medición de la Calidad de la Educación, Measurement System of Quality of Education) test, with Language and Mathematics being the main test subjects. The SIMCE test was
created at the end of the 1980’s and coincided with the privatization of education which introduced issues such as competence among schools, private and public providers, vouchers to fund schools, universal school choice, for-profit schools, and co-payment (from 1993). In this context, the SIMCE test was an instrument to aid parents in school choice decision-making, and to provide information necessary for schools to undertake data-based decision-making that would enhance school improvement efforts; for more details, see Meckes and Carrasco (2010) and Manzi and Preiss (2013).

According to the SAC law, the role of the National Agency of Quality of Education is to evaluate the achievement of students (SAC, Art. 37) as well as the performance of schools according to national standards (SAC, Art. 38). This information is used to classify schools into four categories, from high performance to insufficient performance. The SAC law requires inspection visits to schools of all four categories. When a school is classified at a high performance level, the objective of those visits is to identify the intra-school successful practices in order to transfer them to other schools (SAC, Art. 23); when a school is classified as insufficient, those visits will provide pedagogical and organizational support in order to improve its quality. However, if such a school does not improve its classification across the time, then the school will be closed (SAC, Art. 29). It should be mention that the SAC law explicitly contemplates the possibility of estimating the effectiveness of a school through value-added models (SAC, Art. 17).

These considerations lead to realize that the full distribution of students’ achievement of national learning standards (as measured by the SIMCE test) need to be consider in order to evaluate the effectiveness of a school. We claim that this approach is more informative for schools than value-added scores based on a “typical” student achievement. In Section 4 these considerations will be duly illustrated. An additional relevant detail pertaining to the analysis of our case study is the administrative classification of Chilean schools. In Chile, a school can be assigned to four general categories two of which are public, one private and one subsidized. Schools classified as Private (PP) are completely privatized and students take on all registration and tuition costs. Schools classified as Public Type I (MD) or Public Type II (MC) are public schools, the difference being that the administration of Public Type I schools depends
on a local county, whereas that of Public Type II schools depends on a educational public corporation. For both of them the Chilean government assumes all educational costs. Finally, Subsidized (PS) are schools for which the Chilean government assumes a portion of educational costs and, for most of those schools, students provide a co-pay. Using our quantile value-added approach, we will explore how school value-added estimates are related to the administrative classifications.

1.2.2 Data description

The data employed will be based on the SIMCE scores at the student level for the 2007 and 2011 school years: we have raw test scores for those students who attended the 4th grade in 2007 and attended the 8th grade during the 2011 school year at the same school. There were 2417 schools that had at least one student that fit the profile. As quantiles are of interest we only considered schools with at least 20 students, reducing the number of schools to 1804 with the number of students ranging from 20 to 194. In addition to student-level math and language scores, school type was recorded (private, semi-private and public). At an aggregate school level we have the average 2011 SIMCE scores (measuring school quality) and the percentage of students required to take an entrance exam before being admitted (measuring school selectivity). As a means to display variability in test scores, Figure 1 displays side-by-side box-plots of 50 randomly selected schools. Notice that there is quite a bit of within and between school variability. Table 1 provides the mean, median and standard deviation of each variable considered in modeling. Since the means and medians are very similar for each variable the empirical distributions will be fairly symmetric.

1.3 Organization of the paper

The rest of the paper is organized as follows. In Section 2 we introduce a model free definition of value-added and then extend it to the quantile value-added case. The model that provides (quantile) value-added estimates is also introduced in this section. In Section 3 methods used to estimate quantile
Table 1: The mean, median and standard deviation of variables that were included in modeling.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Median</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 SIMCE Math Score</td>
<td>267.657</td>
<td>267.055</td>
<td>49.508</td>
</tr>
<tr>
<td>2007 SIMCE Math Score</td>
<td>260.664</td>
<td>263.200</td>
<td>52.858</td>
</tr>
<tr>
<td>Average 2011 SIMCE Math Score</td>
<td>260.664</td>
<td>259.610</td>
<td>29.233</td>
</tr>
<tr>
<td>% Students that took entrance exam</td>
<td>0.434</td>
<td>0.328</td>
<td>0.391</td>
</tr>
</tbody>
</table>

Figure 1: Boxplots of individual 2011 SIMCE math scores for 50 randomly selected schools
value-added are developed. Section 4 contains results from the Chilean education case study illustrating the benefits of the proposed approach. The paper finalizes in section 5 with conclusions and discussion.

2 Definition of Quantile Value-Added

It should be clear at this point that school effect and value-added are two different concepts the former being used to obtain the latter. From a modeling point of view, both concepts are typically defined in the context of a hierarchical linear model (HLM) (Aitkin and Longford 1986; McPherson 1992; Raudenbush and Willms 1995; Goldstein 1997; Tekwe et al. 2004; Raudenbush 2004). However, one may wonder if these concepts can be defined independently of a specific structural model –that is, a model that attributes the stochastic generation of the observations to an underlying structure representing a (part of a) substantive theory? (for details on structural models, see Mouchart et al. 2010; Wunsch et al. 2014, and the references therein). Manzi et al. (2014) addressed this question, and proposed a model-free definition of school effect and value-added. The advantages of such a definition are twofold: on the one hand, we distinguish between the structural definition of a concept and its statistical estimation; on the other hand, the assumptions necessary to define those concepts become explicit.

Taking insight from the structure underlying HLM models, Manzi et al. (2014) provide one possible model-free definition of school effect and value-added. To make ideas concrete we introduce the basic notation that will be used through out. Let \( Y_{ij} \) be the test score of student \( j \) belonging to school \( i \) for \( i = 1, \ldots, m \) and \( j = 1, \ldots, n_i \); let \( X_{ij} \) be a corresponding vector of \( p \) covariates which can contain both school and student-specific variables and let \( \alpha_i \) denote school \( i \)'s latent variable (which also represents school effect).

2.1 Model-free definition of school effect

A school effect is characterized by the amount of heterogeneity in \( Y_{ij} \) explained by a school after having taken into account the heterogeneity of \( Y_{ij} \) explained by the \( X_{ij} \)'s. The school effect \( \alpha_j \) is accordingly
defined by the following two structural conditions:

1. For each school $i$, $\{Y_{ij} : j = 1, \ldots, n_i\}$ are mutually independent conditionally on $(X_i, \alpha_i)$, where $X_i = (X_{i1}, \ldots, X_{in_i})$.

2. For each school $i$ and for each student $j = 1, \ldots, n_i$, the conditional distribution of $(Y_{ij} \mid X_i, \alpha_i)$ only depends on $(X_{ij}, \alpha_i)$.

Notice that condition (1) and (2) are an example of the Axiom of Local Independence introduced by Lazarsfeld (1950) and commonly used in psychometrics, statistics and educational measurement to define latent variables and/or random effects. Using the standard properties of conditional expectation the following is easily shown

$$\text{cov}(Y_{ij}, Y_{ij'} \mid X_i) = \text{cov}[E(Y_{ij} \mid X_{ij}, \alpha_i), E(Y_{ij'} \mid X_{ij'}, \alpha_i) \mid X_i].$$

This equality shows that the school effect $\alpha_j$ induces heterogeneity on the $Y_{ij}$’s through the conditional expectation (or regression) $E(Y_{ij} \mid X_{ij}, \alpha_j)$, which is not necessarily linear, but an arbitrary function of $(X_{ij}, \alpha_j)$.

