CONTRACT-BASED GRADING:  
INNOVATION IN THE CLASSROOM THROUGH CREATIVE GRADING  

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Abstract  

While not a perfect system, contract-based grading can result in a better experience for both teachers and students. This paper presents 1) advantages and disadvantages of contract-based grading; 2) key attributes to consider with a contract-based approach; and 3) examples of contract-based grading.  

Advantages of contract-based grading include 1) Student ownership; 2) Flexibility for students (especially useful for working adults); 3) Increased likelihood that students will possess a positive attitude toward the course and teacher; and 4) Elimination or reduction of late work or make-up work.  

Disadvantages include 1) Student confusion due to lack of familiarity with the system; 2) Student ownership may result in procrastination, especially for those who lack discipline; 3) Students may not understand the various options when they need to make their choices; 4) More cumbersome class management (more “things” going on); and 5) Inefficiencies.  

The key attributes to consider with a contract-based scheme include 1) Elements of the contract; 2) Grading approach; 3) Due date of contract; 4) Students’ ability to change the contract; 5) What, and how many, tasks to offer; and 6) Mandatory versus optional work.  

This paper provides two examples of contract-based grading, one from a Financial Management course and the other from a Marketing Communications course. Included in the example section is a sample contract and wording that was used in the syllabi.  

INTRODUCTION  

The following ideas are probably familiar to all classroom instructors:  
1. Grading is one of the least appealing aspects of teaching, especially when grades are low.  
2. You don’t like to give (OK, I know they earn) low grades.  
3. Likewise, you don’t like giving grades away.  
4. You want your students to succeed.  

Furthermore, most of us will answer yes to the following:  
5. Do you ever feel like grading sometimes gets in the way of learning?  
6. Do you hate giving make-up exams?  
7. Do you dislike making the decision whether the excuse to make up an exam is valid?  

Grading, what a difficult task! Trying to be fair to everyone, treating every student equally. What a challenge. While not a perfect system, contract-based grading can result
in a better experience for both teachers and students. A flexible grading system can alleviate many of the issues we face each time we engage in the grading process.

This paper presents 1) advantages and disadvantages of contract-based grading; 2) key attributes to consider with a contact-based approach; and 3) examples of contract-based grading. The first two sections provide some structure; however, the third section probably contains the most value. Whether the ideas in this paper are worthy of experimentation, it is hoped these ideas will provide and promote innovative thinking on the grading process.

ADVANTAGES AND DISADVANTAGES OF CONTRACT-BASED GRADING

Using a contract-based approach to grading is not a new idea; however, it does NOT appear to be a popular approach to grading. Clearly, there are many advantages worthy of consideration.

Advantages
1. Student ownership
   A contract-based grading system gives students some ownership in the grading process. They can mold their tasks around what they believe will help them excel. Granted, this could also be viewed as a weakness given that students may not be forced to work on their weaknesses. However, as students perform, they possess a greater belief that they were given a fair chance because they had input into the process. In essence, through task selection, students take part in the design of the class.

2. Flexibility for students (especially useful for working adults)
   Students can not only develop tasks around their strengths but also around their schedules. This flexibility helps students schedule and prioritize within their workload of other classes and other time consumers in their lives.

   This can be especially beneficial for working adults who tend to have busier schedules. Both flexibility and the opportunity for student ownership contribute to the popularity of contract-based grading.

3. Likelihood that students possess a positive attitude toward the course and teacher.
   Most instructors hope the students enjoy their class, the topic, and learning in general. By giving students a grading system they think is fair and appealing, instructors provide a positive experience for students. The more students enjoy the academic side of college, the more likely they will become lifelong learners. Enhanced control and assignment options tends to translate into more positive attitudes on the part of the student toward the class and teacher.

4. Elimination or reduction of late work or make-up work
   It is possible to develop a system where no late work is accepted. If a student fails to perform a task, there is no need to develop or provide a make-up exam or make-up work. Simply, the student can choose another assignment or task. This, of course, assumes an instructor allows changes in the contract.

   This benefit of contract-based grading is perhaps of greatest value to a faculty member when a student misses an exam or does not hand in a paper or other assignment; there is no need to ever listen to why he/she missed an exam. There is no need to
determine whether an excuse is valid or whether the student is being dishonest. An instructor may never have to be concerned whether the dog really ate the homework.

Disadvantages

Below are some reasons why faculty may have avoided contract-based grading.

1. Student confusion due to lack of familiarity with the system

With any classroom practice or activity that diverts from the known, students can be confused and it may take awhile for them to adjust. If students fail to fully grasp the grading system early in the semester, they may make faulty decisions which impact negatively on their grade and whether they believe they have been graded fairly.

2. Student ownership sometimes results in procrastination, especially for students who lack discipline

Depending on the flexibility of the system, students may choose to do little work early in the semester. This may result not only in a lack of understanding of foundational material, but also place the student in a difficult situation by the end of the semester. That is, the student may have to complete a semester’s worth of work in the last few weeks or month of the semester due to procrastination and poor contract choices.

