Equivalence Testing of Expected Parameter Changes for Evaluating Local and Global Model Fit in SEM

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Outline

- The problem with current fit evaluation
- A confidence-interval-based equivalence framework
- Simulation studies
- Empirical illustration
- When does it work—and when it does not?

Introduction

- In Structural Equation Modeling (SEM), researchers evaluate whether model–data discrepancy is substantively negligible.
- **Fit indices** (e.g., RMSEA, SRMR, CFI, TLI) quantify the degree of model fit/misfit.
- Researchers typically rely on conventional cutoffs,
  - e.g., RMSEA < .06, SRMR < .08, CFI > .95, TLI > .95
  - But what do these numbers *mean substantively*?
- Fit indices are influenced by many factors: Model size, Magnitude of parameter values (e.g., factor loadings)
- Recent proposals suggest tailored cutoffs: Dynamic fit indices (McNeish & Wolf, 2022)

Introduction

- Misspecification ≠ misfit
  - Good global fit does not guarantee the absence of substantively meaningful local misspecifications.
- Why not evaluate fit **directly at the local level**?
  - Examine whether each fixed parameter is appropriate.
  - If freed, its estimate should be **equivalent** to the fixed value (typically 0).

Equivalence Testing in Local Fit Evaluation

- Saris, Satorra, and Van der Veld (2009) proposed a framework for evaluating each fixed parameter.
- They used four pieces of information to determine whether a fixed parameter reflects fit or misfit.
  - Modification Indices (MI) assess detectability
  - Standardized Expected Parameter Changes (SEPCs) estimate magnitudes.
  - Smallest Effect Size of Interest (SESOI) define substantive importance.
    - E.g., a standardized cross-loading of .40 or a measurement error correlation of .10.
  - Power to detect the SESOI via MI test.

Equivalence Testing in Local Fit Evaluation

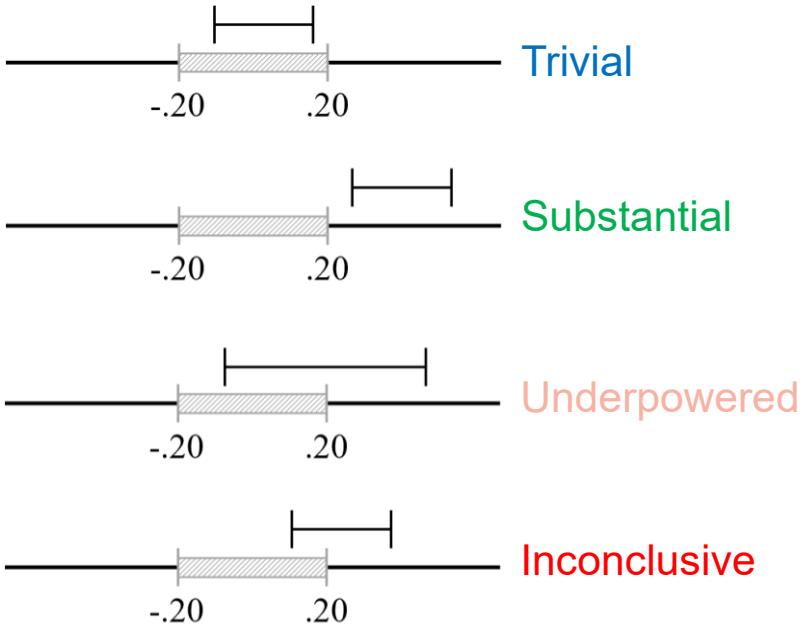
Decision rules for each fixed parameter:

Power \ MI	Significant	Not Significant
Low	Substantial Misspecification	Underpowered
High	EPC > SESOI → Substantial EPC < SESOI → Trivial	Trivial Misspecification

- Limitation: Aggregation across parameters is unclear.
- Moreover, the decision rules can be inconsistent:
  - Example: A parameter can be classified as "substantial" solely because statistical power is low—even when its SEPC is small.

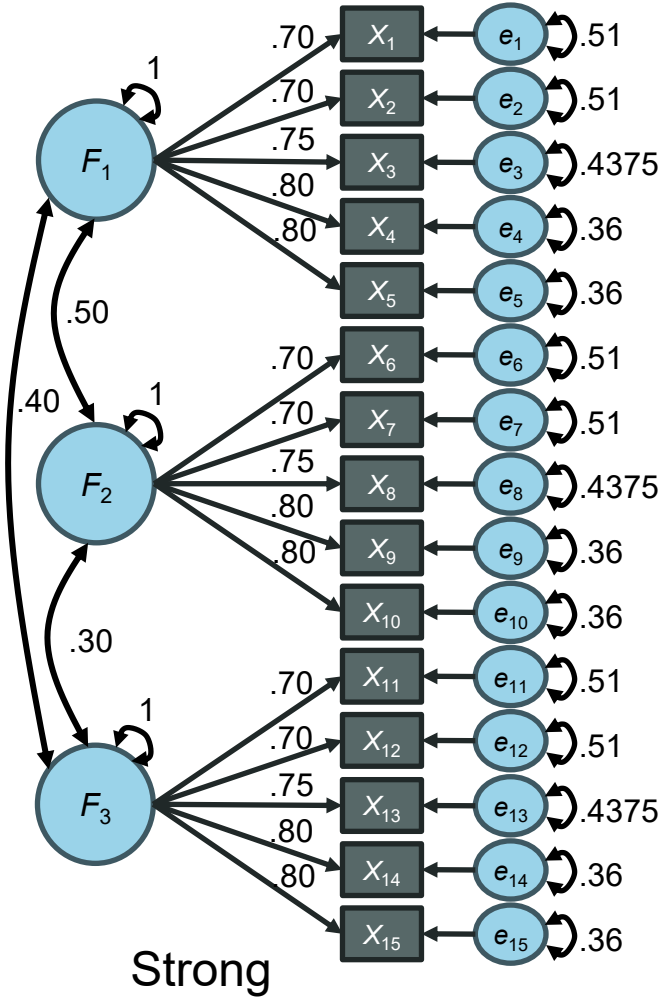
Equivalence Testing in Local Fit Evaluation

- Our proposal: Evaluate local fit using equivalence testing based on CIs of EPCs.
- Rule: use the 90% CI of each EPC (consistent with two one-tailed tests).
  - CI entirely inside SESOI → Trivial
  - CI entirely outside SESOI → Substantial
  - CI width exceeds the SESOI width → Underpowered
  - CI partially overlaps the SESOI → Inconclusive
- Proposed conservative hierarchical aggregation rules:
  - If any CI is Underpowered → Underpowered
  - Else if any CI is Substantial → Substantial
  - Else if any CI is Inconclusive → Inconclusive
  - Else -> Trivial



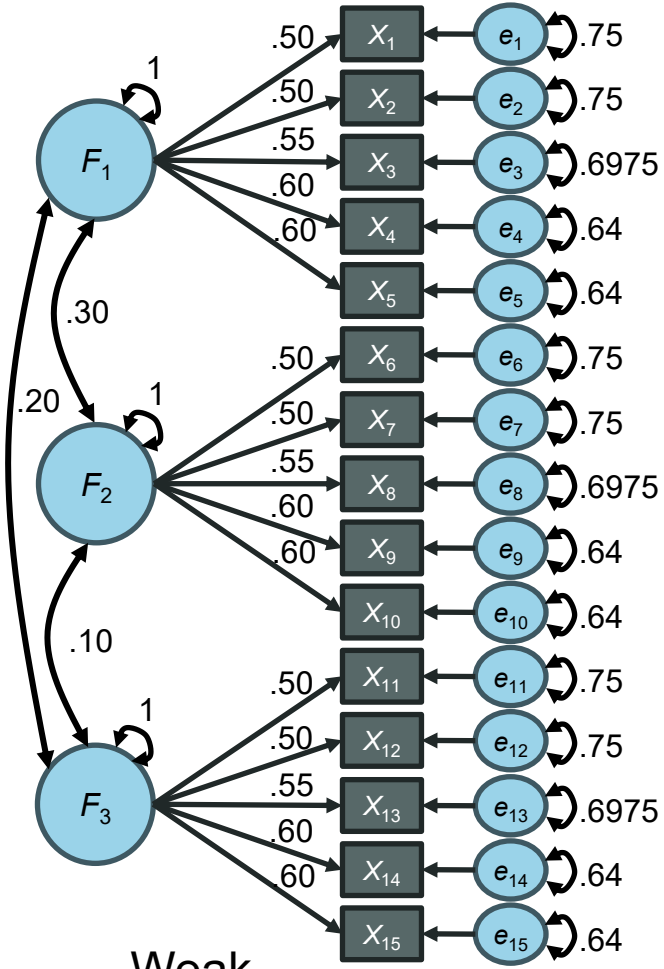
Simulation Study

- Study 1
  - Data: Three-factor CFA, 5 indicators per factor (similar to Hu & Bentler, 1999)
  - Sample size: N = 100 to 640000 (15 levels)
  - Weak vs. strong parameter values



