

Georgia Milestones

Assessment System



Assessment Guide

Economics/Business/ Free Enterprise



Assessment Guide

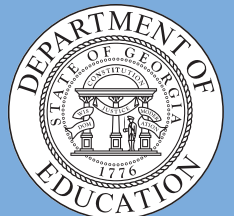


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THE GEORGIA MILESTONES ASSESSMENT SYSTEM

The purpose of the Georgia Student Assessment Program is to measure student achievement of the state-adopted content standards and inform efforts to improve teaching and learning. Results of the assessment program are utilized to identify students failing to achieve mastery of content, to provide educators with feedback about instructional practice, and to assist school districts in identifying strengths and weaknesses in order to establish priorities in planning educational programs.

The State Board of Education is required by Georgia law (O.C.G.A. §20-2-281) to adopt assessments designed to measure student achievement relative to the knowledge and skills set forth in the state-adopted content standards. The Georgia Milestones Assessment System (Georgia Milestones) fulfills this requirement and, as a key component of Georgia's Student Assessment Program, is a comprehensive summative assessment program spanning Grade 3 through high school. Georgia Milestones measures how well students have learned the knowledge and skills outlined in the state-adopted content standards in English Language Arts, Mathematics, Science, and Social Studies. Students in grades 3 through 8 take an end-of-grade assessment in English Language Arts and Mathematics, while students in grades 5 and 8 also take an end-of-grade assessment in Science and Social Studies. High school students take an end-of-course assessment for each of the ten courses designated by the State Board of Education. In accordance with State Board Rule, Georgia Milestones end-of-course measures serve as the final exams for the specified high school courses.

The main purpose of Georgia Milestones is to inform efforts to improve student achievement by assessing student performance on the standards specific to each course or subject/grade tested. Specifically, Georgia Milestones is designed to provide students and their parents with critical information about the students' achievement and, importantly, their preparedness for the next educational level. The assessment system is a critical informant of the state's accountability measure, the College and Career Ready Performance Index (CCRPI), providing an important gauge about the quality of the educational services and opportunities provided throughout the state. The ultimate goal of Georgia's assessment and accountability system is to ensure that all students are provided the opportunity to engage with high-quality content standards, receive high-quality instruction predicated upon those standards, and are positioned to meet high academic expectations.

Features of the Georgia Milestones Assessment System include:

- technology-enhanced items (all grades and courses);
- open-ended (constructed-response) items in English Language Arts and Mathematics (all grades and courses);
- a writing component (in response to passages read by students) at every grade level and course within the English Language Arts assessment;
- norm-referenced items in all content areas and courses to complement the criterion-referenced information and to provide a national comparison; and
- a transition to online administration over time, with online administration considered the primary mode of administration and paper/pencil as a backup until the transition is complete.

The primary mode of administration for the Georgia Milestones program is online, with the goal of completing the transition from paper/pencil within five years after the inaugural administration (i.e., the 2014–2015 school year). Paper/pencil test materials (such as Braille) will remain available for students with disabilities who may require them in order to access the assessment.

Georgia Milestones follows guiding principles to help ensure that the assessment system:

- is sufficiently challenging to ensure Georgia students are well positioned to compete with other students across the United States and internationally;
- is intentionally designed across grade levels to send a clear signal of student academic progress and preparedness for the next level, whether it is the next grade level, course, or college or career;
- is accessible to all students, including those with disabilities or limited English proficiency, at all achievement levels;
- supports and informs the state’s educator-effectiveness initiatives, ensuring items and forms are appropriately sensitive to quality instructional practices; and
- accelerates the transition to online administration, allowing—over time—for the inclusion of innovative technology-enhanced items.

GEORGIA MILESTONES END-OF-COURSE (EOC) ASSESSMENTS

As previously mentioned, Georgia law (§20-2-281) mandates that the State Board of Education adopt EOC assessments for core courses to be determined by the Board. An EOC assessment serves as a student’s final exam in the associated course. With educator input and State Board approval, the Georgia Milestones EOC assessments measure student achievement in the following courses: Ninth Grade Literature and Composition, American Literature and Composition, Algebra I, Geometry, Coordinate Algebra, Analytic Geometry, Physical Science, Biology, United States History, and Economics/Business/Free Enterprise.

Any student enrolled in and/or receiving credit for one of the above-mentioned courses, regardless of grade level, is required to take the Georgia Milestones EOC assessment upon completion of that course. This includes middle school students completing a course associated with a Georgia Milestones EOC assessment, regardless of whether they are receiving high school credit. Students enrolling from non-accredited programs are required to take and pass the Georgia Milestones EOC assessment prior to receiving credit for the course.

A student’s final grade in the course will be calculated using the Georgia Milestones EOC assessment as follows (State Board Rule 160-4-2-.13):

- For students enrolled in Grade 9 for the first time before July 1, 2011, the EOC assessment counts as 15% of the final grade.
- For students enrolled in Grade 9 for the first time on or after July 1, 2011, the EOC assessment counts as 20% of the final grade.

Results of the EOC assessments, according to the legislated and identified purposes, must:

- provide a valid measure of student achievement of the state content standards across the full achievement continuum;
- serve as the final exam for each course, contributing 15% or 20% to the student’s final course grade;
- provide a clear signal of each student’s preparedness for the next course and ultimately post-secondary endeavors (college and career);
- allow for the detection of the academic progress made by each student from one assessed course to the next;
- support and inform educator-effectiveness measures; and
- inform state and federal accountability measures at the school, district, and state levels.