3. Students may not understand the various options when they need to make their choices

Students may not truly understand the tasks from which they are to choose at the time they must decide on the tasks. From the student perspective, an integral component of every class is learning the expectations of the instructor. For instance, every student builds their test-taking skills through the testing process that spans the semester. When presented with choices for the contract, students do not possess that foundation of experience on which to base their choices. A student may have difficulty deciding which option is best due to their lack of experience with the instructor or the options.

4. More cumbersome class management (more “things” going on)

With so many options for students, classroom management is more involved. Juggling tasks and keeping track of student work requires excellent organizational skills.

5. Inefficiencies

If you give an exam that only half the class is taking, can the other half of the class be productive within the framework of the class? Or, do students who do not take the exam get a day off which results in some inefficiency. Furthermore, it may be necessary to provide more explanation simply because there may be more tasks or choices offered in a contract-based system.

KEY ATTRIBUTES TO CONSIDER WITH A CONTRACT-BASED APPROACH

1. Elements of the contract

A contract helps students focus on the deliverables to be completed. How legalistic should the contract be? The simpler the contract, the better. At a minimum, the work to be performed and the percentage of the grade for each piece of work should be listed. If a syllabus is used as a legal document in the event of grade challenges, it is important to weave the syllabus and the contract together.

2. Grading Approach

While the most common type of grading is simply grades of 0-100, there are other interesting approaches that provide a clean slate for students. For example, the Plus
grading system (please see example provided in next section) does not provide any letter or number grades during the semester. Students accumulate pluses (+). The number of pluses earned determines the grade of the student.

Not all administrators may be happy with this approach. It is not traditional and can lead to confusion. If an administrator reviews this approach (e.g., students challenge their grade), the administrator may actually be confused initially. This learning curve may predispose an administrator to believe the student has a case, especially if the student has based the challenge on his/her confusion with the grading process.

3. Due date of contract
   Generally, it is useful to finalize a contract relatively early in the semester although, depending on the class, it is sometimes difficult for a student to choose the work they will perform. As mentioned earlier, students oftentimes want to know everything about every option which is not necessarily feasible.

4. Students’ ability to change the contract
   Given the prior limitation, it may be useful to allow students to change their contract throughout the semester. A few considerations--
   a. No contract changes: once a grade is earned, it cannot be replaced.
      In the mind of the student, this increases the necessity for the student to do good work. This will increase the chance that students will submit their highest quality work.
   b. Contract can be changed: once a grade is earned, it can be replaced with future grades.
      In essence, this approach allows all students to do all the tasks. This can result in excessive grading. If students receive satisfactory grades, they are happy. If dissatisfied with their grade, they will complete other work possibly increasing their intensity after realizing their initial effort did not produce a satisfactory grade.
      This is the weaker approach; it is a good idea to put risk into students’ decision making processes to avoid or minimize lackadaisical approaches to work.
   c. Once a grade is earned, it can be replaced with a specific task
      For example, a poor grade earned on any work could be replaced with a final comprehensive exam ONLY; an approach like this gives students a second chance if they are late bloomers when it comes to understanding the material. However, there are few students who are going to be casual about opportunities early in the semester with the idea that they can have a second chance by completing a comprehensive exam.
      In cases where students can trade in a portion of their grade earned for, say, their performance on a final exam, the result could be different weightings for each student. For example, student A could trade in the grade earned in exam 1 (worth 20%) for the performance on the final comprehensive exam. Student B could trade in the grade earned on a quiz (worth 10%) for the grade earned on the final comprehensive exam. Student C could choose not to take any of the quizzes or exams and contract the comprehensive final be worth, say, 70% of his/her grade. While this is inconvenient in calculating grades with a spreadsheet, if designed correctly, all students can perform and earn a fair grade.

5. What and how many tasks to offer
   Regarding what tasks to offer, there are two extremes with this decision: a) provide a list of tasks students can choose from or b) have students develop all the tasks. At the undergraduate level, most students seem to need some structure, some listing of tasks.
Allowing students to develop tasks, especially all the tasks, requires a very mature student who is willing to dive into the material early to see what choices are available. A middle of the road approach might be to have a task with specific requirements but flexibility within the task to create a unique task. For example, a task is developed requiring students to integrate specific material, but the task itself is open-ended. The more tasks students have to choose from, the more explanation is needed. As mentioned earlier, contract-based grading can be cumbersome. The more options, the more cumbersome.

6. Mandatory versus optional work

With options, there is always concern that some of the “critical” content is overlooked by students because it may be avoided by students due to the contract-based approach. Clearly, this must be built into the structure. One of the easiest ways to make this happen is to make a portion of the deliverables mandatory. For example, if it is important for your students to improve their oral presentation skills, a presentation could be mandatory.

EXAMPLES OF CONTRACT-BASED GRADING

This section provides two examples of contract-based grading from two classes 1) Financial Management and 2) Marketing Communications.