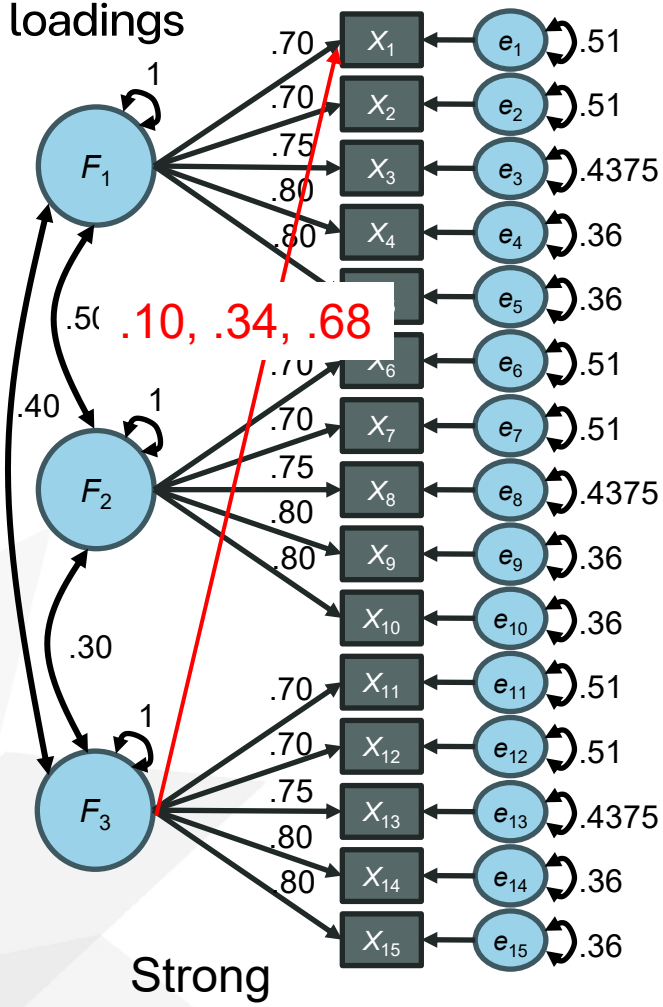
Simulation Study

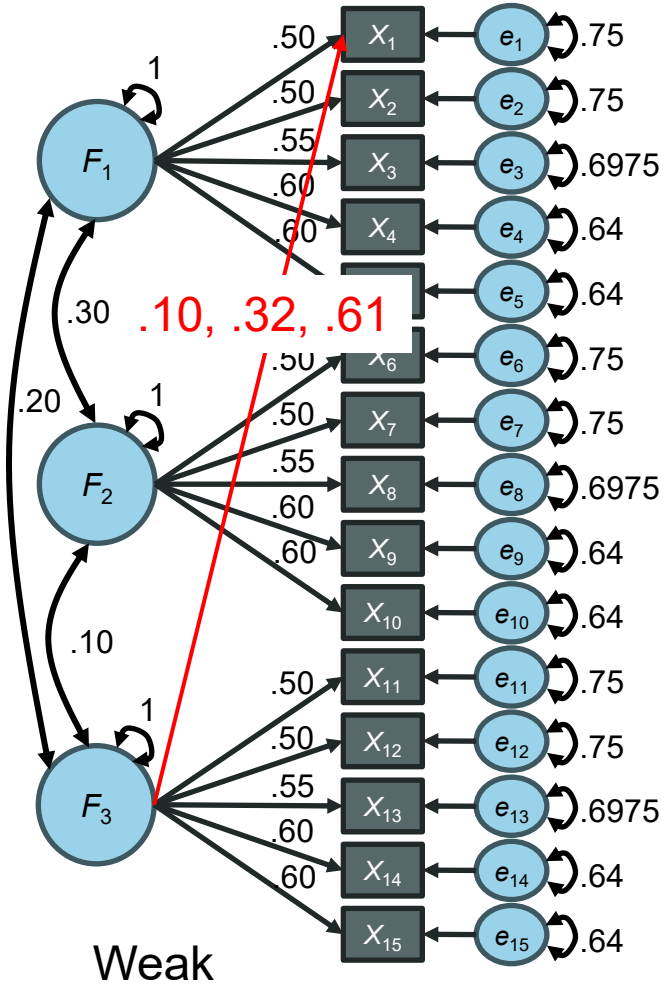
- Study 1
  - Data: Three-factor CFA, 3 indicators per factor (similar to Hu & Bentler, 1999)
  - Sample size: *N* = 100 to 640000 (15 levels)
  - Weak vs. strong parameter values
  - Type of misspecification
    - No misspecification
    - Standardized cross loadings of .10, .30, and .50
    - Error correlations of .025, .075, and .125