Additional uses of the EOC assessments include: (1) certifying student proficiency prior to the awarding of credit for students enrolling from non-accredited private schools, home study programs, or other non-traditional educational centers and (2) allowing eligible students to demonstrate competency without taking the course and earn course credit (e.g., “test out”). In both cases, students are allotted *one* administration.

ASSESSMENT GUIDE

The Georgia Milestones Economics/Business/Free Enterprise EOC Assessment Guide is provided to acquaint Georgia educators and other stakeholders with the structure of and content assessed by the test. Importantly, this guide is not intended to inform instructional planning. It is essential to note that there are a small number of content standards that are better suited for classroom or individual assessment than for large-scale summative assessment. While those standards are not included in the tests and therefore are not included in this Assessment Guide, the knowledge, concepts, and skills inherent in those standards are often required for the mastery of the standards that are assessed. Failure to attend to all content standards within a course can limit a student’s opportunity to learn and show what he or she knows and can do on the assessment.

The Georgia Milestones Economics/Business/Free Enterprise EOC Assessment Guide is in *no way* intended to substitute for the state-mandated content standards; it is provided to help educators better understand the structure and content of the assessment, *but it is not all-encompassing of the knowledge, concepts, and skills covered in the course or assessed on the test*. The state-adopted content standards and associated standards-based instructional resources, such as the Content Frameworks, should be used to plan instruction. This Assessment Guide can serve as a *supplement* to those resources, in addition to any locally developed resources, **but should not be used in isolation**. In principle, the Assessment Guide is intended to be descriptive of the assessment program and should not be considered all-inclusive. The state-adopted content standards are located at www.georgiastandards.org.

TESTING SCHEDULE

The Georgia Milestones Economics/Business/Free Enterprise EOC assessment is offered during three Main Administrations. Main Administrations are primarily intended to provide an opportunity to assess student achievement at the completion of a course and to serve as the final exam for the associated course as required by State Board Rule. As a result, the EOC assessment should occur as close to the conclusion of the course as possible. Main Administrations can also be utilized to verify credit from a non-accredited school or home schooling. In addition to the Main Administrations, Mid-Month Administrations are provided in order to allow students additional testing opportunities for the various reasons noted below.

Purpose for EOC Assessment	Winter & Spring Main Administrations	Mid-Month Administrations	Summer Main Administration
Completion of Course	Yes	Yes	Yes
Makeup from Previous Administration	Yes	Yes	Yes
Retest	No*	Yes	Yes
Test Out	No	Yes**	Yes
Validation of Credit	Yes	Yes	Yes

*Winter and Spring Main Administrations cannot be used for the purpose of a retest.

**August, September, and March Mid-Month Administrations as well as the Summer Main Administration can be used for the purpose of a test out.

Note: Each district determines a local testing window within the state-designated testing window.

TEST STRUCTURE

DESCRIPTION OF TEST FORMAT AND ORGANIZATION

The Georgia Milestones Economics/Business/Free Enterprise EOC assessment is primarily a criterion-referenced test designed to provide information about how well a student has mastered the state-adopted content standards within the course. Each student will receive one of four Achievement Level designations, depending on how well the student has mastered the course content standards. The four Achievement Level designations are Beginning Learner, Developing Learner, Proficient Learner, and Distinguished Learner. In addition to criterion-referenced information, the Georgia Milestones measures will also include a limited sample of nationally norm-referenced items to provide a signal of how Georgia students are achieving relative to their peers nationally. The norm-referenced information provided is supplementary to the criterion-referenced Achievement Level designation and will not be utilized in any manner other than to serve as a barometer of national comparison. Only the criterion-referenced scores and Achievement Level designations will be utilized in the accountability metrics associated with the assessment program (such as student course grades, student growth measures, educator-effectiveness measures, and the CCRPI).

The Economics/Business/Free Enterprise EOC assessment consists of both operational items (contribute to a student's criterion-referenced and/or norm-referenced score) and field test items (newly written items that are being tried out and do not contribute to the student's score). A subset of the norm-referenced operational items have been verified as aligned to the course content standards by Georgia educators and will also contribute to the criterion-referenced score and Achievement Level designation. The other norm-referenced items will contribute only to the national percentile rank, which is provided as supplemental information.

With the inclusion of the norm-referenced items, students may encounter items for which they have not received direct instruction. These items will not contribute to the students' criterion-referenced Achievement Level designation; only items that align to the course content standards will contribute to the criterion-referenced score. Students should be instructed to try their best should they ask about an item that is not aligned to the content they have learned as part of the course.

The table on the following page outlines the number and types of items included on the Economics/Business/Free Enterprise EOC assessment.

Economics/Business/Free Enterprise EOC Assessment Design

Description	Number of Items	Points for CR ¹ Score	Points for NRT ² Feedback
CR Selected-Response Items	44	44	0
NRT Selected-Response Items	20 ³	8 ⁴	20
CR Technology-Enhanced Items	4	8	0
CR Field Test Items	8	0	0
Total Items/Points⁵	76	60	20

¹CR—Criterion-Referenced: items aligned to state-adopted content standards

²NRT—Norm-Referenced Test: items that will yield a national comparison; may or may not be aligned to state-adopted content standards

³Of these items, 8 will contribute to both the CR scores and NRT feedback. The other 12 of these items will contribute to NRT feedback only and will not impact the student’s Achievement Level designation, scale score, or grade conversion.