### 2.2 Model-free definition of value-added

The covariance result from the previous section leads one to define school value-added in terms of the regression $E(Y_{ij} \mid \alpha_j, X_{ij})$. However, the reasoning behind the theoretical concept of value-added discussed in the introduction should also be considered. Mainly, to identify which part of $Y_{ij}$ can be attributed to the school. In order to do so, assuming that the random variables are square-integrable, the score $Y_{ij}$ can be decomposed in three orthogonal (or uncorrelated) components:

$$Y_{ij} = E(Y_{ij} \mid X_{ij}) + \{E(Y_{ij} \mid \alpha_i, X_{ij}) - E(Y_{ij} \mid X_{ij})\} + \{Y_{ij} - E(Y_{ij} \mid \alpha_i, X_{ij})\}. \quad (2.1)$$
The first component on the right hand side of (2.1) captures the covariate’s $X_{ij}$ contribution on the score $Y_{ij}$. The second component captures the school effect’s ($\alpha_i$) contribution on $Y_{ij}$ after taking into account the contribution of the covariates $X_{ij}$. The third component corresponds to the idiosyncratic error, that is, the “part” of $Y_{ij}$ which is not statistically explained by the school effect $\alpha_i$, nor by the covariates $X_{ij}$.

From decomposition (2.1), it is clear that the second component is school dependent and as a result, may be considered to be under its control. This leads to define the school $i$’s value-added in terms of an average of the second component, namely

$$V_{A_i} = \frac{1}{n_i} \sum_{j=1}^{n_i} E(Y_{ij} \mid \alpha_i, X_{ij}) - \frac{1}{n_i} \sum_{j=1}^{n_i} E(Y_{ij} \mid X_{ij}) .$$  \hspace{0.5cm} (2.2)

The first term represents an average of the expected score in a specific school, after taking into account the covariates. The second term corresponds to an average of the expected score in the “average” or “reference” school, after controlling for the covariates. This last interpretation rests on the general property $E(Y_{ij} \mid X_{ij}) = E[E(Y_{ij} \mid X_{ij}, \alpha_i) \mid X_{ij}]$, which is obtained after integrating $\alpha_i$.

To estimate school value-added, a structural model describing the generation of $(Y_{ij}, X_{ij}, \alpha_i)$ needs to be specified. For example, if the regression $E(Y_{ij} \mid X_{ij}, \alpha_i)$ is assumed to be linear and the covariates $X_{ij}$ are independent of the school effect $\alpha_i$, that is,

(i) $(Y_{ij} \mid X_i, \alpha_i) \sim N(X_i^T \beta + \alpha_i, \sigma^2)$, \hspace{0.5cm} (ii) $(\alpha_i \mid X_i) \sim N(0, \sigma^2_\alpha)$,  \hspace{0.5cm} (2.3)

and the distribution of the covariates $X_{ij}$ is left unspecified, then Definition (2.2) implies that the school value-added is equivalent to the school effect (note that condition (2.3.ii) implies that $\text{cov}(\alpha_i, X_i) = \text{cov}(E(\alpha_i \mid X_i), \alpha_i) = 0)$. However, if $\text{cov}(\alpha_i, X_i) \neq 0$, Definition (2.2) implies that the value-added is equal to the school effect corrected by an additive term; for details, see Manzi et al. (2014) and Bates et al. (2014).
2.3 Consequences of the model-free definition of school effect and value-added

The model-free definitions of school effect and value-added carry with them some consequences regarding the meaning of a value-added analysis. First, because the school effect induces correlation on the test scores, the schools in a value-added analysis are characterized by a common feature. Namely, each school is an entity that produces homogeneity in the students’ achievements as measured by the test scores $Y_{ij}$. Such homogeneity remains in the students’ achievements after controlling for observable covariates at both student and school level.

Second, Definition (2.2) provides a characterization of the “average” or “reference” school which is completely determined by the vector of covariates $X_i$. It is well known in the school effectiveness literature that a value-added analysis is relative to an “average” school. Consequently, if the reference changes, the value-added indicators might change, sometimes drastically. Definition (2.2) not only explains why this happens, but also shows in what sense a value-added analysis is covariate-dependent: if the covariates change, not only does the “average” school change, but also the meaning of school effectiveness. Thus, covariates need to be selected based on the policies that motivated the value-added analysis. For instance, Raudenbush and Willms (1995) and Raudenbush (2004) (see also Timmermans et al. 2011; Milla et al. 2014) consider lagged score as the only covariate. In this case, value-added measures the school’s effectiveness in educating students after controlling for their initial lagged scores and school effectiveness is only related to students. In light of this, value-added results from this model should only be used when pursuing policies based on identifying schools that are effective in developing student schooling. However, if we consider both the lagged score and a compositional effect (defined, for each school, as the average of the lagged score) as covariates, then we are not only controlling for the initial level of each student, but also for the student cohort level. This type of value-added model will measure the effectiveness of a school to educate students taking into account not only their individual initial achievement level, but also their cohort level. Consequently, the usability of this type of model in terms of policy is related to possible difference between pedagogical methods. Qualitative observations
should be made to understand such differences (Hofman et al. 2015). These considerations lead one to conclude that school effectiveness is not a universal concept, but a contextual idiosyncratic one. The context is characterized by the covariates introduced in the model. Their selection as well as their meaning is highly dependent on the policy context under which a value-added analysis is required, as well as on the social context in which an educational system is organized.

Third, as mentioned previously, estimating value-added via Definition (2.2) requires the specification of a structural model that describes the generation of \((Y_{ij}, X_{ij}, \alpha_i)\). The assumptions and hypotheses underlying the structural model should be justified with respect to the specific context in which the value-added analysis is being carried out.

Finally, note that Definition (2.2) is based on students’ “average” performance in a given school. A natural generalization would be to consider percentiles of \((Y_{ij} | \alpha_i, X_{ij})\) and \((Y_{ij} | X_{ij})\) which we now detail.

### 2.4 Definition of Quantile Value-Added

Let \( Q_Y(\tau | X) = \inf\{y : F_Y(y | X) \geq \tau\} \) denote the \(\tau\)th quantile of \(Y\) given covariate \(X\). Put another way, \( Q_Y(\tau | X)\) is the value such that \( \tau = Pr(Y < Q_Y(\tau | X)) = F_Y(Q_Y(\tau | X)) = \int_{-\infty}^{Q_Y(\tau | X)} f_Y(y) dy \) where \(F_Y(\cdot)\) and \(f_Y(\cdot)\) denote the cumulative distribution and density function of \(Y\) respectively. With this notation in mind, a natural extension of (2.2) is

\[
qVA_i = \frac{1}{n_i} \sum_{j=1}^{n_i} Q_{Y_{ij}|\alpha_i}(\tau | X_{ij}) - \frac{1}{n_i} \sum_{j=1}^{n_i} Q_{Y_{ij}}(\tau | X_{ij}).
\]  

(2.4)

As remarked above, in the absence of endogeneity (i.e., when \( cov(\alpha_i, X_i) = 0 \)), HLM (2.3) produces an estimate of (2.2) and we will show in next section that a linear quantile mixed model framework produces an estimate of (2.4). Further, since we adopt a Bayesian approach inference associated with \(qVA\) is readily available. Lastly, similar to how the median is robust to the presence of outliers relative
to the mean, a VA estimate at the 50th percentile using the method we will propose will be more robust to the presence of outliers than (2.2) and other typical mean type value-added estimators available in the literature.

