

Every Student Counts: The Role of Federal Policy in Improving Graduation Rate Accountability

By Eric Richmond

The proportion of students who graduate from high school is an essential indicator of the public education system's success. Today we know that performance on this indicator in schools throughout the country has been dismal; nearly one third of the nation's students do not receive a regular diploma within four years of entering high school.¹ In fact, the national graduation rate has hovered around 70 percent for the past several decades,² with more than one million students dropping out each year, at a high cost to both themselves and society at large.

Despite the importance of this key measure of school quality and student success, the country is unable to track exactly how many students graduate on time with a regular diploma. At a time when a delivery package can be tracked from one side of the country to the other, students continue to disappear from schools without anyone noticing.

Cost of Dropouts

Dropouts from the class of 2008 will **cost the nation more than \$319 billion** in lost wages over the course of their lifetimes.

If the likely dropouts from the class of 2006 graduated, the United States could **save more than \$17 billion** in Medicaid and expenditures for uninsured care over the course of those young people's lifetimes.

If U.S. high schools and colleges raised the graduation rates of Hispanic, African American, and Native American students to the levels of white students by 2020, the potential increase in personal income would **add more than \$310 billion** to the U.S. economy.

Increasing the graduation rate and college matriculation of male students in the United States by just 5 percent could lead to **combined savings and revenue of almost \$8 billion** each year by reducing crime-related costs.

Source: Alliance for Excellent Education, *Dropouts, Diplomas, and Dollars: U.S. High Schools and the Nation's Economy* (Author, 2008).

As the poor performance of U.S. high schools has been acknowledged and come to the forefront of education policy debates over the past several years, so too has a recognition of the need to improve graduation rate calculations and accountability for increasing those rates. A range of state, national, and federal efforts have been launched toward this end—many of which were codified in the October 2008 federal regulations on Title I of the No Child Left Behind Act (NCLB).³

This brief will first provide background information on the movement toward better data collection, common graduation rate calculations, and meaningful accountability for raising graduation rates; then it will describe in detail the culminating federal policy changes made by the regulations, which reflect both the significant progress that has been made and the hurdles that remain.

An Important Role for Federal Policy

As a fundamental indicator of high school performance, graduation rates should be made available to students, parents, policymakers, and other stakeholders in a clear and meaningful way, and should play a role in identifying schools that need assistance to improve. Graduation rates also must be an essen-

tial component of any accountability system designed to lead toward the goal of every child a graduate. Accountability for improving graduation rates, particularly for subgroups of students, helps to ensure that schools focus on success for every student, and do not sacrifice some student outcomes for

the sake of higher average test scores—as has been documented in some systems where accountability for improved assessments were not balanced with accountability for improved graduation rates.⁴ In these unfortunate situations, the combination of high stakes for improving test scores and relatively low stakes for improving graduation rates creates a perverse incentive to counsel or “push” students with low test scores out of the school.

To maximize the usefulness of graduation rates as a tool to identify and intervene in low-performing high schools, federal policy should incorporate the following four principles of federal graduation rate accountability:

1. Implement consistent and accurate calculations of graduation rates based on longitudinal student-level data, to ensure comparability and transparency.

2. Include aggressive, attainable, and uniform annual growth requirements as part of Adequate Yearly Progress (AYP)^{*} determinations, to ensure a minimum, consistent increase in graduation rates, as is currently required for test scores.
3. Give equal weight to graduation rates and assessments in AYP determinations so that schools have balanced incentives, both to ensure that their students graduate *and* to raise test scores, instead of doing one at the expense of the other.
4. Require graduation rates to be disaggregated (that is, separated by individual student subgroups) for reporting and accountability purposes, to ensure that school improvement activities focus on all students and close achievement gaps.

^{*} Adequate Yearly Progress is an individual state's measure of annual progress toward achieving state academic standards. It is the minimum level of improvement that states, school districts, and schools must achieve each year under NCLB.

Misleading Graduation Rate Information

Fewer than ten years ago, the assumption based on official federal sources was that the national public high school graduation rate was roughly 85 percent.⁵ However, a number of nationally respected, politically diverse researchers began questioning the accuracy of that rate, and developed alternative estimation methods. Experts such as Chris Swanson, then of the Urban Institute, Jay Greene of the Manhattan Institute, and Russ Rumberger of the University of California at Santa Barbara all independently came to similar conclusions, which more accurately placed the national graduation rate around 70 percent and the rates for historically disadvantaged minority students close to 50 percent.⁶

There were a number of reasons for the previous widespread underestimation of the graduation rate crisis. First, officials did not have comprehensive education data systems that could follow students over time and track their outcomes. Schools and districts estimated high school completion by using dropout data, which is notoriously unreliable because it often requires dropouts to report that they are dropping out of school.⁷ Other national statistics were based on self-reported census data or other

population-based indicators that were not well suited for estimating student outcomes.