⁴Alignment of national NRT items to course content standards was verified by a committee of Georgia educators. Only approved, aligned NRT items will contribute to a student’s CR Achievement Level designation, scale score, and grade conversion score.

⁵Of the 76 total items, 56 items contribute to the CR score, for a total of 60 points; 20 total items contribute to NRT feedback, for a total of 20 points.

The test will be given in two sections. Students may have up to 70 minutes per section to complete Sections 1 and 2. The total estimated testing time for the Economics/Business/Free Enterprise EOC assessment ranges from approximately 90 to 140 minutes. Total testing time describes the amount of time students have to complete the assessment. It does not take into account the time required for the test examiner to complete pre-administration and post-administration activities (such as reading the standardized directions to students). Sections 1 and 2 may be administered on the same day or across two consecutive days based on the district’s testing protocols for the EOC measures (in keeping with state guidance).

During the Economics/Business/Free Enterprise EOC assessment, students may use a scientific calculator throughout all sections of the test.

CONTENT MEASURED

The Economics/Business/Free Enterprise EOC assessment will measure the Economics/Business/Free Enterprise standards that are described at www.georgiastandards.org.

The content of the assessment is organized into five groupings, or domains, of standards for the purposes of providing feedback on student performance. A content domain is a reporting category that *broadly* describes and defines the content of the course, as measured by the EOC assessment. The standards for Economics/Business/Free Enterprise are grouped into five domains: Fundamental Economic Concepts, Microeconomic Concepts, Macroeconomic Concepts, International Economics, and Personal Finance Economics. Each domain was created by organizing standards that share similar content characteristics. The content standards describe the level of expertise that Economics/Business/Free Enterprise educators should strive to develop in their students. Educators should refer to the content standards for a full understanding of the knowledge, concepts, and skills subject to be assessed on the EOC assessment.

The approximate proportional number of points associated with each domain is shown in the following table. A range of cognitive levels will be represented on the Economics/Business/Free Enterprise EOC assessment. Educators should always use the content standards when planning instruction.

**Economics/Business/Free Enterprise:
Domain Structures and Content Weights**

Reporting Category	Standards Assessed	Approximate Percent of Test	Approximate Number of Points
Fundamental Economic Concepts	SSEF1 (a, b, c, d) SSEF2 (a, b, c) SSEF3 (a, b) SSEF4 (a, b, c) SSEF5 (a, b) SSEF6 (a, b, c, d)	23%	14
Microeconomic Concepts	SSEMI1 (a, b) SSEMI2 (a, b, c, d, e, f, g) SSEMI3 (a, b)	23%	14
Macroeconomic Concepts	SSEMA1 (a, b, c, d, e, f) SSEMA2 (a, b, c, d, e) SSEMA3 (a, b, c)	21%	13
International Economics	SSEIN1 (a, b, c) SSEIN2 (a, b, c, d) SSEIN3 (a, b, c)	14%	8
Personal Finance Economics	SSEPF1 (a, b) SSEPF2 (a, b, c, d) SSEPF3 (a, b, c) SSEPF4 (a, b, c) SSEPF5 (a, b) SSEPF6 (a, b)	19%	11

EXTENDED PROPER NOUN LIST FOR ECONOMICS/BUSINESS/FREE ENTERPRISE

The Georgia Standards of Excellence (GSE) articulate what students should know and should be able to do for each content area at the conclusion of a given grade or course. As the GSE have been reviewed and implemented into Georgia Milestones for Social Studies, Georgia educators involved in the review process indicated that it would be helpful for educators across Georgia to receive an extended list of content-related proper nouns to supplement the language of the standards for use in assessment items.

Generally, under Georgia Milestones for Social Studies, proper nouns that are present in the text of the content standards are used in test items. However, Georgia educators involved in the item development process have indicated that there are additional terms that are inherent to the instruction of the content defined in the standards, and the Georgia Department of Education has determined that it is in the best interest of instruction across Georgia to bolster the clarity and accuracy of the test items by providing an extended list of proper nouns implied through the implementation of the GSE.

For example, in grade 5, consider standard SS5H4, “Explain America’s involvement in World War II.” While “Axis Powers” and “Allied Powers” are not stated explicitly in the standards, Georgia educators involved in the review process understand that those terms are necessary in the instruction process for this standard and that avoiding those two terms would create less clarity in the test items. Instead of simply saying “Axis Powers,” ambiguous phrasing would have to be created to describe “countries that fought on the side of Germany during the war” or “countries that fought against the United States during the war,” thereby increasing the reading load for the student and decreasing clarity.

Georgia educators believe that the terms provided in the extended proper noun lists are inseparable from the content being assessed, and as such, are terms that students will have had an opportunity to learn in the course of their regular instruction.

Please note that not all terms identified in the teacher notes, study guides, and assessment guides are included in this list. This is a limited list of additional proper nouns to be used when teaching and assessing Social Studies content based on the recommendations of Georgia educators. Educators should ensure that their students are familiar with this extended list of proper nouns so that students are prepared when they take the Georgia Milestones Assessment in Social Studies.

The Extended Proper Noun List for Economics/Business/Free Enterprise can be found in the following table.

Extended Proper Noun List for Economics/Business/Free Enterprise Georgia Standards of Excellence

Standard/ Element	Term
N/A	None identified

ITEM TYPES

Operational items in the Economics/Business/Free Enterprise EOC assessment consist of selected-response and technology-enhanced items.