### 2.5 Linear Quantile Mixed Models

To begin, we briefly review basic quantile regression which now has a substantial literature (Koenker 2005) and then consider quantile mixed models and $qVA$ estimation.

Analogous to how least squares regression is the solution to minimizing squared error loss, classical quantile regression is the solution to the following check loss function minimization problem for a pre-specified quantile $\tau$

$$\arg \min_{\beta^{(\tau)}} \sum_{i=1}^{n} \rho_{\tau}(Y_i - X_i'\beta^{(\tau)})$$

where $\rho_{\tau}(u) = u(\tau - I[u < 0])$. An alternative criterion that is analogous to specifying $Y_i = X_i\beta + \epsilon_i$ with $E(\epsilon_i) = 0$ in linear models is, for some pre-specified quantile $\tau \in (0, 1)$, proposing the following model

$$Y_i = X_i'\beta^{(\tau)} + \epsilon_i^{(\tau)} \text{ with } Q_{\epsilon_i}(\tau) = 0.$$  \hspace{1em} (2.6)

A result of (2.6) is that $Q_{Y_i}(\tau|X_i) = X_i'\beta^{(\tau)}$, which is related to how linear mean models produce $E(Y_i) = X_i'\beta$. Additionally, it has been shown that the value of $\beta^{(\tau)}$ that minimizes (2.5) is the same value that maximizes (2.6) under an asymmetric Laplace distribution (ALD) $\epsilon_i^{(\tau)}$ whose $\tau$th quantile is 0.

We will use the notation $\epsilon \sim ALD(\mu, \sigma, \tau)$ to denote that $\epsilon$ follows a ALD distribution with parameters $\mu, \sigma$, and $\tau$. Under this distribution $\epsilon$ has the following density

$$p(\epsilon; \tau, \mu, \sigma) = \frac{1}{\sigma} \tau (1 - \tau) \exp \left\{ - \frac{\epsilon - \mu}{\sigma} (\tau - I[\epsilon - \mu < 0]) \right\}.$$  \hspace{1em} (2.7)
Since $\int_{-\infty}^{\mu} p(\epsilon; \tau, \mu, \sigma) \, d\epsilon = \tau$, we have $\mu = 0 \implies Q_{\epsilon_1}(\tau) = 0$ so that in what follows we set $\mu = 0$.

Quantile based methods dedicated to longitudinal or hierarchical data have also been addressed in the literature (see, for example, Geraci and Bottai 2013; Reich et al. 2010; Geraci and Bottai 2007). Using this approach in education studies is not unprecedented. Levin (2001) used quantile regression to argue that there is evidence of positive peer effects in the lower percentiles of the achievement distribution, and Miranda et al. (2009) use quantile regression to explore how social and environmental factors influence the tails of end-of-grade test scores in the state of North Carolina. Additionally, quantile regression is employed in student growth percentile (SGP) models (Betebenner 2008, Lockwood and Castellano 2015) and Guarino et al. (2015) conducts a simulation study that compares teacher assessment available from SGP models to that from three types of mean-based value-added estimates.

Similar to linear mixed models the straightforward extension is to add a latent school effect so that

$$Y_{ij} = X_{ij}' \beta(\tau) + \alpha_i^{(\tau)} + \epsilon_{ij}^{(\tau)}.$$ \hfill (2.8)

Note that $\alpha$ is a function of $\tau$ in addition to $\beta$ and $\epsilon_{ij}^{(\tau)} \sim ALD(0, \sigma, \tau)$ independent of $\alpha_i^{(\tau)} \sim N(\mu_\alpha, \sigma^2_\alpha)$. From properties of the ALD $Q_{Y_{ij}|\alpha_i}(\tau|X_{ij}) = X_{ij}' \beta(\tau) + \alpha_i^{(\tau)}$. $\mu_\alpha$ implicitly depends on $\tau$ and represents a global intercept with $\alpha_i^{(\tau)}$ representing local (school) deviations. It is common in mixed model applications to set $\mu_\alpha = 0$, but we elect to proceed with a more general mixed model formulation as there is no reason to believe a priori that $E(\alpha_i^{(\tau)}) = 0$.

A key reason we introduce the model based quantile linear mixed model in (2.8) with error term (2.7) is that a valid likelihood is produced making a Bayesian approach viable. Consequently, prior distributions for $\beta(\tau)$, $\mu_\alpha$, $\sigma^2_\alpha$, and $\sigma$ need to be specified. We employ a conjugate prior for regression coefficients and assume that $\beta(\tau) \sim N(b_0, B_0)$. Additionally, we employ $\mu_\alpha \sim N(0, s^2_\mu)$, $\sigma^2_\alpha \sim IG(a_\alpha, b_\alpha)$ and $\sigma \sim IG(a_\sigma, b_\sigma)$ with $IG(a, b)$ denoting an inverse gamma distribution with mean $b/(a - 1)$.

We briefly mention here that unless linear constraints are added to the errors of (2.6) and (2.8), the quantile curves could possibly cross. This is particularly true when tail quantiles are desired and little
data are available. There has been work dedicated to avoiding this (see He 1997 for fixed effects models and Lum and Gelfand 2012 for mixed models). However, such methods drastically complicate the analysis and therefore we opt to employ the mixed quantile model just described. Even though simplicity motivated the decision, quantile curve crossing is uncommon when a large number of observations are available, which is the case in the application we consider.

Finally, we studied the identifiability of the proposed model based on the first and second moment of the three-parameter asymmetric Laplace distribution (see Yu and Zhang 2005). We found that the model is indeed identifiable under the following conditions: $\tau$ must be pre-specified (i.e., it cannot be an unknown), $\alpha_i$ and $\epsilon_{ij}$ must be iid, $\sigma > 0$, and $X$ must not contain a vector of ones representing an intercept (if not, $\mu_\alpha$ is unidentified). These conditions are all easily satisfied within the framework in which the model was constructed.

3 Quantile Value-Added Estimation

We now proceed to detail how (2.4) will be estimated using (2.8). To estimate (2.4) the $\tau$th quantile of $(Y_{ij} \mid X_{ij}, \alpha_i)$ and $(Y_{ij} \mid X_{ij})$ needs to be computed. Through properties of the ALD, the quantile conditional on $\alpha_i$ is readily available with $Q_{Y_{ij} \mid \alpha_i}(\tau \mid X_{ij}) = X'_{ij}\beta(\tau) + \alpha_i(\tau)$. Calculating $Q_{Y_{ij}}(\tau \mid X_{ij})$ is much more difficult. A few researchers have discussed estimating the marginal quantile. For example, Reich et al. (2010) specify a completely new model so that the marginal quantile corresponds to $X'_{ij}\beta(\tau)$. Also, Geraci and Bottai (2013) mention marginal quantile effect estimates but focus attention on the difficulty of their interpretation. That said, none of the methods in the literature propose simultaneously estimating both quantiles by way of a unified modeling approach.