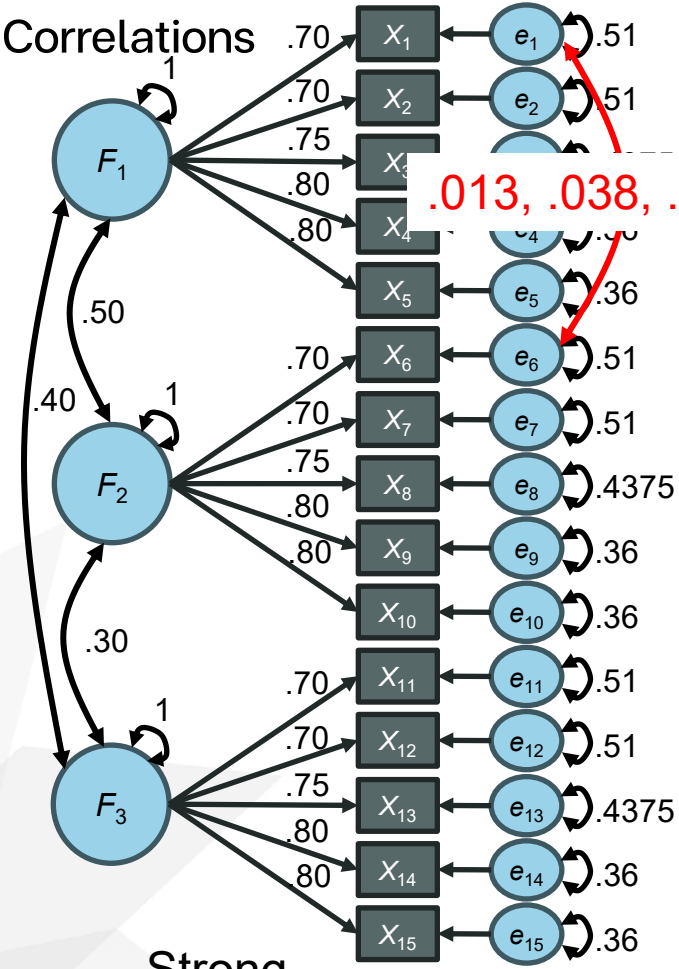
Weak

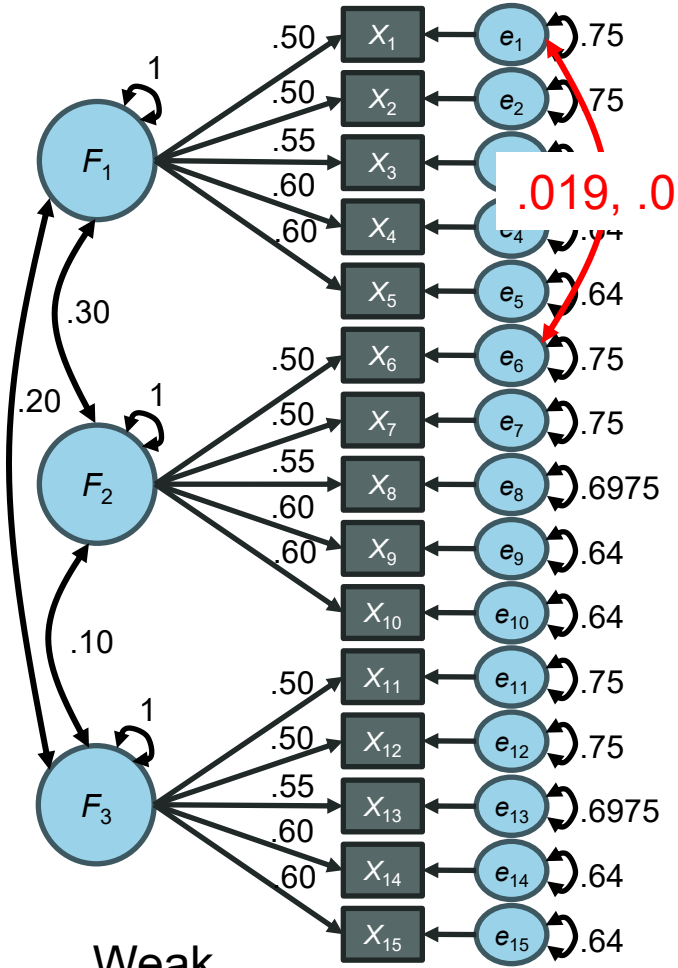
- Cross loadings





- Error Correlations



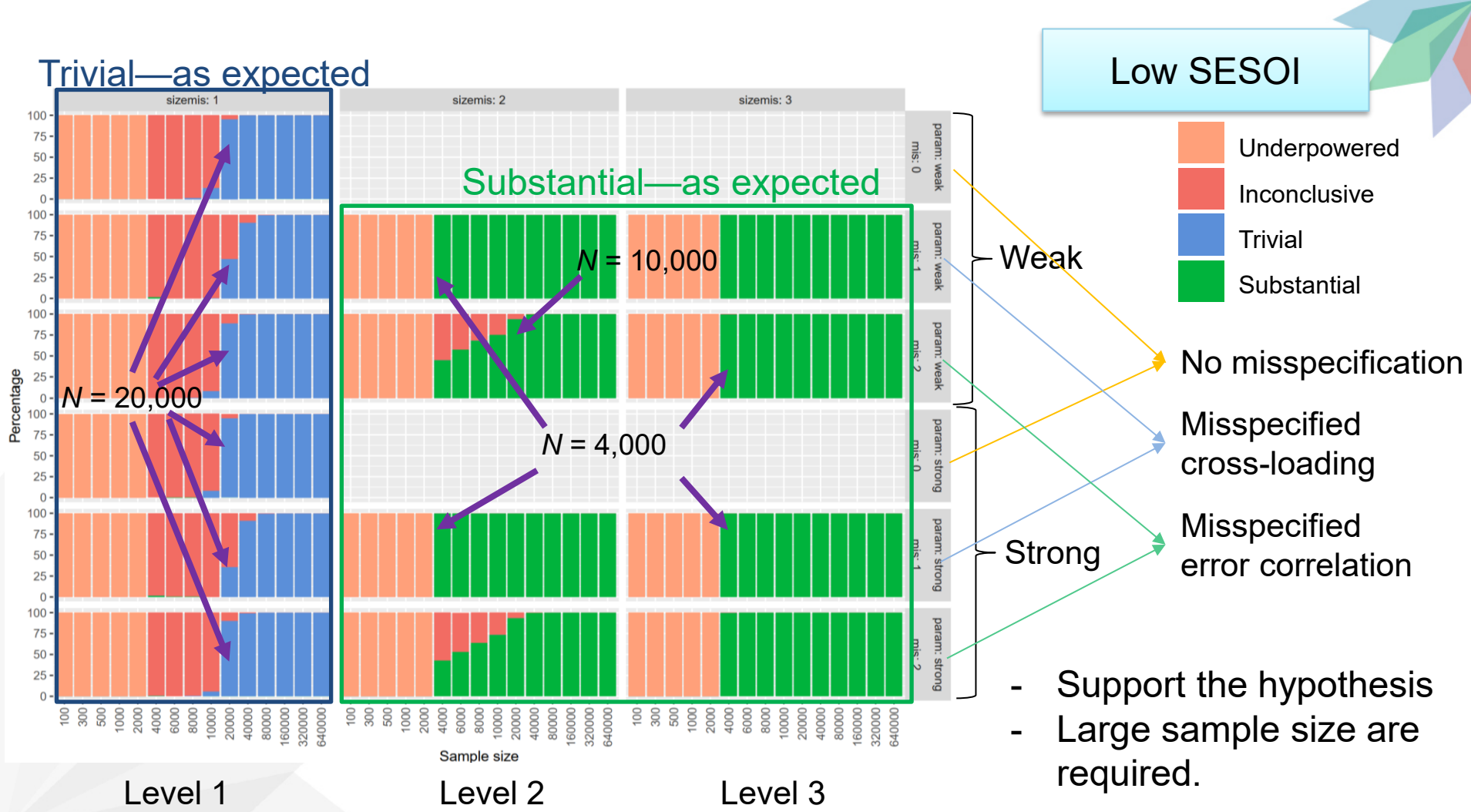


Simulation Study

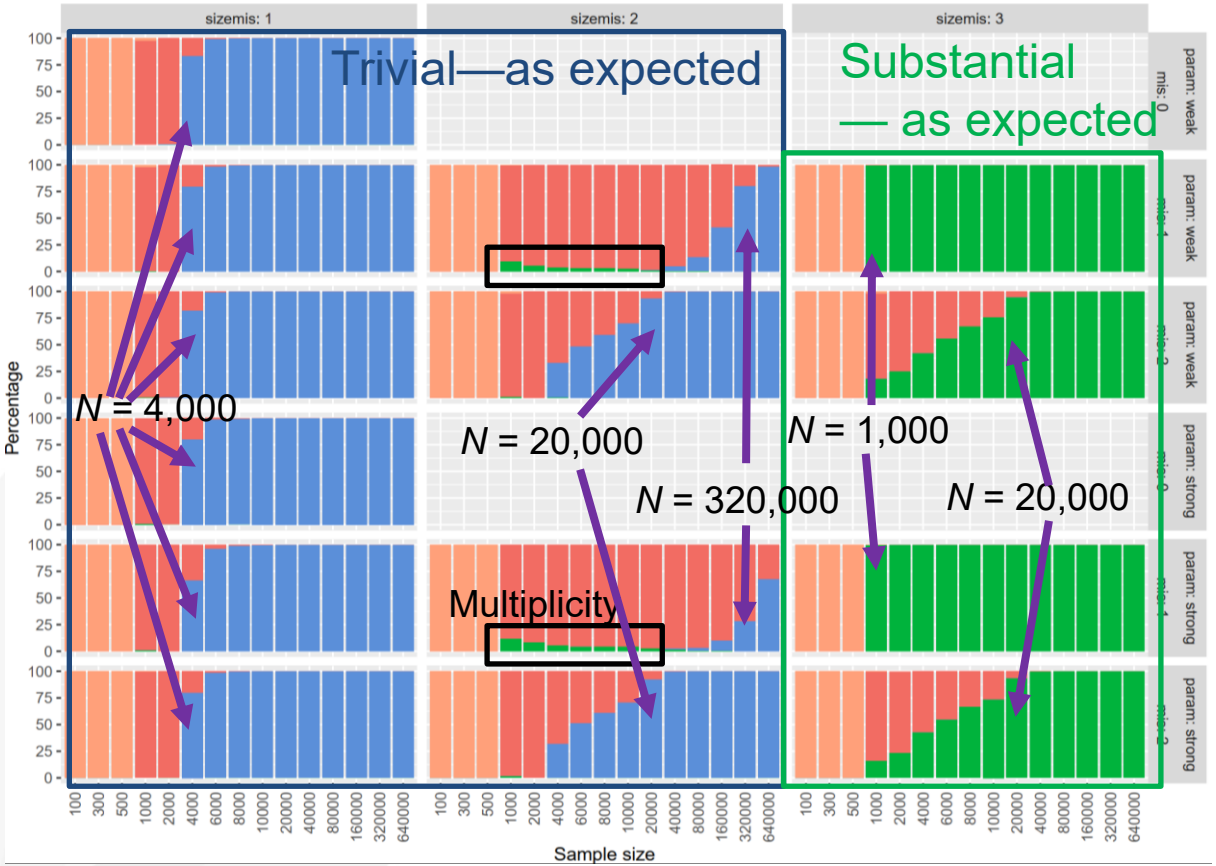
- SESOI:
  - **Low**: cross-loading = .20, error correlation = .05
  - **High**: cross-loading = .40, error correlation = .10
  - Expected classification

SESOI \ Misfit	None	Level 1	Level 2	Level 3
Low	Trivial	Trivial	Substantial	Substantial
High	Trivial	Trivial	Trivial	Substantial

- 1,000 replications per condition


Trivial—as expected
Substantial—as expected
Low SESOI
sizemis: 1
sizemis: 2
sizemis: 3
param: weak
mis: 0
param: weak
mis: 1
param: weak
mis: 2
param: strong
mis: 0
param: strong
mis: 1
param: strong
mis: 2
Percentage
Sample size
N = 20,000
N = 10,000
N = 4,000
Weak
Strong
Underpowered
Inconclusive
Trivial
Substantial
No misspecification
Misspecified cross-loading
Misspecified error correlation
Level 1
Level 2
Level 3
- Support the hypothesis
- Large sample size are required.