A selected-response item, sometimes called a multiple-choice item, is defined as a question, problem, or statement that appears on a test followed by several answer choices, sometimes called options or response choices. The incorrect choices, called distractors, usually reflect common errors. The student's task is to choose, from the alternatives provided, the best answer to the question posed in the stem (the question). The Economics/Business/Free Enterprise selected-response items will have four answer choices.

A technology-enhanced item is an innovative way to measure student skills and knowledge using scaffolding within a multi-step response. For multiple-select items, the student is asked to pick two or three correct responses from five or six possible answer options. In multiple-part items, the student responds to a two-part item that combines multiple choice and/or multiple select. For these item types, the student selects the responses from the choices provided and receives two points for selecting all correct answers or partial credit for specific combinations of correct responses.

DEPTH OF KNOWLEDGE DESCRIPTORS

Items found on the Georgia Milestones assessments, including the Economics/Business/Free Enterprise EOC assessment, are developed with a particular emphasis on cognitive complexity or Depth of Knowledge (DOK). DOK is measured on a scale of 1 to 4 and refers to the level of cognitive demand required to complete a task (or in this case, an assessment item). The higher the level, the *more complex* the item; however, higher levels do not necessarily mean *more difficult* items. For instance, a question can have a low DOK but a medium or even high difficulty level. Conversely, a DOK 4 question may have a low difficulty level but still require a great deal of cognitive thinking (e.g., analyzing and synthesizing information instead of just recalling it). The following descriptions and table show the expectations of the four DOK levels in greater detail.

Level 1 (Recall of Information) generally requires students to identify, list, or define, often asking them to recall who, what, when, and where. Consequently, this level usually asks students to recall facts, terms, concepts, and trends and may ask them to identify specific information contained in documents, excerpts, quotations, maps, charts, tables, graphs, or illustrations. Items that require students to “describe” and/or “explain” could be classified at Level 1 or Level 2, depending on what is to be described and/or explained. A Level 1 “describe” and/or “explain” would require students to recall, recite, or reproduce information.

Level 2 (Basic Reasoning) includes the engagement of some mental processing beyond recalling or reproducing a response. A Level 2 “describe” and/or “explain” would require students to go beyond a description or explanation of recalled information to describe and/or explain a result or “how” or “why.”

Level 3 (Complex Reasoning) requires reasoning, using evidence, and thinking on a higher and more abstract level than Level 1 and Level 2. Students will go beyond explaining or describing “how and why” to justifying the “how and why” through application and evidence. Level 3 questions often involve making connections across time and place to explain a concept or “big idea.”

Level 4 (Extended Reasoning) requires the complex reasoning of Level 3 with the addition of planning, investigating, applying significant conceptual understanding, and/or developing that will most likely require an extended period of time. Students should be required to connect and relate ideas and concepts *within* the content area or *among* content areas in order to be at this highest level. The distinguishing factor for Level 4 would be a show of evidence (through a task, a product, or an extended response) that the cognitive demands have been met.

The following table identifies skills that students will need to demonstrate at each DOK level, along with question cues appropriate for each level.

Level	Skills Demonstrated	Question Cues
<p>Level 1 Recall of Information</p>	<ul style="list-style-type: none"> • Make observations • Recall information • Recognize formulas, properties, patterns, processes • Know vocabulary, definitions • Know basic concepts • Perform one-step processes • Translate from one representation to another • Identify relationships 	<ul style="list-style-type: none"> • Tell what, when, or where • Find • List • Define • Identify; label; name • Choose; select • Compute; estimate • Express • Read from data displays • Order
<p>Level 2 Basic Reasoning</p>	<ul style="list-style-type: none"> • Apply learned information to abstract and real-life situations • Use methods, concepts, theories in abstract and real-life situations • Perform multi-step processes • Solve problems using required skills or knowledge (requires more than habitual response) • Make a decision about how to proceed • Identify and organize components of a whole • Extend patterns • Identify/describe cause and effect • Recognize unstated assumptions, make inferences • Interpret facts • Compare or contrast simple concepts/ideas 	<ul style="list-style-type: none"> • Apply • Calculate; solve • Complete • Describe • Explain how; demonstrate • Construct data displays • Construct; draw • Analyze • Extend • Connect • Classify • Arrange • Compare; contrast

Level	Skills Demonstrated	Question Cues
<p style="text-align: center;">Level 3 Complex Reasoning</p>	<ul style="list-style-type: none"> • Solve an open-ended problem with more than one correct answer • Create a pattern • Generalize from given facts • Relate knowledge from several sources • Draw conclusions • Make predictions • Translate knowledge into new contexts • Compare and discriminate between ideas • Assess value of methods, concepts, theories, processes, formulas • Make choices based on a reasoned argument • Verify the value of evidence, information, numbers, data 	<ul style="list-style-type: none"> • Plan; prepare • Predict • Create; design • Ask “what if?” questions • Generalize • Justify; explain why; support; convince • Assess • Rank; grade • Test; judge • Recommend • Select • Conclude
<p style="text-align: center;">Level 4 Extended Reasoning</p>	<ul style="list-style-type: none"> • Analyze and synthesize information from multiple sources • Examine and explain alternative perspectives across a variety of sources • Apply mathematical models to illuminate a problem or situation • Design a mathematical model to inform and solve a practical or abstract situation • Combine and synthesize ideas into new concepts 	<ul style="list-style-type: none"> • Design • Connect • Synthesize • Apply concepts • Critique • Analyze • Create • Prove

SCORES

Selected-response and technology-enhanced items are machine scored. The operational items in the Economics/Business/Free Enterprise EOC assessment consist of selected-response items. Some of the items in field-test positions will be technology-enhanced items.