The main difficulty in estimating $Q_{Y_{ij}}(\tau \mid X_{ij})$ coherently from (2.8) is calculating the marginal density of $Y_{ij}$. Since $\epsilon_{ij}^{(\tau)}$ is no longer Gaussian marginalizing (2.8) over $\alpha_i$ is not straightforward. However, notice that $Y_{ij}$ is a sum of two independent random variables $\epsilon_{ij}^{(\tau)}$ and $Z_{ij}^{(\tau)} = X'_{ij}\beta + \alpha_i^{(\tau)}$ (one being ALD and the other Gaussian). Therefore, we can use convolution techniques to derive the marginal
density of $Y_{ij}$. (Geraci and Bottai (2013) also address deriving the marginal density of $Y_{ij}$ but using a different approach.) The convolution of $Z_{ij}^{(\tau)}$ and $\epsilon_{ij}^{(\tau)}$ turns out to be (see details in the appendix and for notational convenience $i, j$ subscripts and $(\tau)$ superscript were dropped)

$$f_Y(y) = \int f_Z(y - \omega) f_\epsilon(\omega) d\omega$$

$$= \frac{1}{\sigma} \phi(y; \mathbf{X}'\beta + \mu_\alpha, \sigma_\alpha^2)$$

$$\times \left[ \phi^{-1} \left( y; \mathbf{X}'\beta + \mu_\alpha + \frac{\sigma_\alpha^2}{\sigma}(\tau - 1), \sigma_\alpha^2 \right) \Phi \left( \frac{-\mathbf{X}'\beta + \mu_\alpha - \frac{\sigma_\alpha^2}{\sigma}(\tau - 1)}{\sigma_\alpha} \right) + \right.$$  

$$\phi^{-1} \left( y; \mathbf{X}'\beta + \mu_\alpha + \frac{\sigma_\alpha^2}{\sigma_\alpha}(\tau - 1), \sigma_\alpha^2 \right) \Phi \left( \frac{\mathbf{X}'\beta + \mu_\alpha - \frac{\sigma_\alpha^2}{\sigma_\alpha}(\tau - 1)}{\sigma_\alpha} \right) \right], \quad (3.1)$$

where $\phi(\cdot; m, s^2)$ denotes a Gaussian density with mean $m$ and variance $s^2$ and $\Phi(\cdot)$ denotes a standard Gaussian cumulative distribution function. Calculating $Q_{Y_{ij}}(\tau|\mathbf{X}_{ij})$ can now be carried out employing (3.1). Even though the marginal density of $Y_{ij}$ is somewhat complex, using it to estimate $Q_{Y_{ij}}(\tau|\mathbf{X}_{ij})$ is conceptually straightforward. Numerically it would be possible to evaluate (3.1) for a sequence of possible $Y$ values and then simply select the $Y$ value that corresponds to the empirical $\tau$th quantile. This is facilitated through the usual computational algorithms employed in a Bayesian analysis which we detail in the next section.

### 3.1 Computation

Since we’ve adopted a Bayesian approach inference is based on the joint posterior distribution

$$p(\beta^{(\tau)}, \sigma, \mu_\alpha, \sigma_\alpha^2, \alpha^{(\tau)}|\mathbf{Y}, \mathbf{X}). \quad (3.2)$$

As this distribution is analytically intractable, we resort to using MCMC techniques to sample from it. To facilitate sampling, as detailed in Lum and Gelfand (2012) and Yue and Rue (2011) we characterize
the $\epsilon \sim ALD(0, \sigma, \tau)$ with the following scale mixture of normals

$$
\epsilon = \sqrt{\frac{2\xi}{\tau(1 - \tau)}} \zeta + \frac{1 - 2\tau}{\tau(1 - \tau)} \xi,
$$

where of $\zeta \sim N(0, 1)$ and $\xi \sim Exp(\sigma)$ with $E(\xi) = 1/\sigma$. Introducing auxiliary variables $\zeta$ and $\xi$ facilitates computation as the augmented likelihood (by $\zeta$) becomes Gaussian and the augmented parameter vector $(\beta, \sigma, \mu_\alpha, \sigma_\alpha^2, \alpha, \xi)$ produces recognizable full conditionals making it possible to employ a Gibbs sampler (full conditionals are provided in the Appendix). Therefore, draws from (3.2) can be collected by cycling through the full conditionals on an individual basis.

### 3.2 Estimation and Inference

Since $qVA$ is a function of $(\beta^{(\tau)}, \sigma, \mu_\alpha)$, once $B$ MCMC iterates of $p(\beta^{(\tau)}, \sigma, \mu_\alpha, \alpha^{(\tau)}|Y, X)$ are collected they can be used to produce MCMC draws from $p(qVA_i|Y, X)$ (the posterior distribution of the $i$th schools $qVA$) from which all estimation and inference is derived. For example, a reasonable estimator of the $i$th schools $qVA$ is

$$
\hat{qVA}_i = E[qVA_i|Y, X] = \frac{1}{n_i} \sum_{j=1}^{n_i} E[Q_{Y_{ij}}|\alpha_i(\tau|X_{ij})] | Y] + \frac{1}{n_i} \sum_{j=1}^{n_i} E[Q_{Y_{ij}}(\tau|X_{ij})] | Y].
$$

Now using the $B$ MCMC iterates collected from $p(\beta^{(\tau)}, \sigma, \mu_\alpha, \alpha^{(\tau)}|Y, X)$ a Monte Carlo estimate of $E[Q_{Y_{ij}}|\alpha_i(\tau|X_{ij})] | Y]$ is simply

$$
\hat{Q}_{Y_{ij}}|\alpha_i(\tau|X_{ij}) = \frac{1}{B} \sum_{b=1}^{B} X_{ij}' \beta_{(b)}^{(\tau)} + \alpha_{(b)}^{(\tau)}
$$

(3.4)

where subscript $(b)$ indexes the $b$th MCMC iterate. Since $f_Y(y)$ is a function of $(\beta, \sigma, \mu_\alpha, \sigma_\alpha^2, \alpha)$, the MCMC iterates can also be employed to estimate $Q_{Y_{ij}}(\tau|X_{ij})$ as Monte Carlo simulation (within the MCMC algorithm) can be used to produce draws from $p(Q_{Y_{ij}}(\tau|X_{ij})|Y)$. This is done by dis-
cretizing a suitable interval of $Y$ into $M$ plausible values and for each evaluating 3.1 at each of the $b$ MCMC iterates. The $\tau$th empirical quantile of the $M$ density values would represent the $b$th draw from $p(Q_{Yij}(\tau|X_{ij})|Y)$. Letting $Q_{Yij}^{(b)}(\tau|X_{ij})$ denote the $b$th MCMC draw, a Monte Carlo estimate of $E[Q_{Yij}(\tau|X_{ij})|Y]$ is

$$\hat{Q}_{Yij}(\tau|X_{ij}) = \frac{1}{B} \sum_{b=1}^{B} Q_{Yij}^{(b)}(\tau|X_{ij}).$$