Second, the various formulas used to produce “graduation rates” often measured outcomes that were misleading. For example, some calculations described the percentage of entering twelfth graders who graduated that year, ignoring the large number of students who had dropped out in ninth, tenth, or eleventh grade. Others reported a completion rate that included GED recipients as high school graduates.⁸ These indicators are not technically inaccurate, but they are designed to measure something other than what is commonly understood by the term “high school graduation rate.” As a result, the numbers produced by such calculations disguised some of the problem.

Lastly, there was no federal accountability for improving graduation rates, and thus no incentive to acknowledge or, more importantly, address the situation. Until recently, policymakers were not focused on the challenges high schools faced, so school performance indicators and public reporting and communications mechanisms did not include graduation rates in any meaningful way.



The Evolution of National and Federal Graduation Rate Policies

The reliance on inappropriate data, the use of misleading calculations, and the lack of accountability for improvement created an environment in which the graduation rate crisis could go unacknowledged and unaddressed. The revelation of unexpectedly low rates coincided with the first federal requirements around graduation rates through the No Child Left Behind Act of 2001 (NCLB). The evolution of graduation rate policy since that time has largely mirrored the country's growing awareness of the dropout crisis and desire to address it. However,

even after the initial acknowledgment of the graduation rate crisis, policies continued to be plagued by three factors that had helped conceal low rates in the first place: inappropriate and insufficient data; misleading formulas; and lack of accountability. The following sections will describe the progress of policy in these areas—from early attempts to simply calculate an agreed-upon rate to present-day efforts aimed at using commonly established rates in a nuanced accountability system to drive school improvement.

The Elementary and Secondary Education Act (ESEA) Prior to No Child Left Behind (NCLB) (1965–2002)

Prior to 2002, there was no federal requirement to report graduation rates, nor any use of graduation rates in federal accountability systems. The Improving America's Schools Act (IASA)—the 1994 reauthorization of the Elementary and Secondary Education Act—required the secretary of education to report annually on dropouts from elementary and secondary schools, but did not discuss graduation rates. Although measuring a dropout rate has some value, the dropout rate does not convey key information such as the percentage of on-time graduation, the type of diplomas students are earning, or the

number of students who did not complete school for a reason other than dropping out. Numerous audits of dropout rates have also shown them to be extremely unreliable.⁹ They often depend on students informing their school of their decision to drop out; if students do not do so, their status is often classified as “unknown,” and they are not counted as a dropout. As a result, the annual reporting that was commissioned under IASA was well intentioned but ultimately ineffective. Federally approved use of flawed dropout data simply perpetuated the myth of a robust high school graduation rate.

The No Child Left Behind Act (NCLB) (2002)

In 2002, NCLB was signed into law, requiring for the first time that each state, district, and high school report graduation rates overall and by subgroup. These rates were to be communicated to the general public as part of annual report cards on the status of schools' performance.

The law defined a graduation rate as “the percentage of students who graduate from secondary school with a regular diploma in the standard number of years.”¹⁰ Unfortunately, many states proposed—and the U.S. Department of Education (ED) approved—a variety of calculations that failed to achieve the goal of consistent, accurate reporting as it was intended by the law. Since states did not typically have the capacity to track students through high school and determine individual student outcomes, most of the

formulas used were simply estimates of four-year rates based on snapshot data or unreliable dropout figures.

Congress also intended that graduation rates would be a major component of the new federal accountability system, which would evaluate whether each school, district, and state was making Adequate Yearly Progress. The AYP determinations would trigger action and support to low-performing schools. However, most states chose to set unconscionably low goals (e.g., 50 percent of students graduating), and in many states, schools that could not clear even those low bars were still considered to have made AYP if they demonstrated an improvement of 0.1 percent or less over the previous school year.¹¹ In effect, graduation rates did not meaning-



fully factor into the determination of whether a school achieved AYP. This severely undermined AYP's effectiveness as a tool both for holding educators accountable and for identifying low-performing high schools for support and intervention. In conjunction with high-stakes accountability for test scores, this actually created an incentive for high schools to "push out" students who seemed unlikely to achieve on the assessments.