Students will receive a scale score and an Achievement Level designation based on total test performance. In addition, students will receive information on how well they performed at the domain level. Students will also receive a norm-referenced score based on a set of norm-referenced items included within the test; this score will allow comparison to a national norming group of students.

EXAMPLE ITEMS

Example items, which are representative of the applicable DOK levels across various Economics/Business/Free Enterprise content domains, are provided.

All example and sample items contained in this guide are the property of the Georgia Department of Education.

Example Item 1

Selected-Response: 1 point

DOK Level: 1

Economics/Business/Free Enterprise Content Domain: Personal Finance Economics

Standard: SSEPF4. Evaluate the costs and benefits of using credit.

- b. Compare interest rates on loans and credit cards from different institutions.

Which factor MOST directly affects the amount of money borrowers must repay to lenders?

- A. the inflation rate
- B. the employment rate
- C. the annual percentage rate
- D. the currency exchange rate

Correct Answer: C

Explanation of Correct Answer: The correct answer is choice (C) the annual percentage rate. Banks generally link the loans they offer to the annual percentage rate (APR). The loans may have fixed APRs or flexible APRs. Choices (A), (B), and (D) are incorrect because these are issues that may affect the APR; they are not generally included in the loan agreement.

Example Item 2**Selected-Response:** 1 point**DOK Level:** 2**Economics/Business/Free Enterprise Content Domain:** Microeconomic Concepts**Standard:** SSEMI2. Explain how the law of demand, the law of supply, and prices work to determine production and distribution in a market economy.

- a. Define the law of supply and the law of demand.

In a market economy, if the price of a good increases, the quantity demanded by consumers and the quantity supplied by producers will change in which of the following ways?

<u>Quantity Demanded by Consumers</u>	<u>Quantity Supplied by Producers</u>
A. increase	increase
B. increase	decrease
C. decrease	increase
D. decrease	decrease

Correct Answer: C

Explanation of Correct Answer: The correct answer is choice (C). Fewer consumers will want to buy the good as the price increases, and producers will provide more of the good in anticipation of making increased profits. Choices (A) and (B) are incorrect because consumer demand will decrease. Choice (B) is also incorrect because suppliers will increase the quantity provided with the hope of making more money. Choice (D) is incorrect because suppliers will increase the supply to make more money.

Example Item 3

Selected-Response: 1 point

DOK Level: 2

Economics/Business/Free Enterprise Content Domain: Fundamental Economic Concepts

Standard: SSEF1. Explain why limited productive resources and unlimited wants result in scarcity, opportunity costs, and tradeoffs for individuals, businesses, and governments.

- b. Define and give examples of productive resources (i.e. factors of production): natural resources (i.e. land), human resources (i.e. labor and human capital), physical capital and entrepreneurship.

Use the information to answer the following question.

Mary decides to produce and sell apple juice. She leases an apple orchard and renovates her kitchen to produce and bottle the apple juice. Mary hires three employees. Two employees will maintain the apple orchard and bottle the juice, and one will market the apple juice using the Internet.

In the manufacture and sale of the apple juice, what factor of production does Mary represent?

- A. land
- B. labor
- C. capital
- D. entrepreneurship

Correct Answer: D

Explanation of Correct Answer: The correct answer is choice (D) entrepreneurship. Mary is the entrepreneur who takes steps to start and maintain a business. Choices (A) and (B) are incorrect because they relate to the apple orchard, or land, and to Mary’s employees, or labor. Choice (C) is incorrect because although raising capital is an important step in entrepreneurship, Mary herself does not represent capital.

Example Item 4

Selected-Response: 1 point

DOK Level: 3

Economics/Business/Free Enterprise Content Domain: International Economics

Standard: SSEIN3. Explain how changes in exchange rates can have an impact on the purchasing power of groups in the United States and in other countries.

- c. Explain why some groups benefit and others lose when exchange rates change.

Use this table to answer the question.

**Average Annual Exchange Rate
of \$1 U.S. to the European Euro**

Year	Exchange Rate
2000	1.87
2001	1.63
2002	1.47
2003	1.34

Based on the table, which development **MOST LIKELY** occurred between 2000 and 2003?

- A. The United States increased tariffs on European nations that used the euro in international trade.
- B. The United States increased its money supply to encourage the export of goods to nations that used the European euro.
- C. U.S. exporters found it increasingly difficult to find markets in nations that used the European euro.
- D. European consumers who used the euro purchased U.S. exports at increasingly lower prices.

Correct Answer: D

Explanation of Correct Answer: The correct answer is choice (D) European consumers who used the euro purchased U.S. exports at increasingly lower prices. As the value of the euro increased against the U.S. dollar, it cost Europeans less to buy goods exported from the United States. Choice (A) is incorrect because as American goods became cheaper to export, the U.S. government would not increase tariffs against European nations to retaliate against the declining relative value of the U.S. dollar. Choice (B) is incorrect because while it is possible that the government would increase the money supply to boost exports, this would also cause inflation in the United States, which would hurt domestic consumers. Choice (C) is incorrect because declining value of the U.S. dollar against the euro would make American products more attractive.

Example Item 5

Selected-Response: 1 point

DOK Level: 3

Economics/Business/Free Enterprise Content Domain: Macroeconomic Concepts

Standard: SSEMA3. Explain how the government uses fiscal policy to promote price stability, full employment, and economic growth.