Finally, a Monte Carlo estimate of $qVA$ is

$$\hat{qVA}_i = \frac{1}{ni} \sum_{j=1}^{ni} \hat{Q}_{Yij}|\alpha_i(\tau|X_{ij}) - \frac{1}{ni} \sum_{j=1}^{ni} \hat{Q}_{Yij}(\tau|X_{ij}).$$

(3.5)

Under the Bayesian paradigm, intervals associated with $qVA$ are also very easily computed once $B$ MCMC iterates of $p(\beta(\tau), \sigma, \mu, \alpha(\tau)|Y, X)$ have been collected. Among the $B$ iterates, one simply needs to find values $L$ and $U$ such that $Pr(L \leq qVA \leq U|Y, X) = 1 - c$ for some pre-specified $c \in (0, 1)$. In the results section we find $L$ and $U$ that are associated with the 95% Highest Posterior Density (HPD) intervals (Gelman et al. 2013).

Although it may be obvious, it is worth noting that the computational procedure just described for carrying out estimation and inference must be run for each student and therefore becomes computationally expensive as the number of students grow.

4 Application: Chilean SIMCE Test Data

As discussed in the introduction, the role of the Chilean National Agency of Quality of Education is to evaluate students’ achievement as well as the performance of schools according to national standards. This information is used to produce a classification of schools. Interestingly the SAC law contemplates the possibility of performing such a classification using value-added models. It should be mention, how-
ever, that the Chilean National Agency of Quality of Education has ruled it out at this time. Therefore in
the light of wider debates regarding the meaning and measurement of school effectiveness it is relevant to
discuss the information produced by value-added methodologies that schools potentially can obtain. The
objective of this section is to illustrate information that is available from quantile value-added indicators
using the Chilean data set described in Section 1.2.2.

4.1 Preliminary Remarks

In order to build some intuition regarding how $qvA$ is computed and the information it provides we
first consider a regression model with only one subject specific covariate (2007 SIMCE Math score).
Subsequently we consider a regression model with three covariates that are known to be exogenous two
of which are school specific (2007 SIMCE Math Score averaged over school, and percent of students
who took and entrance exam prior to be admitted to school) and one which is student-specific (individual
2007 SIMCE Math Score). As mentioned in the introduction, decisions regarding covariate inclusion
can greatly impact not only value-added estimates, but also their substantive meaning; these issues will
be illustrated by discussing the $qvA$ from each model.

The dependent variable $Y_{ij}$ corresponds to the 2011 SIMCE math score, whereas the prior attainment
score $X_{1ij}$ corresponds to the 2007 SIMCE math score. It is important to note that the 2007 SIMCE
test was administered at the end of the first half (fourth grade) of primary education, whereas the 2011
SIMCE test is administered at the end of the second half (eighth grade) of primary education. In the
Chilean educational system, there exists a difference between the first half and the second half: during the
first half of primary education, Mathematics, Language, Sciences and Arts are taught by one teacher only
(a generalist teacher). During the second half of primary education, those topics are taught by subject-
specific teachers. Therefore, the value-added analysis reported below aims to estimate a school’s ability
to effectively carry out the second half of primary education after controlling by the scores obtained at
the end of the first half of primary education. The difference between the first half and the second half of
primary education justifies the exogeneity of the prior attainment score $X_{1ij}$. In fact, we argue that this difference represents a different school organization at both administrative and educational level.

Details regarding computation associated with fitting the two models are the same so we detail them here. Both models were fit using methods described in Section 3. To improve mixing, we considered $Y_{ij} - \bar{Y}$ and $X_{ij} - \bar{X}$ where $\bar{Y} = \sum_{ij} Y_{ij}/N$ and $\bar{X} = \sum_{ij} X_{ij}/N$ with $N = \sum_{i=1}^{m} n_i$ (this doesn’t influence qVA estimates as differences between marginal and conditional quantiles remain unchanged.)

For each $\tau$ considered, qVA was estimated using 1000 MCMC iterates after discarding the first 1000 as burn-in. Convergence was monitored graphically by examining MCMC iterate history plots which displayed fair mixing and fast convergence. We selected prior parameters values that would provide “weakly informative” priors (Gelman et al. 2013) and resulted in the following $b_0 = 0$, $B_0 = s_0^2 I$, with $s_\beta^2 = 100^2$, $a_{\alpha} = a_{\alpha} = b_{\alpha} = b_{\alpha} = 1$, and $s_{\mu}^2 = 100^2$.

### 4.2 Model with One Covariate

Recall $X_{1ij}$ denotes the 2007 SIMCE math score of $i$th student from the $j$th school and $Y_{ij}$ denotes the 2011 SIMCE math score for the same student (we emphasize again that only students who attend the same school in 2007 and 2011 are considered). To estimate qVA we fit the following model

$$Y_{ij} = X_{1ij}\beta_1^{(\tau)} + \alpha_i^{(\tau)} + \epsilon_{ij}^{(\tau)} \quad i = 1, \ldots, m, \quad j = 1, \ldots, n_i$$

for $\tau = 0.05, 0.1, 0.25, 0.5, 0.75, 0.9, 0.95$.

To illustrate that the relationship between 2007 and 2011 SIMCE math scores depends on $\tau$ we provide Figure 2. It appears that moving from $\tau = 0.05$ to $\tau = 0.1$ produces a slight increase in $\beta^{(\tau)}$ and then a gradual decreases as $\tau$ moves from 0.1 to 0.95. The decrease in $\beta^{(\tau)}$ as $\tau$ increases is to be expected in the current setting since improving upon a high test score is more difficult than improving upon a low one. Table 2 provides the posterior means and standard deviations of $\beta_1$ for each $\tau$. The same trends seen in Figure 2 are present.
Figure 2: The left plot displays the marginal posterior distributions of $\beta(\tau)$. The right plot displays the posterior means and 95% credible intervals of $\beta(\tau)$ as a function of $\tau$

Table 2: The posterior expectations and standard deviations associated with the coefficients from the model with one covariate ($\beta_1$ - previous attainment score) and three covariates ($\beta_1$ - previous attainment score, $\beta_2$ - school average test score, $\beta_3$ - % of students that took entrance exam)

