Consider a 2-level model that requires algorithm = integration with ML, for example because Y is categorical. The latent variable decomposition of an X variable is not automatically done in this case. This can be circumvented using a trick for ML by defining a factor behind the X variable so that the factor is decomposed:

%Within%

f BY x; x@0;

%Bewteen%

fb BY x; x@0;

Alternatively, a WLSMV approach can be used as described in the paper: Asparouhov, T. & Muthén, B. (2007). Computationally efficient estimation of multilevel high-dimensional latent variable models. Proceedings of the 2007 JSM meeting in Salt Lake City, Utah, Section on Statistics in Epidemiology.

UG ex 9.9 shows how to use a 2-level WLSMV estimator.