- b. Explain the effect on the economy of the government's taxing and spending decisions in promoting price stability, full employment, and economic growth.

How will price levels and employment MOST LIKELY be affected by increases in government spending?

- A.

<u>Price Levels</u>	<u>Employment</u>
increase	increases

- B.

<u>Price Levels</u>	<u>Employment</u>
increase	decreases

- C.

<u>Price Levels</u>	<u>Employment</u>
decrease	increases

- D.

<u>Price Levels</u>	<u>Employment</u>
decrease	decreases

Correct Answer: A

Explanation of Correct Answer: The correct answer is choice (A). When the government increases public spending by buying services from the market, such as the building of new schools or roads, it also creates jobs. However, with more money in circulation due to more people having jobs, prices may increase. Thus, it is important for the government to find a balance. Choices (B), (C), and (D) are incorrect because although they are related to fiscal policy, they do not represent the situation described. For instance, an increase in government spending would not result in a decrease in both prices and employment.

ADDITIONAL SAMPLE ITEMS

This section has two parts. The first part is a set of 14 sample items for Economics/Business/Free Enterprise. The second part contains a table that shows for each item the standard assessed, the DOK level, the correct answer (key), and a rationale/explanation about the key and distractors. The sample items can be utilized as a mini-test to familiarize students with the item formats found on the assessment.

All example and sample items contained in this guide are the property of the Georgia Department of Education.

Item 1

Selected-Response: 1 point

The economic term “scarcity” relates MOST directly to a situation in which

- A. individuals lack money needed to purchase goods
- B. businesses lack customers needed to make a profit
- C. employees lack experience needed to earn a promotion
- D. manufacturers lack raw materials needed to satisfy demand

Item 2

Selected-Response: 1 point

Use the scenario to answer the question that follows.

Marta and Shanika open their own computer repair shop and agree to share the decision-making, the profits, and the risks. Marta will manage their parts inventory and all the accounting duties. Shanika will work out front to meet customers when they drop off and pick up their computers. Marta will work on desktop computers, while Shanika will repair laptops.

Marta and Shanika’s arrangement is an example of

- A. competition
- B. specialization
- C. incorporation
- D. consumption

Item 3

Selected-Response: 1 point

Which role does money have in economic systems?

- A. a good to consume
- B. a medium of exchange
- C. a measure of satisfaction
- D. a resource for production

Item 4**Selected-Response:** 1 point**Which of these describes a characteristic of a monopoly?**

- A. few barriers of entry
- B. rarely affected by government regulations
- C. strong control over price
- D. face strong competition for customers

Item 5**Selected-Response:** 1 point**A recent high school graduate has never searched for a job before. He does not know what he is qualified to do. He turns down a job at a factory, hoping for better-paying work. What kind of unemployment is he experiencing?**

- A. cyclical
- B. frictional
- C. structural
- D. seasonal

Item 6**Selected-Response:** 1 point**Which monetary policy decision is meant to increase the U.S. money supply?**

- A. Congress passes a bill to reduce personal income taxes.
- B. The Federal Reserve buys treasury bonds in the open market.
- C. Congress passes a bill to reduce regulations on business monopolies.
- D. The Federal Reserve borrows money from a foreign bank to cover a budget deficit.

Item 7

Selected-Response: 1 point

The calculation of a country's balance of trade involves the value of its

- A. exports and imports
- B. net exports and gross domestic product
- C. foreign exchange rate and discount rate
- D. foreign investments and investments by foreigners

Item 8

Selected-Response: 1 point

Which statement BEST supports the argument that countries should engage in free trade?

- A. Free trade encourages less wealthy countries to develop mixed economies.
- B. Free trade eliminates the need for exporters to pursue greater comparative advantages.
- C. Free trade eliminates the need for importers to rely on absolute advantages.
- D. Free trade encourages countries to allocate their resources more efficiently.

Item 9

Selected-Response: 1 point

A woman recently took time off from work while recovering from a car accident. Which insurance provided her with financial support while she recovered?

- A. life
- B. health
- C. disability
- D. property

Item 10**Selected-Response:** 1 point**To maximize profits, a bank would charge**

- A. a rate of interest that is the same for deposits and loans
- B. a higher rate of interest for large corporations than for small businesses
- C. a lower rate of interest on loans and pay a higher rate of interest on deposits
- D. a higher rate of interest on loans and pay a lower rate of interest on deposits

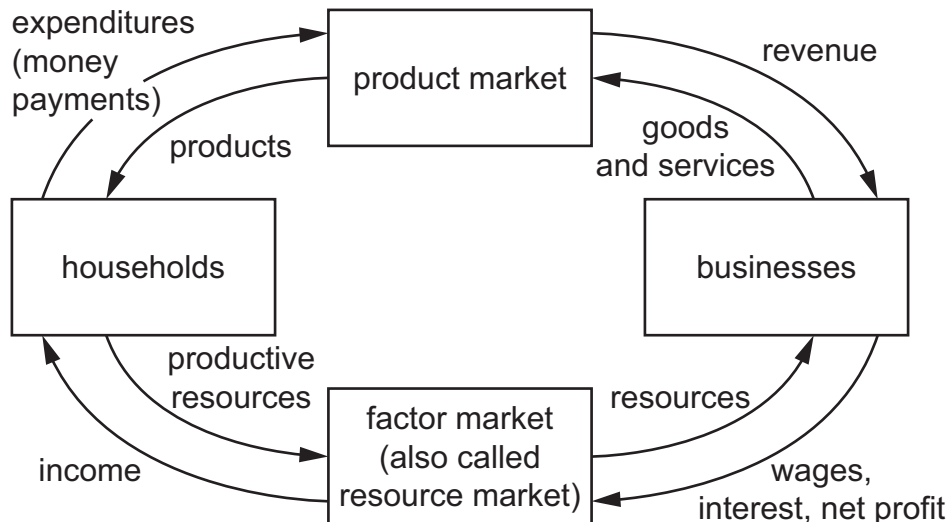
Item 11**Multi-Select Technology-Enhanced:** 2 points**A local grocery store has decided to charge customers for bags. Which TWO statements describe how customers will MOST LIKELY respond to this change?**