<table>
<thead>
<tr>
<th>$\tau$</th>
<th>$E(\beta_1)$</th>
<th>$sd(\beta_1)$</th>
<th>$E(\beta_1)$</th>
<th>$sd(\beta_1)$</th>
<th>$E(\beta_2)$</th>
<th>$sd(\beta_2)$</th>
<th>$E(\beta_3)$</th>
<th>$sd(\beta_3)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05</td>
<td>0.633</td>
<td>0.003</td>
<td>0.625</td>
<td>0.104</td>
<td>13.682</td>
<td>0.003</td>
<td>0.018</td>
<td>1.496</td>
</tr>
<tr>
<td>0.10</td>
<td>0.641</td>
<td>0.003</td>
<td>0.632</td>
<td>0.141</td>
<td>13.354</td>
<td>0.003</td>
<td>0.017</td>
<td>1.124</td>
</tr>
<tr>
<td>0.25</td>
<td>0.635</td>
<td>0.003</td>
<td>0.624</td>
<td>0.137</td>
<td>14.497</td>
<td>0.002</td>
<td>0.017</td>
<td>1.268</td>
</tr>
<tr>
<td>0.50</td>
<td>0.619</td>
<td>0.003</td>
<td>0.608</td>
<td>0.161</td>
<td>13.623</td>
<td>0.003</td>
<td>0.016</td>
<td>1.007</td>
</tr>
<tr>
<td>0.75</td>
<td>0.587</td>
<td>0.003</td>
<td>0.577</td>
<td>0.182</td>
<td>14.314</td>
<td>0.002</td>
<td>0.011</td>
<td>0.903</td>
</tr>
<tr>
<td>0.90</td>
<td>0.561</td>
<td>0.002</td>
<td>0.552</td>
<td>0.211</td>
<td>14.288</td>
<td>0.002</td>
<td>0.020</td>
<td>1.128</td>
</tr>
<tr>
<td>0.95</td>
<td>0.548</td>
<td>0.002</td>
<td>0.541</td>
<td>0.222</td>
<td>14.110</td>
<td>0.002</td>
<td>0.014</td>
<td>0.783</td>
</tr>
</tbody>
</table>
Figure 3: Three value-added estimates with 95% intervals associated with six schools and model with one covariate. The first and second estimates from each school are based on a HLM with the first corresponding to maximum likelihood estimation and the second a Bayesian model. The last estimate corresponds to $qVA$ for $\tau = 0.5$. 
4.2.1 Comparing the $qVA$ for $\tau = 0.5$ with standard mean value-added estimates

Before highlighting the information that quantile value-added provides over mean value-added, we show that the $qVA$ estimate for $\tau = 0.5$ is very similar to the value-added estimate from two very common mean based estimators. Both mean based estimators are derived from the HLM found in equation (2.3). The first method employs maximum likelihood estimation and therefore the value-added estimates correspond to the so called best linear unbiased predictors (BLUP)’s. BLUP uncertainty and inference are derived through the asymptotic results that accompany maximum likelihood estimation and are carried out using the `lmer` function of the statistical software R. The second method of estimating value-added is based on a the following Bayesian model:

$$ (Y_{ij} | X_{ij}, \beta, \alpha_i, \sigma_i^2) \sim N(X_{ij}\beta + \alpha_i, \sigma_i^2) $$

$$ \alpha_i \sim N(m_a, s_a^2) $$

$$ \beta \sim N_p(m_b, s_b^2 I) $$

$$ \sigma_i^2 \sim IG(a_s, b_s) $$

Estimation and inference associated with the value-added from this model is based on the posterior distribution of $(\beta, \alpha, \sigma^2)$. Using MCMC methods, draws from this distribution were collected and employed to estimate value-added and construct 95% intervals. We will refer to the maximum likelihood estimate as LMM and the Bayesian estimate as BLMM. Figure 3 provides the value-added estimates and 95% intervals from LMM and BLMM along with a $qVA$ estimate and interval for $\tau = 0.5$ associated with six schools. The six schools were selected based on their ability to highlight $qVA$ advantages and will be referenced throughout the remainder of the paper. Notice that for these six schools the three procedures produce very similar value-added estimates. In fact, the correlation coefficient between the LMM value-added and $qVA$ for all schools is approximately 0.97 while that for BLMM and $qVA$ is approximately 0.98.
Figure 4: The conditional quantile fit of two schools. The blue and red lines represent \( \hat{Q}_{Y_{ij}}(\tau | X_{ij}) \). The green line represents \( \bar{Q}_{Y_{ij}}(\tau | X_{ij}) \) which is the quantile regression line averaged over all schools. \( qVA \) is estimated by calculating the difference between \( \ast \) and \( \oplus \) for each school.
4.2.2 Illustrating the meaning of the $qVA$

In order to build intuition regarding the meaning of $qVA$, we provide Figure 4 which contains results from two schools for $\tau = 0.05, 0.25, 0.75,$ and $0.95$. The schools were selected as they clearly illustrate value-added’s dependency on $\tau$. In the figure the green line represents $\hat{Q}_{Y_{ij}}(\tau|X_{ij})$, while the red and blue lines represent $\hat{Q}_{Y_{ij}|\alpha_i}(\tau|X_{ij})$ for each school respectively. The circled cross points highlighted on each respective schools quantile regression line (blue and red lines) represent $\frac{1}{n_i} \sum_{j=1}^{n_i} \hat{Q}_{Y_{ij}|\alpha_i}(\tau|X_{ij})$, while the asterisk points on the green line represent $\frac{1}{n_i} \sum_{j=1}^{n_i} \hat{Q}_{Y_{ij}}(\tau|X_{ij})$ for each school. The vertical distance between these two points represents each school’s $qVA$ estimate. Thus, for $\tau = 0.05$ the red school has a positive $qVA$ while that of the blue school is negative. For $\tau = 0.25$ and $\tau = 0.75$ both schools have a negative $qVA$ but the rankings invert moving from from $\tau = 0.25$ to $\tau = 0.75$. Finally, for $\tau = 0.95$ the red school now has a highly negative $qVA$ while the blue school’s $qVA$ is positive.

4.2.3 How informative are the $qVA$ scores?

Now we consider value-added as a function of $\tau$. Figure 5 presents $qVA$ for the same 6 schools shown in Figure 3. Notice the large variability of $qVA$ not only between schools but with in school. Two schools appear to have a positive $qVA$ for each of the 7 percentiles considered meaning that the cloud of points associated with those two schools is always concentrated above the majority of schools. Those schools whose value-added moves from negative to positive typically have a cloud of points that is much more variable and have students with very high and low scores. It is interesting to note that the lines plotted in Figure 5 often cross and therefore, rankings of schools based on value-added depends a great deal on the test-score distribution percentile.

Figure 6 presents 95% Bayesian highest posterior density intervals that correspond to the six previously mentioned schools. There is a fair amount of variability at each quantile. That said, two schools are superior in terms of value-added for all quantiles besides the 95th. Notice further that the school associated with the dotted line has the lowest value-added for scores in the 5th quantile, but steadily improves as
Figure 5: $qVA$ estimate from model that includes one covariate for six schools that were selected to highlight information that $qVA$ provides.
Figure 6: 95% Bayesian intervals corresponding to same six schools as in Figure 5.
the test score quantiles increase and eventually being centrally ranked. The schools associated with the solid and dashed lines produce value-added that is very similar except for the 90th and 95th percentile. Generally speaking, Figures 5 and 6 clearly show that focusing only on mean type value-added estimates (corresponding to $\tau = 0.5$) is insufficient in characterizing a schools effectiveness.