Although the implementation was deeply flawed, requiring the reporting of graduation rates at the

state and local level was a vital first step that brought some attention to the issue, and promoted a recognition that the graduation rates reported by states often differed from independent estimates. This led to a new understanding that most states lacked the capability to produce more accurate graduation rates based on longitudinal data (information on students' progress over time). These realizations, engendered by the NCLB reporting requirements, prompted further action by nonfederal stakeholders.

The Data Quality Campaign and Longitudinal Data Systems

The most accurate graduation rates are calculated using data based on individual students' progress over time—information known as longitudinal data. For states to calculate a graduation rate using longitudinal data, they need statewide data systems that have the capacity to collect the necessary information about individual students, and at least five years' worth of data.

In 2005, the Data Quality Campaign (DQC), a national collaborative effort to improve the collection and use of education data, was launched, and identified the "10 Essential Elements" of a P–12 education data system. The elements necessary to calculate four-year graduation rates are:

1. a unique statewide student identifier that connects student data across key databases across years;
2. student-level enrollment, demographic, and program participation information;
3. student-level graduation and dropout data; and
4. a state data audit system assessing data quality, validity, and reliability.

According to DQC's 2008 survey of state officials, forty-two states already have data systems with the four elements necessary to calculate a four-year graduation rate; all states except Idaho expect to have their systems operational by the 2010–11 school year.

Much of the progress made in developing these statewide data systems is due to support from external grants. Since 2005, the federal government, through the Institute for Education Sciences, has provided \$115 million to twenty-seven states for that purpose, although this grant program does not ensure that all of these elements are included. The National Governors Association Honor States grant program and the Bill & Melinda Gates Foundation have also made significant investments in the development of these systems.

Source: The Data Quality Campaign, <http://www.dataqualitycampaign.org/>.

National Governors Association Compact on Common Graduation Rate Calculations (2004)

In 2004, then chairman of the National Governors Association and current U.S. Senator Mark Warner recognized the need for common graduation rates as well as the political hurdles state leaders would face in trying to achieve common rates on their own. Improving graduation rate calculations would inevitably lead to a perceived decrease in school performance, since more appropriate formulas based on longitudinal data typically produce lower graduation rates than what was being reported before.

To encourage states to improve their graduation rate calculations and build political support for such decisions, NGA developed the NGA Graduation Rate Compact—an agreement that signatories would calculate and report a commonly defined graduation rate. The rate, known as a four-year adjusted cohort rate, is based on individual student data and measures the percent of entering ninth graders who graduate in four years or less with a regular diploma (see "The NGA Compact Formula"). The compact



was developed in cooperation with national education experts and received the support of several national education organizations, including the Alliance for Excellent Education. By 2005, the governors of all fifty states had signed the compact, committing their states to improving their data systems and calculating and reporting the rate. By School Year (SY) 2007–08, nineteen states reported the NGA rate, and nine of those states used it for federal accountability.¹²

The development of the NGA Compact was an important step, not only in the movement toward a common graduation rate, but also in the movement toward calculations that use actual student outcomes tracked over time rather than estimates based on snapshot data.

Although all fifty governors signed the NGA Compact, one state has since backed out of the agreement and decided not to move forward with implementation plans. Other states remain nominally committed but have not established plans or a timeline for implementing the rate. And since the compact only asks states to publicly report the rate, many have chosen not to use it for federal accountability. The compact also provides some flexibility to states in how to count students with disabilities and English language learners who take longer than four years to graduate. States that *have* implemented the compact have interpreted it differently, causing inconsistencies, and undermining the goal of cross-state comparability.

The commitment that all fifty governors made to calculate and report a common rate attests to the consensus that existing calculations were unacceptably misleading. However, much of the progress realized for public reporting purposes was not reflected in state graduation rate policies used for federal reporting and accountability. The NGA Compact drew attention to the fact that graduation rate accountability was still virtually nonexistent and that states have largely not made accountability improvements of their own accord.

The NGA Compact Formula	
<p>The NGA Compact Rate's basic formula measures the proportion of students in the adjusted cohort of first-time entering ninth graders who have graduated four years later. The cohort is adjusted by removing students who have transferred out or died and by adding students who have transferred in at some point over the four years.</p>	
<p>Graduation Rate for Class of 2007–08 =</p>	$\frac{\text{\# of GRADUATES from the ADJUSTED COHORT}}{\text{ADJUSTED COHORT}}$
<p>The adjusted cohort = first-time ninth graders in 2003–04 minus (TRANSFERS OUT) plus (TRANSFERS IN) minus (DEATHS)</p>	
<p>The compact also allows states to further adjust their cohorts, if they wish, to give special education students and recent immigrants with limited English proficiency more time to graduate.</p>	

Federal Legislation in the 110th Congress (2007–08)

The graduation rates discussion gained momentum as attention shifted toward the reauthorization of NCLB. As national conversations about graduation rates and accountability became more specific, it became clear that graduation rate accountability was a critical issue for civil rights and disability advocates, education reformers, and other stakeholders.