Example 1: Financial Management Course

Partial Syllabus

Grading (see handout: Financial Management Contract):

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Foundation Quiz (Mandatory)</td>
<td>10%</td>
</tr>
<tr>
<td>Presentation (Mandatory)</td>
<td>10%</td>
</tr>
<tr>
<td>Discussion Board/Articles (Mandatory)</td>
<td>10%</td>
</tr>
<tr>
<td>Time Value of Money Quiz</td>
<td>20%</td>
</tr>
<tr>
<td>Financial Statement Analysis Quiz</td>
<td>20%</td>
</tr>
<tr>
<td>Final Quiz</td>
<td>20%</td>
</tr>
<tr>
<td>Project: The Finance Side of a Business Plan</td>
<td>30%</td>
</tr>
<tr>
<td>Project: Financial Statement Analysis</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam - Comprehensive</td>
<td>0-70%*</td>
</tr>
<tr>
<td></td>
<td>100%**</td>
</tr>
</tbody>
</table>

* Determined by you (discussed in more detail later in the syllabus)
** You will choose the work you will perform so that the maximum potential total grade will equal 100%. This will be your contract. Changes will be allowed throughout the semester with the approval of the instructor; however, once you hand in work for a grade, it cannot be substituted.

Note 1: During the first week of the semester, you will choose the work you will perform so that the maximum potential total grade will equal 100%. This will constitute your contract. Changes will be allowed throughout the semester with the approval of the instructor; however, once you hand in work for a grade, it cannot be substituted.

Note 2: To measure your understanding (or for entertainment purposes), you are allowed to take the quizzes for no grade. That is, the quiz(ues) would not be a part of your contract.
Note 3: Late work will not be accepted for any reason. If you miss a quiz, assignment, etc., you will have to replace it with work that will be assigned later in the semester.

Final Exam – Comprehensive (0 - 70%):

This exam will consist of all topics discussed in class. This is the only task where you will be able to “trade-in” a prior grade; however, mandatory work cannot be “traded-in”. You can determine the percentage of the final exam to be factored into your final grade.

Example: Before the final exam, you have completed 70% of the class work. However, you are not satisfied with your grade on 40% of the work. You could request the final exam be worth 70% (40% you are not satisfied with plus 30% that has yet to be completed) of your final grade.

IMPORTANT: You DO NOT get to use the highest grade. Example above: if you dropped the lowest 40% where your grades were all 75%. You ended up with a grade of 70% on the final exam. The 70% would be used in calculating your final grade.

A POOR STRATEGY—not studying all semester long and “cramming” for the final. You may think you can beat the system, but I am confident that this strategy will not work for the vast majority of students.

END OF PARTIAL SYLLABUS

Financial Management Contract
(not part of the syllabus but working with the syllabus)

<table>
<thead>
<tr>
<th>Task</th>
<th>Graded Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Foundation Quiz (Mandatory)</td>
<td>10%</td>
</tr>
<tr>
<td>Presentation (Mandatory)</td>
<td>10%</td>
</tr>
<tr>
<td>Discussion Board/Articles (Mandatory)</td>
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<td>Project: Financial Statement Analysis (30%)</td>
<td></td>
</tr>
<tr>
<td>Final Exam - Comprehensive (0-70%)</td>
<td></td>
</tr>
<tr>
<td><strong>Maximum Grade</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Student Signature: _______________________________   Date: ____________
Example 2: Marketing Communications Course

With this course, there was no official contract although there was an implied contract— all assignments are optional. Of course, work was necessary to earn a satisfactory grade. This scheme resulted in much grading; therefore, I would recommend a contract similar to Example 1.

Given that many pluses could be earned with the promotion plan, the promotion plan was mandatory for those who wanted a good grade. Sections of the promotion plan were handed in throughout the semester, each section worth a few pluses. Based on my feedback from the sections, students made adjustments and handed in a final promotion plan that was worth 20 pluses.

Partial Syllabus

All work performed will receive one of three grades:

++ Very good to Excellent; what I am looking for; work that you would give
    to a client or prospective employer

+ Good, but can, and should be, improved before giving to a client

√ Good – unacceptable, but not worthy of receiving credit

Your final grade will be determined by the number of pluses (+) you receive. No credit is given for a √. The total number of + are as follows:

Class Participation 4
Current Promotions (mandatory) 4
Sections of the Promotion Plan 18
Final Promotion Plan 20
14 One-Page Assignments 28
Exam 1 4
Exam 2 4
Final Exam 4

Total Pluses possible 86

The range for each letter grade translates to the traditional class grade as follows:

<table>
<thead>
<tr>
<th>Class Grade</th>
<th>Pluses</th>
<th>Traditional Grading</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>65-86</td>
<td>90-100%</td>
</tr>
<tr>
<td>B</td>
<td>55-64</td>
<td>80-89.9%</td>
</tr>
<tr>
<td>C</td>
<td>45-54</td>
<td>70-79.9%</td>
</tr>
<tr>
<td>D</td>
<td>35-44</td>
<td>60-69.9%</td>
</tr>
<tr>
<td>F</td>
<td>&lt;35</td>
<td>Below 60%</td>
</tr>
</tbody>
</table>