### 4.2.4 Relating the $qVA$ to administrative characteristic of schools

Next we consider the effect that school type has on quantile value-added. The top plot of Figure 7 provides side-by-side box plots of $qVA$ estimates for all schools grouped according to school type. From this plot it appears that value-added associated with PP schools is consistently higher than other types of schools regardless of $\tau$. The two public school types produce similar value-added for each $\tau$ and the subsidized schools seem to provide some added value relative to the public schools. To further investigate this phenomena we partition schools according to the amount of co-pay (or total for PP schools) that is charged. These results can be seen in Figure 9, first panel. From the figure it can be seen that for each quantile $\tau$, school effectiveness increases in conjunction with co-payment. Notice that there appears to be an overall negative trend in Figures 7 and 9. This confirms the intuition that it is “easier” for a school to demonstrate effectiveness with students who have a low prior attainment score relative to those that have high prior attainment scores.

Finally, in context of the Chilean education system (see Section 1.2), the value-added based on model (4.6) measures the effectiveness of a school to educate students after controlling for their initial SIMCE scores. That is, the effectiveness of a school is only related to the students. Therefore, one way $qVA$ might be useful in guiding policy decisions is that it identifies effective schools regarding a schooling period characterized by multiple disciplines and teachers because $qVA$ shows which schools are more effective with students at different initial quantile levels (a Type A indicator according to Raudenbush and Willms (1995)’s terminology).
Figure 7: Side-by-side boxplots of $qVA$ corresponding to the four school types in the Chilean education system. PP represents private schools, PS public schools with co-pay and MD, MC are two different types of public schools. The top plot shows results from model with one covariate, while the bottom plot corresponds to model containing three covariates. For each $\tau$, the first box-plot (moving from left to right) corresponds to MC, the second MD, third PP, and fourth PS.
4.3 Model with Three Covariates

We now consider $X_{ij}$ as a vector of three covariates. We retain $X_{ij1} =$ individual student 2007 SIMCE math score and now add $X_{ij2} =$ percentage of students required to take entrance exams before being admitted and $X_{ij3} =$ school average 2007 SIMCE math score. For the same $\tau$s considered in Section 4.2, we fit the following model

$$Y_{ij} = X_{ij1}\beta_1^{(\tau)} + X_{ij2}\beta_2^{(\tau)} + X_{ij3}\beta_3^{(\tau)} + \alpha_i^{(\tau)} + \epsilon_{ij}^{(\tau)} \quad i = 1, \ldots, m, \; j = 1, \ldots, n_i. \quad (4.7)$$

Figure 8 provides a plot of $qVA$ as a function of $\tau$ for the same six schools as those found in Figure 5. Generally speaking one effect of incorporating three covariates when estimating $qVA$ is that between school variability associated with $qVA$ has decreased. This is to be expected as the added covariates explain more variability between schools. Additionally, adding covariates appears to change school rankings according to $qVA$. Notice that the top two schools $qVA$ curves now never cross and one is uniformly higher ranked across all $\tau$'s. Figure 7 provides side-by-side of $qVA$ according to school type. Although the same trends persist (private schools still provide more value-added across all $\tau$), the differences are much less glaring. In fact, it appears that when $X_{ij2}$ and $X_{ij3}$ are considered that subsidized schools provide much less value-added. This holds for all $\tau$. 

The substantive information provided by the analysis is that the $qV$-model considered provides information regarding the effectiveness of a school after controlling for individual prior score, the compositional effect, and by the school selectivity. Therefore, model (4.7) represents what the school brings to the learning process. What students bring at both the individual and group level has been discounted and, therefore, what remains is the school’s contribution. It is also interesting to note that the effectiveness of the schools is in general the same independent of the level of co-payment, except for the high level (the co-payment is at least equivalent to 4 times the voucher). Thus, it appears that schools with a strong financial support are more effective than the other schools (a Type B indicator according to Raudenbush and Willms (1995)’s terminology).
Figure 8: $qVA$ estimate from model that includes three covariates for the same six schools considered previously.
Figure 9: Side-by-side boxplots of $qVA$ corresponding to monthly co-pay amounts. The top plot shows results from model with one covariate, while the bottom plot corresponds to model containing three covariates.
5 Conclusions

Form a modeling perspective, we have generalized the idea of value-added from that of only considering a central measure of the test-score distribution to that of considering the entire test-score distribution. This was carried out by extending Manzi et al. (2014)’s model-free definition of value-added to one that is based on test-score quantiles. Using results from the SIMCE standardized test we showed that value-added as a function of test-score quantiles provides a more complete “picture” of an institution’s overall effectiveness. In fact, we showed that $qVA$ at the median ($\tau = 0.5$) produces school rankings very similar to those from standard value-added scores (in our case study the correlation was approximately 0.98), but with very different $qVA$ value-added patterns across multiple $\tau$s (see Figure 5). This illustrates that a school can be more effective for students in the upper tail of the test score distribution compared to those in the lower tail; while other schools can be equally effective for all types of students; and other schools might be more effective for students who score in the lower tail of the test score distribution.

These considerations lead us to claim that $qVA$ could be a useful instrument from a policy making perspective. As a matter of fact, following the terminology introduced by Raudenbush and Willms (1995), it is possible to specify Type A and Type B $qVA$ scores. The former could be useful for parents: looking at the $qVA$ pattern, parents are given information associated with school effectiveness for many types of students and abilities (defined by location of the test score distribution). The latter could be useful for gubernamental agencies: if the focus is to ensure quality of education, the $qVA$ pattern can provide enough information to be able to judge the school effectiveness with respect to specific type of student. Thus, for instance a school can be ineffective for “median students”, but effective for students that score at the 25th quantile. For accountability purposes the $qVA$ patterns provide valuable information as it is possible to rank schools for different quantiles. By so doing, external accountability agencies will have access to “complete” school effectiveness information. Without entering into details, $qVA$ can even be considered as a bridge between external pressures (which are typically attributed to official accountability systems) and internal accountability. All that said, Type A and Type B $qVA$ indicators will be most
useful in decision making if policy actors (parents, national agencies of quality of education and policy makers) have access to $qVA$ patterns across time. This leads to consider dynamical value-added models, and in particular dynamical $qVA$ models. These considerations will be address in the future.

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6 Appendix

- Details to calculating $f_Y(y)$ found in (3.1):

$$f_Y(y) = \int f_Z(y - \omega) f_\epsilon(\omega) d\omega$$

$$= \int \frac{1}{\sqrt{2\pi\sigma^2_\alpha}} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} (y - \omega)^2 \right\} \frac{\tau(1 - \tau)}{\sigma} \exp \left\{ -\frac{\omega}{\sigma} (\tau I(\omega \leq 0)) \right\} d\omega$$

$$= \frac{\tau(1 - \tau)}{\sqrt{2\pi\sigma^2_\alpha}} \left[ \int_{-\infty}^{0} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} (y - \omega)^2 \right\} \exp \left\{ -\frac{\omega}{\sigma} (\tau - 1) \right\} d\omega \right.$$

$$+ \int_{0}^{\infty} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} (y^2 - 2y\omega + \omega^2) - \frac{\omega}{\sigma} (\tau - 1) \right\} d\omega$$

