



November 28, 2011

NAIC - Producer Licensing (EX) Working Group - Testing and Examination

The most important factor to keep in mind is that there are many variables that may contribute to candidates successfully completing licensing examinations. Therefore, overall pass rates will vary. Such variables include the examination itself, education, candidate habits and behavior, study materials, and the testing environment, among others.

Although candidate backgrounds (including educational backgrounds, socioeconomic conditions, health, habits, ethics, etc.) are the most varying, other variables may be controlled a bit more. The testing issues have been standardized, including the exam itself as well as the testing environment (test centers). Granted, some variation still exists due primarily to the involvement of the human factor.

Education is a major variable, including education providers, instructors, study materials, references, etc. Pre-license education hours vary greatly by jurisdiction. Furthermore, the existing minimum education environments seem insufficient. Contributing to the education standards is a lack of reference and study materials (both quantity and quality).

The remaining comments focus on the State Licensing Handbook. The SLH is already reflective of best practices for licensing examinations as well as testing standards. A few points are worth noting.

The Chapter in the SLH on Testing is 10 pages, whereas the chapter on Education is one page. Much more emphasis needs to be placed on education standards. If candidates are not prepared, then they will not pass the exam. Low pass rates due to lack of preparation should not be blamed on the exams.

The examinations focus on minimum competency of entry-level producers. The educational efforts should match. A minimum of 20 pre-license education hours seems insufficient. Here are some other professional licensing categories:

- Real Estate Salesperson and Broker range 65-70 hours of pre-license education.
- Appraisers range from 75 hours (trainee) to 300 hours (certified general).
- Contractors/trades have hundreds of licenses, but tend to have at least 200 hours of education.
- Mortgage Loan Originators (SAFE act mandate) at least 20 hours, but many states add on about 10 hours - some up to 60.
- Cosmetology averages more than 1400 hours.



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Demographic data collection and, more importantly, interpretation -
Exercise caution when interpreting exam results. There are relatively low rates of participation in demographic surveys - approximately 35%. It is nearly impossible to determine statistical significance to such small subgroup populations. There is also the influence of non-testing factors, especially socio-economic ones. Test bias may not be a reflection of the test itself - does the test cause the differences or merely reflect existing bias from other non-testing sources?

If reports about testing data (pass rates, demographics, etc) are made public, then the reports should be accompanied by a narrative explaining some guidelines for interpreting the data. Data that may compromise the integrity of the exam (such as an item analysis report) should not be made public.

There is mention of a 70% pass rate, and to review all examinations below that rate. This is an arbitrary and irrelevant requirement, because ALL examinations should be reviewed, regardless of pass rate. The examination review should focus on the standards used to develop the exams, and not just on pass rates, since pass rates can also be influenced by non-testing factors, such as education.

In addition to the Uniform Guidelines on Employee Selection Procedures, examinations should consider the Standards for Educational and Psychological Testing (AERA et al, 1999 - currently under revision).

Respectfully submitted,

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