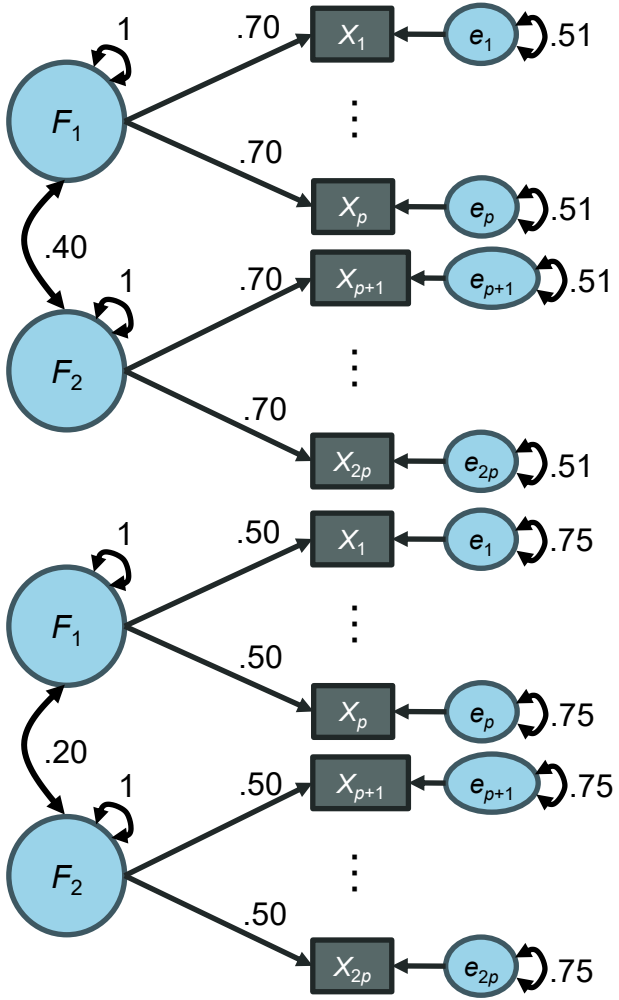
High SESOI

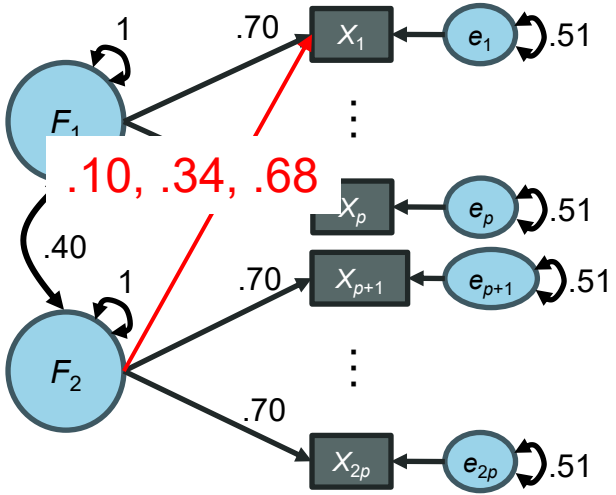


- Support the hypothesis
- No misspecification: smaller but still large, *N* required
- Level 1: smaller, but still large, *N*
- Level 2: requires very large *N*
- Level 3
  - larger *N* required for error misspecification
- Misspecification > Level 3: would require smaller *N*
- Increased probability of at least one substantial classification due to multiplicity

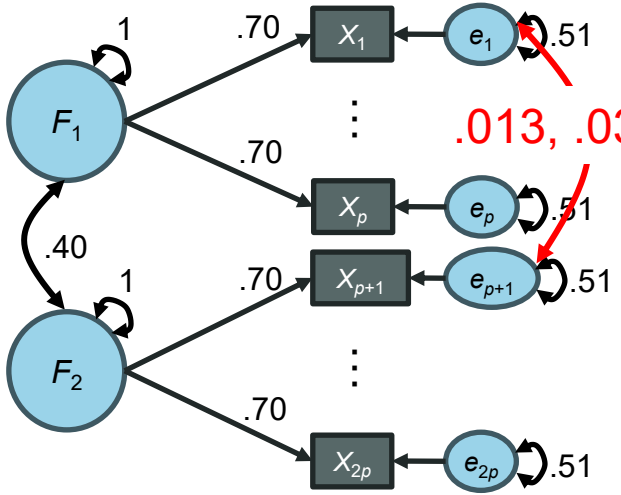
Simulation Study

- Study 2
  - Data: Two-factor CFA
  - 3, 4, 5, 10, or 15 items per factor
  - Sample size: N = 100 to 640000 (15 Levels)
  - Weak vs. strong parameter values
  - Type of misspecification
    - No misspecification
    - Standardized cross loadings of .10, .30, and .50
    - Error correlations of .025, .075, and .125




1
.70
X_1
e_1
.51
F_1
.10, .34, .68
X_p
e_p
.51
.40
1
.70
X_{p+1}
e_{p+1}
.51
F_2
.70
X_{2p}
e_{2p}
.51

Strong


1
.70
X_1
e_1
.51
F_1
.013, .038, .064
.70
X_p
e_p
.51
.40
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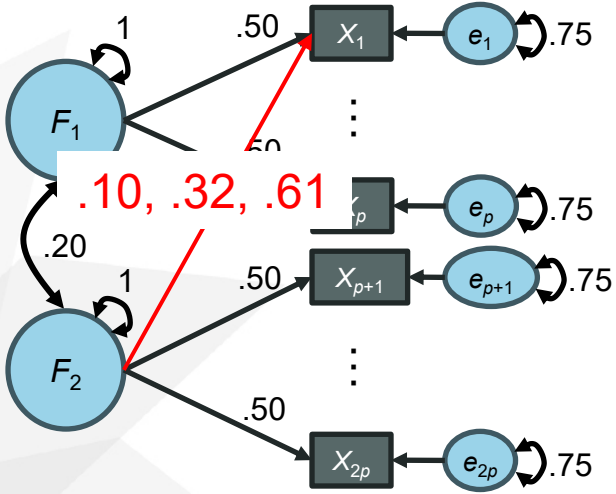
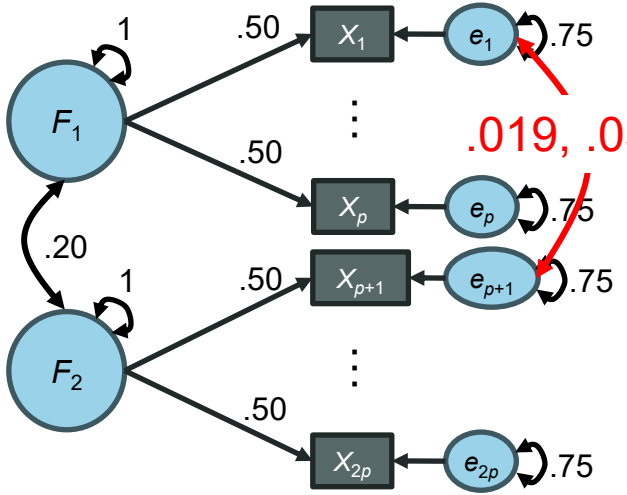
e_{p+1}
.51
F_2
.70
X_{2p}
e_{2p}
.51


1
.50
X_1
e_1
.75
F_1
.10, .32, .61
X_p
e_p
.75
.20
1
.50
X_{p+1}
e_{p+1}
.75
F_2
.50
X_{2p}
e_{2p}
.75

Weak


1
.50
X_1
e_1
.75
F_1
.019, .056, .094
.50
X_p
e_p
.75
.20
1
.50
X_{p+1}
e_{p+1}
.75
F_2
.50
X_{2p}
e_{2p}
.75

Simulation Study

- SESOI:
  - **Low**: cross-loading = .20, error correlation = .05
  - **High**: cross-loading = .40, error correlation = .10
  - Expected classification