$$= \frac{\tau(1 - \tau)}{\sqrt{2\pi\sigma^2_\alpha}} \left[ \int_{-\infty}^{0} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} \left( y^2 - 2y\omega + \omega^2 - \frac{\omega}{\sigma} (\tau - 1) \right) \right\} d\omega \right.$$

$$+ \int_{0}^{\infty} \exp \left\{ \frac{y\omega}{\sigma^2_\alpha} - \frac{\omega^2}{2\sigma^2_\alpha} - \frac{\omega}{\sigma} \tau \right\} d\omega$$

$$= \frac{\tau(1 - \tau)}{\sqrt{2\pi\sigma^2_\alpha}} \left[ \exp \left\{ -\frac{y^2}{2\sigma^2_\alpha} \right\} \left[ \int_{-\infty}^{0} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} \left( \omega^2 - 2\sigma^2_\alpha \left( \frac{y}{\sigma^2_\alpha} - \frac{(\tau - 1)}{\sigma} \right) \omega \right) \right\} d\omega \right.$$

$$+ \int_{0}^{\infty} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} \left( \omega^2 - 2\sigma^2_\alpha \left( \frac{y}{\sigma^2_\alpha} - \frac{(\tau - 1)}{\sigma} \right) \omega \right) \right\} d\omega$$

$$= \frac{\tau(1 - \tau)}{\sqrt{2\pi\sigma^2_\alpha}} \exp \left\{ -\frac{y^2}{2\sigma^2_\alpha} \right\} \left[ \exp \left\{ \frac{a}{2\sigma^2_\alpha} \right\} \int_{-\infty}^{0} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} (\omega - a)^2 \right\} d\omega \right.$$

$$+ \exp \left\{ \frac{b^2}{2\sigma^2_\alpha} \right\} \int_{0}^{\infty} \exp \left\{ -\frac{1}{2\sigma^2_\alpha} (\omega - b)^2 \right\} d\omega$$

$$= \frac{\tau(1 - \tau)}{\sigma} \phi(y; 0; \sigma^2_\alpha) \sqrt{2\pi\sigma^2_\alpha} \left[ \exp \left\{ \frac{a^2}{2\sigma^2_\alpha} \right\} \Phi \left( -\frac{a}{2\sigma_\alpha} \right) + \exp \left\{ \frac{b^2}{2\sigma^2_\alpha} \right\} \left( 1 - \Phi \left( -\frac{b}{\sigma_\alpha} \right) \right) \right]$$
• Full Conditionals:

The model we are considering is

\[ Y_{ij} = X_{ij}' \beta^{(\tau)} + \alpha_i^{(\tau)} + \epsilon_{ij}, \]

where \( \epsilon_{ij} \stackrel{iid}{\sim} ALD(\tau, \mu = 0, \sigma) \) and \( \alpha_i \stackrel{iid}{\sim} N(0, \sigma_{\alpha}^2) \).

The priors we employ are:

\[ \beta^{\tau} \sim N_p(b_0, B_0) \]
\[ \sigma \sim IG(a_\sigma, b_\sigma) \]
\[ \sigma_{\alpha}^2 \sim IG(a_\mu, b_\mu) \]
\[ \mu_\sigma \sim N(0, s_{\mu}^2) \]

Using the mixture characterization of the ALD let \( \xi_{ij} \sim Exp(\sigma) \). Then,

\[ Y_{ij} | \xi_{ij}, \beta, \sigma, \alpha \sim N \left( \frac{1 - 2\tau}{\tau(1 - \tau)} \xi_{ij} + X_{ij}' \beta + \alpha_i \right) \]
\[ \frac{2\xi_{ij}}{\mu_{ij}} \]

Let \( v_{ij} = \frac{1}{\xi_{ij}} \), \( v_{ij} | \beta, \sigma \sim IG(1, \sigma) \). The un-normalized posterior is the following.
\[ \pi(\beta, \sigma, \sigma^2_\alpha, \mu_\alpha, \alpha | y, X) \propto \ell(\beta, \sigma, v, \alpha; y, X) \pi(\beta, \sigma, v, \alpha, \sigma^2_\alpha) \]

\[ \propto \prod_{i=1}^{m} \prod_{j=1}^{n_i} (\sigma v_{ij} (1 - \tau))^{1/2} \exp \left\{ -\frac{1}{2} \frac{\sigma v_{ij} \tau (1 - \tau)}{2} (y_{ij} - \mu_{ij}) \right\} \]

\[ \times \exp \left\{ \frac{1}{2} (\beta - b_0) B_0^{-1} (\beta - b_0) \right\} \]

\[ \times IG(v_{ij}, 1, \sigma) \times G(\sigma, a_\sigma, b_\sigma) \times IG(\sigma^2_\alpha, a_\mu, b_\mu) \times \prod_{i=1}^{m} \exp \left\{ -\frac{1}{2\sigma^2_\alpha \alpha^2} \right\} \]

Letting \( V = \frac{2\tau}{\tau(1 - \tau)} diag(v_{11}, \ldots, v_{m,n_m}) \), \( U = (Y_{11} - \frac{1 - 2\tau}{\tau(1 - \tau)} v_{11}, \ldots, Y_{nn} - \frac{1 - 2\tau}{\tau(1 - \tau)} v_{n_n}) \), and \( \alpha = (\alpha_1, \ldots, \alpha_m) \), the full conditionals are

\[ [\beta|\cdot] \sim N \left[ (X'V^{-1}X + B_0^{-1})(U'V^{-1}X - \alpha'V^{-1}X + b_0'B_0'), (X'V^{-1}X + B_0^{-1})^{-1} \right] \]

\[ [\sigma|\cdot] \sim IG \left( \frac{3N}{2} + a_\sigma + 1, \frac{\tau(1 - \tau)}{2} \sum_{ij} v_{ij} (y_{ij} - \mu_{ij})^2 + \sum_{ij} v_{ij} + 1/b_\sigma \right) \]

\[ [\alpha_i|\cdot] \sim N \left( \frac{\frac{1}{2\sigma} \tau(1 - \tau) \sum v_{ij} (Y_{ij} - X'\beta - \alpha_i - (1 - 2\tau))}{\frac{1}{2\sigma} \tau(1 - \tau) \sum v_{ij} + \frac{1}{\sigma_\alpha}}, \frac{1}{\sigma_\alpha} \right) \]

\[ [\sigma^2_\alpha|\cdot] \sim IG \left( 0.5m + a_\alpha, \frac{1}{2} \sum_i (\alpha_i - \mu_\alpha)^2 + 1/b_\alpha \right) \]

\[ [\mu_\alpha|\cdot] \sim N \left( \frac{\frac{1}{\sigma_\alpha^2} \sum_i \alpha_i}{\frac{m}{\sigma_\alpha^2} + \frac{1}{\sigma_\mu^2}}, \frac{1}{\sigma_\alpha^2} \cdot \frac{m}{\sigma_\alpha^2} + \frac{1}{\sigma_\mu^2} \right) \]

\[ [v_{ij}|\cdot] \sim InvGauss \left( \frac{1}{\tau(1 - \tau)} |Y_{ij} - X'_{ij} \beta - \alpha_i|, \frac{1}{2\sigma(1 - \tau)} \right) \]