- A. Customers will buy more goods in bulk.
- B. Customers will purchase more goods.
- C. Customers will visit the store more often.
- D. Customers will shop at other grocery stores.
- E. Customers will bring reusable bags to the store.
- F. Customers will exclusively use grocery delivery services.

Item 12

Multi-Part Technology-Enhanced: 2 points

Use the diagram to answer the questions.



Part A

What benefit do households provide for businesses?

- A. They supply consumers and workers.
- B. They dictate the supply for certain goods.
- C. They buy scarce resources for businesses to use.
- D. They help businesses save money by looking for bargains.

Part B

Which interaction illustrates the flow of services between a household and a business?

- A. A city operates and maintains public parks.
- B. A discount store establishes a clearance aisle.
- C. A disabled worker draws benefits from the government.
- D. A pizza business provides delivery for an additional fee.

Item 13**Multi-Select Technology-Enhanced:** 2 points**Use the scenarios to answer the question.**

Scenario 1: banks that loaned money at a fixed rate
Scenario 2: people on a limited income
Scenario 3: farmers with fixed-rate mortgages
Scenario 4: businesses that profit from credit sales
Scenario 5: convenience stores that sell staple goods
Scenario 6: thrift stores that sell refurbished or used goods

Which TWO scenarios are MOST negatively affected by unanticipated inflation?

- A. Scenario 1
- B. Scenario 2
- C. Scenario 3
- D. Scenario 4
- E. Scenario 5
- F. Scenario 6

Item 14

Multi-Part Technology-Enhanced: 2 points

Use the information in the box to answer the questions.

A few years ago, Lori started a small software company. Sales have been steady and the company is considering expanding, but Lori has had trouble hiring and keeping skilled employees.

Part A

Which action would be the BEST way for potential employees to increase their chances of getting a job at Lori's software company?

- A. invest in more education or additional training
- B. specialize in one aspect of production or service
- C. buy stock in the company through payroll deductions
- D. purchase the products or services the company develops

Part B

If Lori wants to develop a more efficient work force, which action would MOST LIKELY help her company accomplish this goal?

- A. increase salaries for supervisors
- B. reduce employee hours and tasks
- C. install more safety and convenience features at the business site
- D. provide employees with professional development opportunities

ADDITIONAL SAMPLE ITEM KEYS

Item	Standard/ Element	DOK Level	Correct Answer	Explanation
1	SSEF1a	2	D	The correct answer is choice (D) manufacturers lack raw materials needed to satisfy demand. Scarcity is an economic problem having to do with raw materials that are limited by nature. Although people may have unlimited wants, raw materials can be limited, or scarce. Choices (A), (B), and (C) are incorrect because although they represent a lack, or perceived scarcity, of something, they are not related to raw materials. Scarcity, in economics, is directly related to raw materials.
2	SSEF3a	2	B	The correct answer is choice (B) specialization. Choice (A) is incorrect because Marta and Shanika are working together. Choice (C) is incorrect because there is no indication that the company has been incorporated. Choice (D) is incorrect because Marta and Shanika are considered suppliers of a service, not consumers.
3	SSEMA2a	1	B	The correct answer is choice (B) a medium of exchange. Money, or currency, is a medium that is exchanged with an individual or an entity for goods and services. Choice (A) is incorrect because it refers to money as the good rather than the method for obtaining the good. Choice (C) is incorrect because it essentially defines money as a market survey instead of a resource, a medium for exchange. Choice (D) is incorrect because it defines money as a resource for production. Money is used to purchase the factors of production.
4	SSEMI3b	2	C	The correct answer is choice (C) strong control over price. In a monopoly, firms control the available supply so they can raise prices without losing customers. Choice (A) is incorrect because it describes a feature of pure (perfect) competition. Choice (B) is incorrect because monopolies face the same government regulations as other industries. Choice (D) is incorrect because it describes a feature of pure (perfect) competition.

Item	Standard/ Element	DOK Level	Correct Answer	Explanation
5	SSEMA1e	2	B	<p>The correct answer is choice (B) frictional. Frictional unemployment is the result of job skills of unemployed workers not matching the requirements of jobs that are available. The high school graduate’s skills may not match what is available in the market. Choice (A) is incorrect because cyclical unemployment refers to the unemployment caused by the business cycle during periods of economic recession. Choice (C) is incorrect because structural unemployment refers to old sectors of the economy no longer being necessary, and as a result, jobs are eliminated. There is no indication in the scenario that there has been a shift in the economy resulting in old technology and skills becoming unwanted. Choice (D) is incorrect because there is no indication in the scenario that the change of season or the weather are affecting employment at the factory.</p>
6	SSEMA2d	3	B	<p>The correct answer is choice (B) the Federal Reserve buys treasury bonds in the open market. The purchase of treasury bonds results in the Federal Reserve giving money to banks and financial institutions, which increases the money supply. Choice (A) is incorrect because this is an example of fiscal policy and would not increase the money supply. Choice (C) is a regulatory policy and would not increase the money supply. Choice (D) would not increase the money supply because the Federal Reserve usually does not borrow money from foreign banks to cover a budget deficit.</p>
7	SSEIN1c	1	A	<p>The correct answer is choice (A) exports and imports. A country’s balance of trade is the difference between the value of its imports and the value of its exports. If a country imports more than it exports, it has a trade deficit, and if it exports more than it imports, it has a trade surplus. Choices (B), (C), and (D) are incorrect because although they relate to international economics, they do not factor in both imports and exports. They describe aspects of international economics that are not directly tied to the calculation of a balance of trade.</p>