SESOI \ Misfit	None	Level 1	Level 2	Level 3
Low	Trivial	Trivial	Substantial	Substantial
High	Trivial	Trivial	Trivial	Substantial

- 1,000 replications per condition

Low SESOI

$p = 15$

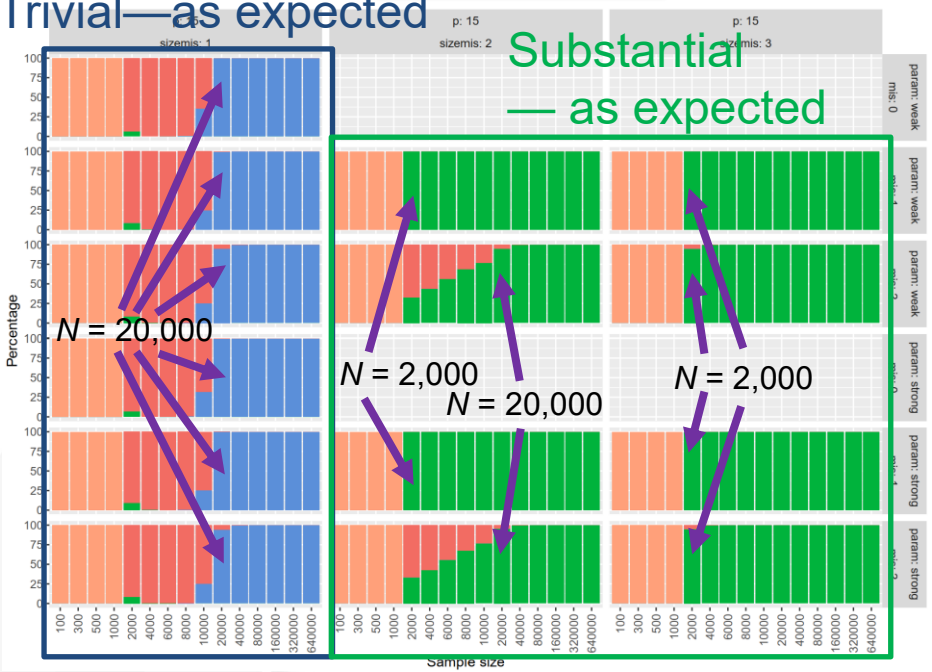
High SESOI

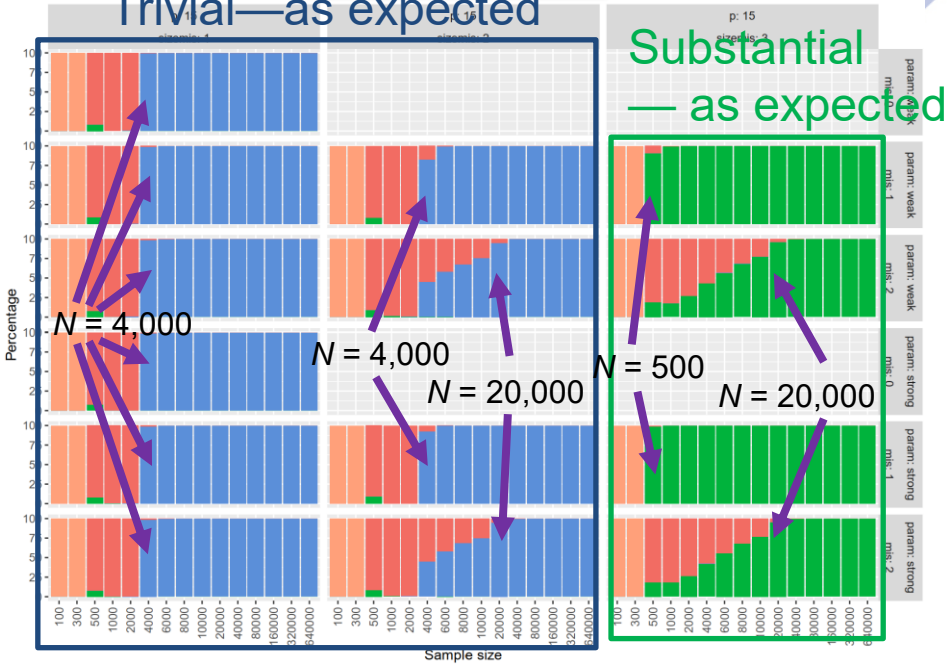
Trivial—as expected

Substantial — as expected

Trivial—as expected

Substantial — as expected





- Support the hypothesis
- Requires smaller, but still large, *N*

Low SESOI

$p = 10$

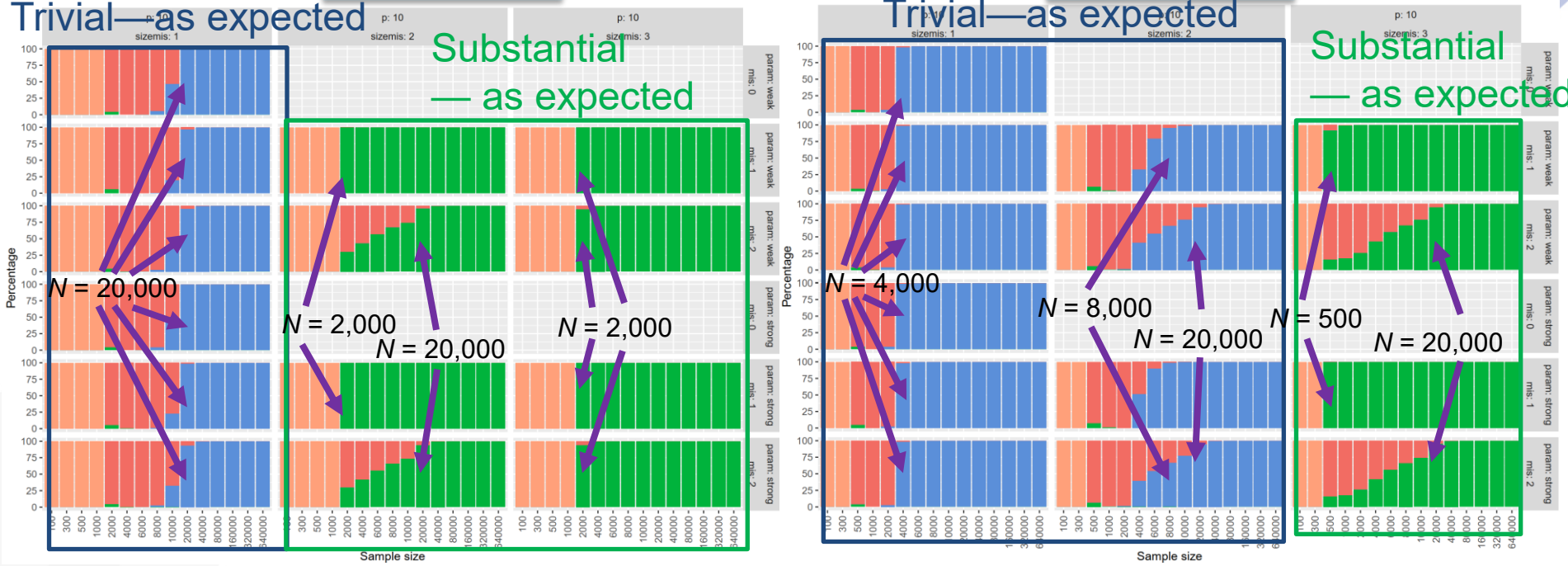