At the same time, policymakers began to become aware of the crucial role that state data systems play in reporting accurate graduation rates and other educational outcomes. National organizations began calling for federal action, and many included proposals for federal graduation rate policy in their recommendations to Congress.

During the 110th Congress, several members took legislative leadership of these issues. Representative Bobby Scott (D-VA)—a member of the House Education and Labor Committee—and Senator Tom Harkin (D-IA)—a member of the Senate Health, Education, Labor and Pensions Committee, and chair of the Senate Appropriations Subcommittee on Education—introduced legislation to improve the calculation of, and accountability for, high school graduation rates. In addition to requiring each school to use the same, accurate rate, the proposed legislation also required high schools with graduation rates of less than 90 percent to make aggressive but attainable increases in their graduation rates (at the



aggregate and subgroup level) as part of annual accountability requirements under NCLB. The widespread support for these measures was demonstrated when they were included in the House committee's NCLB reauthorization draft.

Senator Sherrod Brown (D-OH) and Representatives Rush Holt (D-NJ) and Carolyn McCarthy (D-NY) introduced legislation to support the development and use of the statewide longitudinal data systems needed to calculate graduation rates. Investment in data systems was also included under the America COMPETES Act, which was signed into law during

the 110th Congress.

Because NCLB was not reauthorized during the 110th Congress, these bills, with the exception of the America COMPETES Act, were not signed into law.

They did, however, definitively establish graduation rates as a priority issue for a future reauthorization of NCLB. Proposals in both the House and the Senate provided thoughtful solutions that would inform Education Secretary Margaret Spellings's regulation of NCLB and lay the groundwork for the resumption of these discussions in the 111th Congress.

Legislation in the 110th Congress to Improve Graduation Rates

The Every Student Counts Act (S. 3627 and H.R. 2955)* would seek to hold high schools responsible for graduating students by improving the calculation of and accountability for high school graduation rates.

S. 2014* would provide \$100 million in competitive grants for states for the development and implementation of statewide longitudinal data systems that include the Data Quality Campaign's (DQC) ten essential elements recommended by the DQC and \$100 million in formula grants to states for alignment, professional development, and other efforts to improve the use of data.

The Measuring and Evaluating Trends for Reliability, Integrity, and Continued Success Act (METRICS) (H.R. 3253)* would authorize \$150 million in formula grants to states for the development and implementation of statewide longitudinal data systems.

The America COMPETES Act (P.L. 110–69) will, among other things, offer state grants to build, develop, and improve statewide longitudinal data systems. At the time of this brief's publication, funds for these grants had not yet been appropriated. This bill was signed into law on August 9, 2007.

*At the time of this brief's publication, these bills were anticipated to be reintroduced in the 111th Congress. For more information on the status of these proposals and others, please visit: http://www.all4ed.org/federal_policy/legislative_updates

The 2008 Federal Title I Regulations (2008)

In 2008, Secretary Spellings decided to take action to improve graduation rate policy within her executive agency authority by releasing new federal regulations and guidance that changed NCLB's requirements related to graduation rate data collection, calculation, and accountability. The final regulations, released in October 2008,¹³ codified much of the consensus that had formed to that point and adopted some core components of the policy solutions laid out in the legislation introduced in the 110th Congress.

The changes and new requirements under the regulations could have a broad range of impacts on states across the country, since states vary widely in the degree to which their current practices already

comply with the regulations. The following section lays out the impact of the regulations in three critical areas of graduation rate policy: the calculation of graduation rates; data for graduation rate calculations; and accountability for graduation rate improvement. Each section will detail the new regulatory requirements, the impact on states, and remaining policy concerns.



Defining Graduation Rate Calculations

Changes to NCLB on the Definition and Calculation of Graduation Rates

Secretary Spellings's regulations change how states will be required to define and calculate the graduation rates used in their schools and districts for federal accountability.