Item	Standard/ Element	DOK Level	Correct Answer	Explanation
8	SSEIN2d	3	D	<p>The correct answer is choice (D) Free trade encourages countries to allocate their resources more efficiently. In a free trade system, countries can specialize in producing goods or services in industries in which they have an advantage. Specialization leads to increased production efficiencies, which lead to higher productivity and increased output. Choice (A) is incorrect because the ability to trade internationally, without government interventions and taxes, would not logically result in the recommendation of a mixed system, which features some government regulation. Choice (B) is incorrect because free trade is typically what makes specialization so advantageous, and any increases would make production even more efficient. Choice (C) is incorrect because it confuses the issue: exporters, not importers, benefit from absolute advantages in a given industry, and free trade makes this possible.</p>
9	SSEPF5a	1	C	<p>The correct answer is choice (C) disability. The woman's accident left her temporarily disabled, so her disability insurance provided her some support while she recovered. Choice (A) is incorrect because life insurance would not come into play for an injury. Choice (B) is incorrect because health insurance would be relevant only for her treatment and time spent in the hospital. Choice (D) is incorrect because property insurance is meant to cover the cost of property repair, not recovery from an injury.</p>
10	SSEPF2b	2	D	<p>The correct answer is choice (D) a higher rate of interest on loans and pay a lower rate of interest on deposits. The profits that banks earn are the difference between the interest rates received for loans against the interests rates paid on deposits. Choice (A) is incorrect because a bank will not earn a profit if it made interest rates the same for loans and deposits. Choice (B) is incorrect because banks will typically charge the same rate for loans to businesses regardless of the size of the business. Their creditworthiness and ability to repay the loan has a larger impact on determining the interest rate on the loan than their size. Choice (C) is incorrect because paying a lower interest rate on loans than on deposits will result in the bank losing money.</p>

Item	Standard/ Element	DOK Level	Correct Answer	Explanation
11	SSEF2c	3	D, E	<p>The correct answers are choices (D) Customers will shop at other grocery stores and (E) Customers will bring reusable bags to the store. Answer choices (A), (B), (C), and (F) are all technically possible but unlikely. Customers will not change the amount of goods they buy because of this; they will still have the same basic needs as before. Most customers will want to avoid paying for bags, so it is unlikely they will visit the store more often. The majority of customers will not be able to make all grocery purchases through a delivery service.</p>
12	SSEMI1b	3	A, D	<p>Part A</p> <p>The correct answer is choice (A) They supply consumers and workers. In the factor market, households sell their labor to businesses to create goods. In the product market, households buy the goods and services produced for consumers. Choice (B) is incorrect because supply is affected by other factors besides households. Choice (C) is incorrect because households are sellers or providers of resources, not buyers. Choice (D) is incorrect because it describes a consumer action that consumers perform for themselves, not for businesses.</p> <p>Part B</p> <p>The correct answer is choice (D) A pizza business provides delivery for an additional fee. The pizza business is providing a good and a service to households in exchange for revenue. Choice (A) is incorrect because it describes a service provided by the government. Choice (B) is incorrect because it only describes an action of a business. Choice (C) is incorrect because it is an example of a household receiving wages from the government.</p>

Item	Standard/ Element	DOK Level	Correct Answer	Explanation
13	SSEMA1d	3	A, B	<p>The correct answer choices are (A) Scenario 1 and (B) Scenario 2. A bank that loaned money at a fixed rate prior to the unanticipated inflation will be repaid but with money that does not purchase as much as when the loan was originally made. A person on a fixed income will be negatively affected because the amount of money they have will not purchase as much as it used to. Answer choice (C) is incorrect because the borrower who has a loan at a fixed rate benefits from unanticipated inflation because the loan will be repaid with dollars that have less purchasing power. Answer choices (D), (E), and (F) are all businesses that may be negatively impacted by consumers purchasing less, but that impact is less than the impact fixed-rate lenders and people on a fixed income will experience.</p>
14	SSEPF6b	3	A, D	<p>Part A</p> <p>The correct answer is choice (A) invest in more education or additional training. A person with advanced skills is more desirable to employers. Choice (B) is incorrect because it could limit the potential employee to just one role. Choice (C) is incorrect because stock value is not an issue for Lori. Choice (D) is incorrect because owning a product or liking a product is not equivalent to possessing the skills needed to work for a software company.</p> <p>Part B</p> <p>The correct answer is choice (D) provide employees with professional development opportunities. Choice (A) is incorrect because it provides an incentive to only one group of employees. Choice (B) is incorrect because reducing hours and tasks may make it more difficult to produce a product. Choice (C) is incorrect because it won't improve efficiency.</p>

Assessment Guide
Economics/Business/
Free Enterprise
End-of-Course