High SESOI

Trivial—as expected

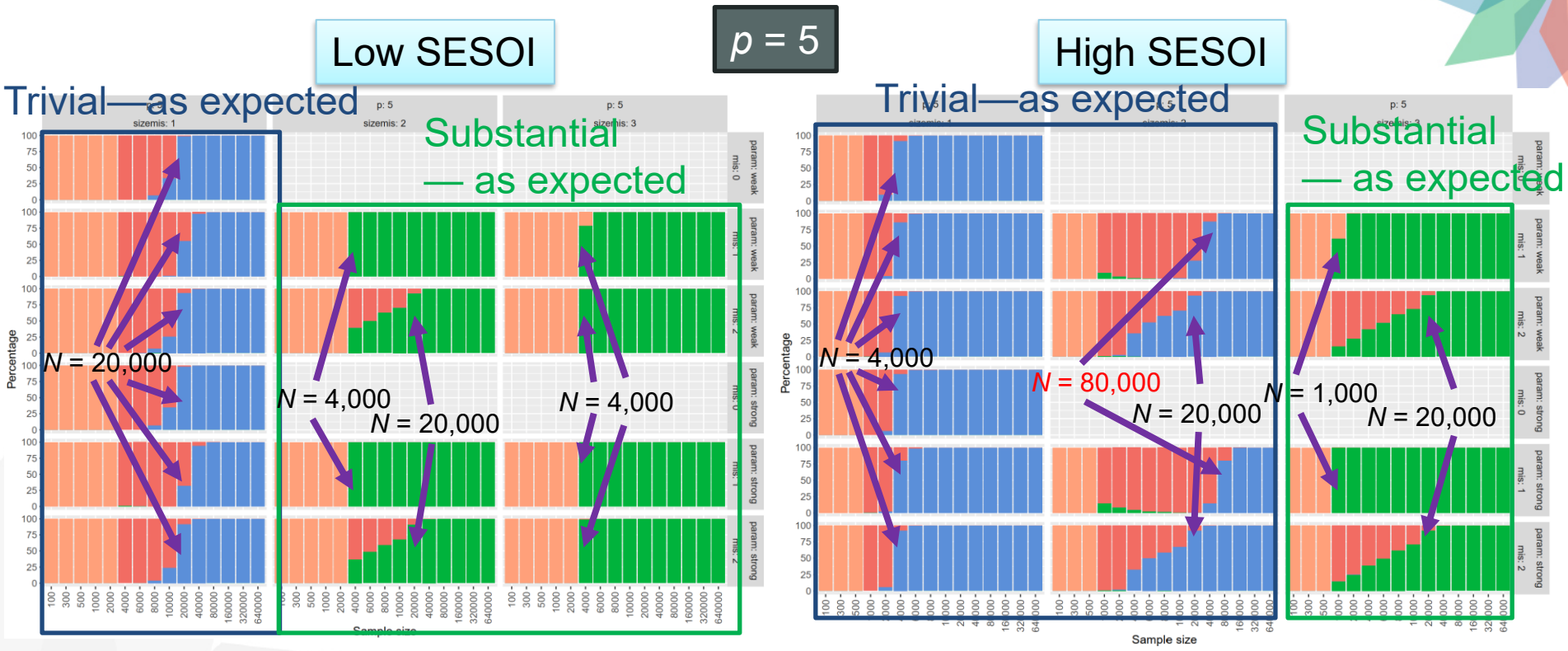
Substantial — as expected

Trivial—as expected

Substantial — as expected



- Support the hypothesis
- Sample size requirement are comparable to those for $p = 15$

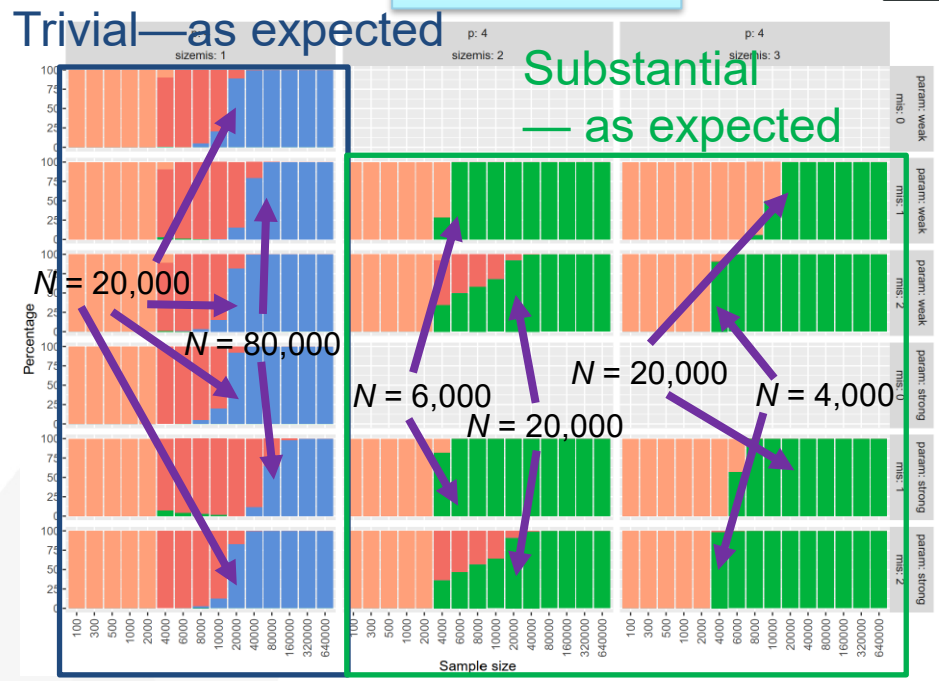


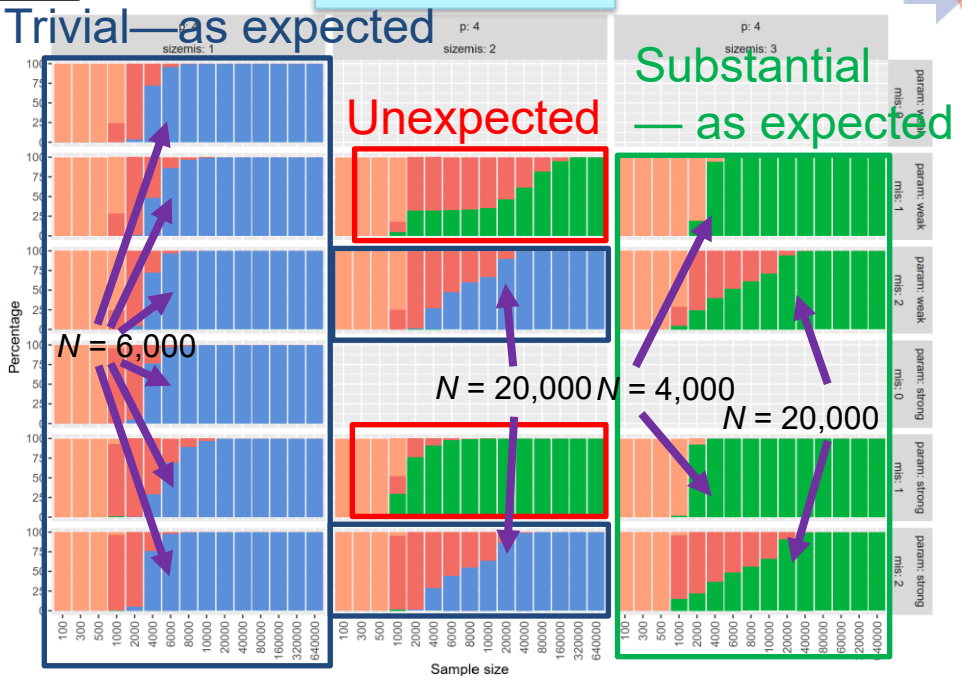
- Support the hypothesis
- Sample size requirements are comparable to those for $p = 10$ and $p = 15$ except for Level 2 cross-loading misspecification under high SESOI

Low SESOI

$p = 4$

High SESOI



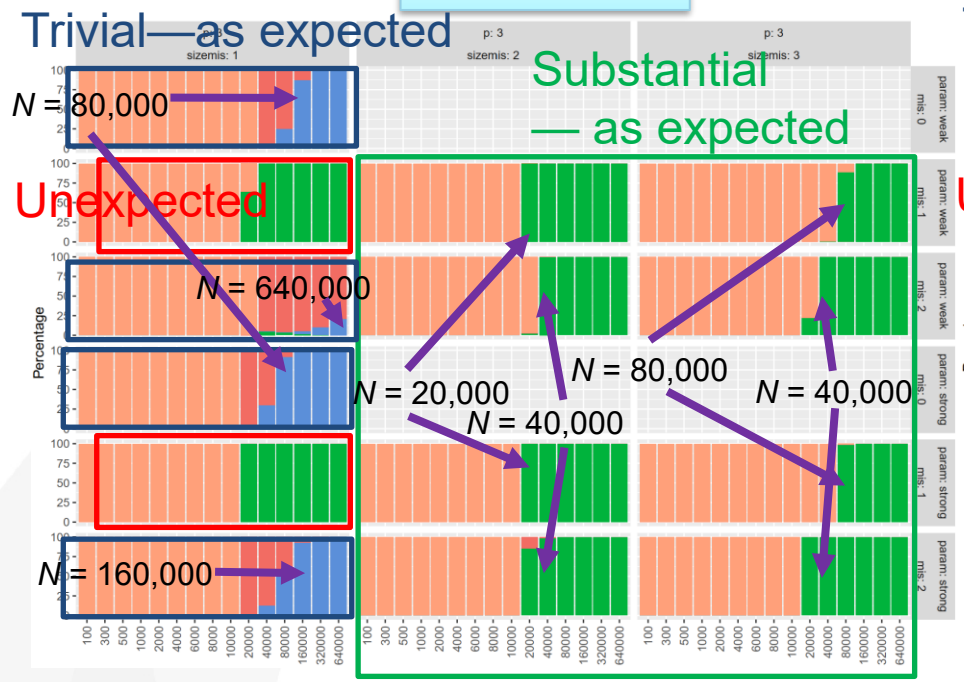


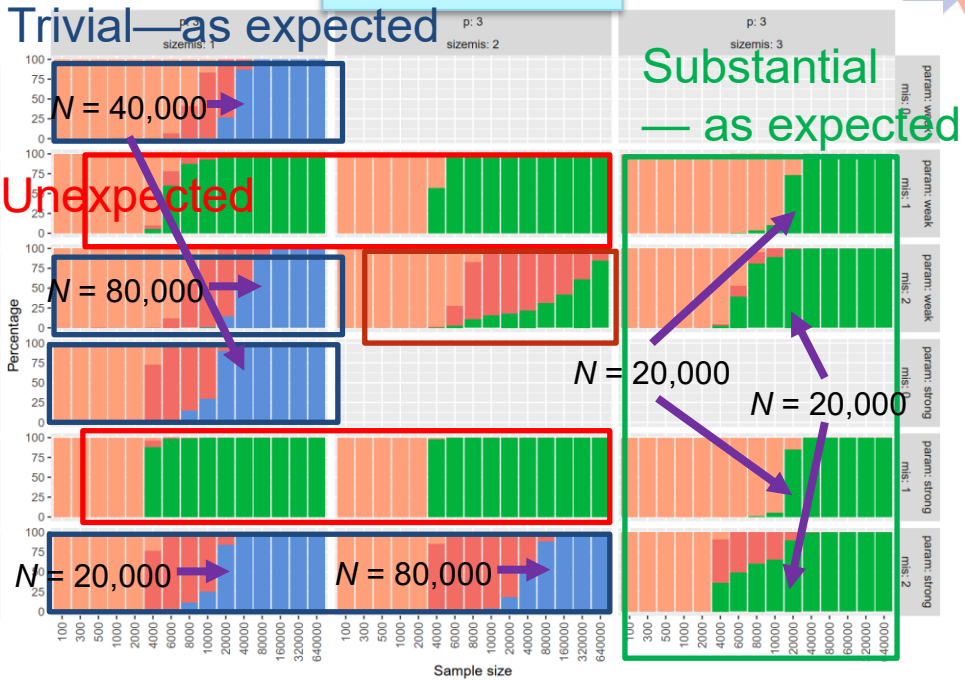
- Partially support the hypothesis
- Sample size requirements are higher.
- Standardized cross-loadings of .30 led to SEPC > .40.
- SEPC inflation due to weak identification

$p = 3$

Low SESOI

High SESOI





- Partially support the hypothesis
- Sample size requirements are even higher.
- Standardized cross-loadings of .10 led to SEPC > .40.
- With low factor correlation, a misspecified error correlation of .075 is between Items 1 and 4 resulted in SEPCs for Items 2—3 and 5—6 exceeding .10.
- Instability arises from a weakly identified two-factor structure.

Simulation Study

- Study 3
  - Data: One-factor CFA with design features similar to Study 2
  - The absence of cross-factor contamination stabilizes SEPC behavior
  - Results are fully consistent with expectations

SESOI \ Misfit	None	Level 1	Level 2	Level 3
Low	Trivial	Trivial	Substantial	Substantial
High	Trivial	Trivial	Trivial	Substantial

Illustrative Example (Christopher et al., 2012)

- Study of reading and comprehension performance in children.
- **Data**: Twin study (Colorado Learning Disabilities Research Center)
  - One twin per pair included
  - Adjusted sample size = 4,000 (from original *N* = 265, ages 8–10).
- **SESOI**: Cross-loading = .40; Error correlation = .10.
- Implementation available in **semTools**
  - Function: `epcEquivFit()`

Christopher, M. E., Miyake, A., Keenan, J. M., Pennington, B., DeFries, J. C., Wadsworth, S. J., ... & Olson, R. K. (2012). Predicting word reading and comprehension with executive function and speed measures across development: a latent variable analysis. *Journal of Experimental Psychology: General*, *141*(3), 470-488.

Table 2

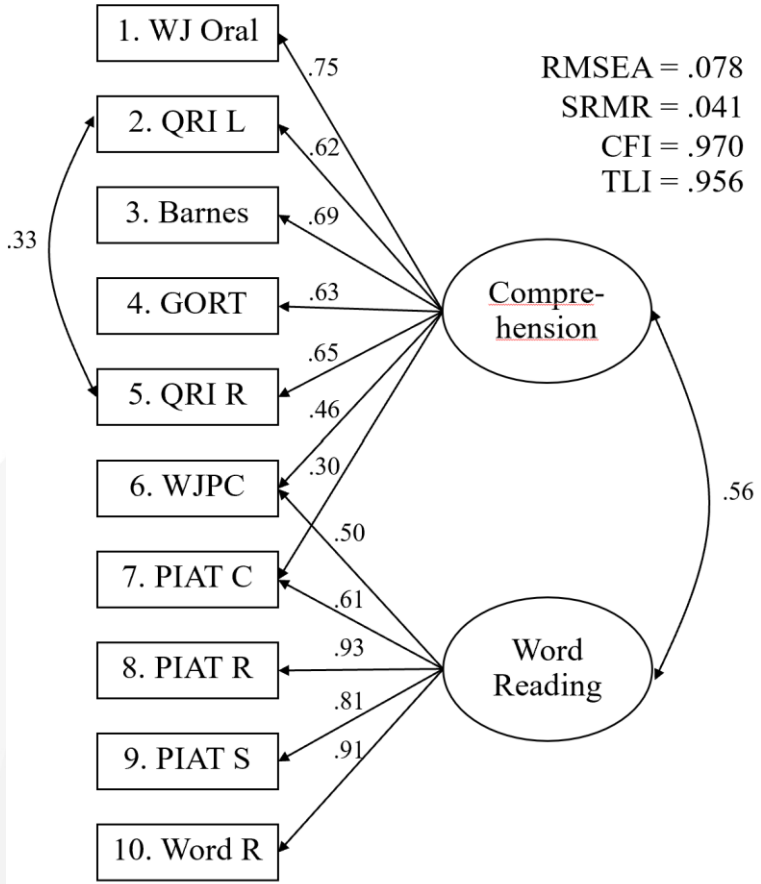
Summary of Zero-Order Correlations for Scores on the Reading and Listening Variables by Age Group With Estimates of Reliability on Diagonal

Variable	1	2	3	4	5	6	7	8	9	10
1. WJ Oral	**.62**[a]	.58	.40	.59	.56	.46	.56	.43	.32	.47
2. QRI L	.44	**.67**[a]	.56	.62	.74	.52	.61	.47	.35	.47
3. Barnes	.54	.44	**.59**[a]	.42	.49	.35	.36	.24	.15	.29
4. WJ PC	.58	.47	.45	**.71**[a]	.57	.52	.63	.59	.51	.57
5. QRI R	.44	.60	.48	.52	**.59**[a]	.53	.50	.39	.26	.38
6. GORT	.48	.40	.45	.47	.34	**.48**[a]	.50	.44	.30	.39
7. PIAT C	.49	.40	.39	.66	.51	.42	**.79**[a]	.63	.50	.62
8. PIAT R	.42	.32	.27	.68	.42	.34	.74	**.82**[a]	.66	.83
9. PIAT S	.36	.27	.17	.61	.36	.33	.66	.75	**.67**[a]	.67
10. Word R	.42	.33	.25	.72	.40	.33	.69	.85	.73	**.85**[a]

Note. All correlations signficant at $p < .05$, with correlations greater than .15 significant at $p < .01$. Variables standardized within age groups; Ages 8–10 located below diagonal; Ages 11–16 above diagonal; WJ Oral = Woodcock-Johnson (Woodcock et al., 2001) oral comprehension; QRI L = Qualitative Reading Inventory (Leslie & Caldwell, 2001) mean listening question score (standardized within QRI level); Barnes = Barnes KNOW-IT (Barnes & Dennis, 1996; Barnes et al., 1996) average of coherence inference, elaborative inference, and literal proportions; WJ PC = Woodcock-Johnson passage comprehension; QRI R = Qualitative Reading Inventory mean reading question score (standardized within QRI level); GORT = Gray Oral Reading Test-3 (Wiederholt & Bryant, 1992); PIAT C = Peabody Individual Achievement Test (Markwardt, 1970) comprehension; PIAT R = PIAT reading recognition; PIAT S = PIAT spelling; Word R = time-limited oral reading of single words (Olson et al., 1994).

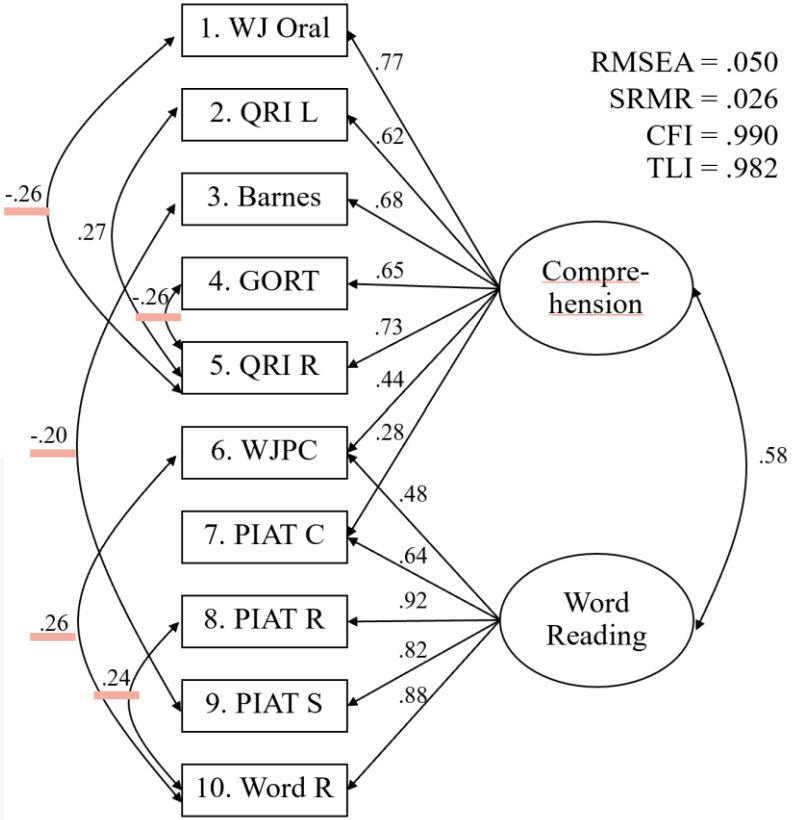
[a] Reliabilties estimated from monozygotic twin partial correlations (n = 144 twin pairs, controlling for age). Monozygotic twin correlations can be used as low-bound estimates of reliablitiy. The twins share their genes and their family environment, meaning any within-pair differences in performance are due to nonshared environmental influences including measurement error.

The lower-diagonal elements (ages 8-10) were used. The sample size is adjusted to N = 4,000.



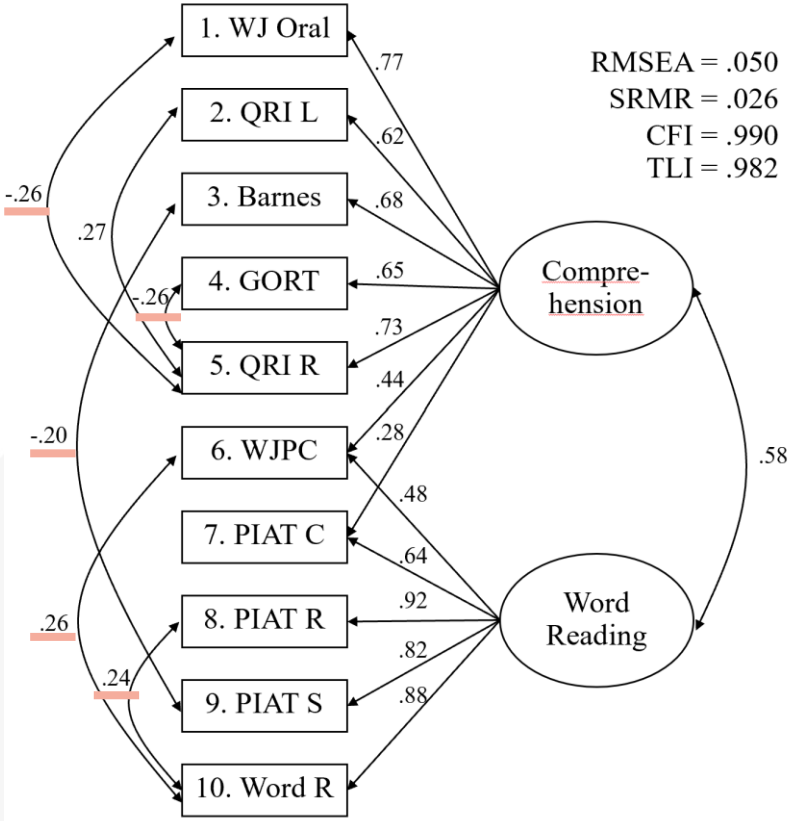
Substantially Misspecified

Inconclusive	Substantial	Trivial	Underpowered
10	7	35	0



Inconclusive

Inconclusive	Substantial	Trivial	Underpowered
11	0	36	0



lhs	op	rhs	std.epc	decision.ci
WJORAL	~~	QRLL	-.118	I
WJORAL	~~	Barnes	.082	I
WJORAL	~~	GORT	-.064	I
QRLL	~~	WJPC	.073	I
GORT	~~	PIATS	.076	I
QRIR	~~	WJPC	-.126	I
QRIR	~~	PIATC	.077	I
PIATC	~~	PIATR	.106	I
PIATC	~~	WordR	-.077	I
PIATR	~~	PIATS	-.130	I
PIATS	~~	WordR	.072	I

SESOI: Cross-Loading = .40;
Error Correlation = .10

Inconclusive	Trivial
11	36

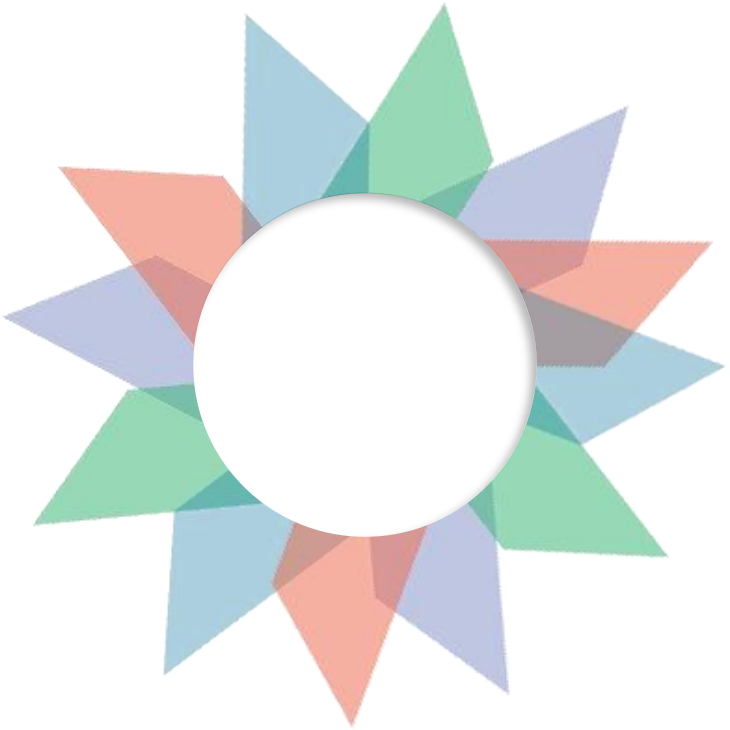
SESOI: Cross-Loading = .40;
Error Correlation = .19

Inconclusive	Trivial
0	47

- The model fits the data if cross-loadings of .40 and error correlations of .19 are considered trivial.
- With a stricter SESOI (e.g., error correlation = .10), model fit remains inconclusive.

Conclusion

- Equivalence testing of EPCs provides a more consistent framework for evaluating model fit.
- Performs well in well-identified CFA models but becomes **unstable in weakly identified models** (e.g., three indicators per factor).
- **Requires large sample sizes**, especially under strict SESOI
- **Main advantage: Results are interpretable in substantive effect-size terms** (e.g., cross-loadings, error correlations) rather than abstract fit indices.
- Illustrative example demonstrates how equivalence testing clarifies the practical meaning of misfit.



Thank you.

Question?