- **Four-Year Adjusted Cohort Rate:** All states will be required to calculate the same four-year graduation rate, known as a four-year adjusted cohort rate. It is calculated by dividing the number of students who graduate within four years with a regular high school diploma by the number of students who form the adjusted cohort for that graduating class. For example, the formula for the four-year adjusted cohort graduation rate for the Class of 2008 is:

$$\text{2008 Graduation Rate} = \frac{\text{\# of adjusted cohort members who earned a regular diploma through summer 2008}}{\text{\# of adjusted cohort members}}$$

The adjusted cohort members are first-time ninth graders in fall 2004 plus transfers into the cohort, minus cohort members who have transferred out, emigrated, or are deceased.

Under this formula, only a regular high school diploma counts toward the graduation rate. Any students, including those with disabilities, who fulfill the requirements for any other state-approved alternative award or certificate of attendance, or who complete Individual Education Plan goals but do not receive a regular high school diploma, may not be counted as graduating. Likewise, any student who drops out and goes on to work, earn a GED, or enroll in a community college will not be counted as a graduate in this calculation.

This requirement is a clear response to the need for common, accurate rates. It will allow stakeholders to easily compare graduation rates across states, districts, and schools, which makes this a far more effective tool to drive resource allocation and school improvement.

- **Extended-Year Adjusted Cohort Rate:** In addition to requiring every state to report the four-year rate

detailed above, the regulations will allow states to calculate and report one or more extended-year rates. For example, a state may decide to calculate and report a five-year rate and a six-year rate as well as the four-year rate. These rates would be calculated in the same manner as the four-year version and simply add additional years of data. The use of extended-year rates strikes a balance between maintaining an unadulterated four-year rate and giving credit for those students who need longer to graduate.

- **Waivers:** If a state will not have the capacity to calculate the four-year adjusted cohort rate by SY 2010–11, as required in the regulations, it must apply to ED for a waiver by March 2009 to implement the rate at a later time. The secretary may require those states to switch to a more accurate interim rate while they build the necessary capacity. However, since a recently published National Governors Association report surveying state officials found that the overwhelming majority of states will have the data systems in place to report the rate by SY 2010–11,¹⁴ few states should need a waiver.

The Impact of Implementation on States Across the Nation

The impact of these changes in the required graduation rate definition on states across the country will vary widely, depending on how current practices in each state compare to the new requirements. Nineteen states already calculate the NGA Compact rate, which is nearly identical to the required rate; they should be able to make the switch with relative ease. An additional two states report a rate very similar to the NGA rate, and should be able to make the switch with minor tweaks. The remaining thirty states (including the District of Columbia) report rates whose calculations are more significantly different than those of the adjusted cohort rate, and may require more substantial changes in the data collection, reporting, and student classification practices that feed into the determination of that rate.¹⁵

The use of extended-year rates should not be a significant additional burden on states. First, it is not a requirement. Second, since states will already have



the infrastructure and practices in place to capture the necessary data for the four-year adjusted cohort rate, calculating extended-year rates is simply a matter of capturing additional years of data with the existing systems.

Remaining Concerns

An adjusted cohort rate that utilizes longitudinal student data is widely considered the best option for use of a common calculation across all states. And allowing for both four-year and extended-year formulations wisely accounts for students who may take longer to graduate. The secretary’s choice of formulas is commendable, and has been praised by many leaders in the field.

However, an ongoing concern that was not fully addressed by the regulations is how different state exit codes attached to students leaving the school system are applied in the graduation rate formula. The implementation of a common graduation rate is a significant accomplishment. Yet, a “common formula” does not necessarily lead to comparable graduation rates. Of equal importance are the nuanced policies related to treatment of data used in the formula. Exit codes—the categories into which districts classify students who are leaving the system, such as graduate, dropout, transfer, and so on—have a significant impact on graduation rates. Lack of consistency in how exit codes are applied to graduation rate calculations undermines the comparability and reliability of the rate.

For example, although the regulations uphold NCLB’s long-standing requirement that only students who graduate with a regular diploma in the standard period of time can count as graduates, some states have persisted in also including students with alternative diplomas not aligned to regular graduation requirements,¹⁶ or students who did not graduate in the allotted four years.¹⁷ This sort of misapplica-

tion of student outcomes to the formula can produce a severely inflated rate (see “Not Quite Common: Student Exit Codes”).

Not Quite Common: Student Exit Codes

Lack of consistency in how the categories of exiting student outcomes are applied to graduation rate calculations can undermine the comparability and reliability of the rate.

Example 1: Students who leave high school to participate in a GED program. In some states these students are coded as transfers and would be removed from the graduation rate denominator entirely. In other states these students are coded as GED recipients and considered graduates in the formula. In another group of states these students are coded as GED recipients, considered dropouts, and not counted as graduates in the formula.

Example 2: Students for whom there is no data. Students leave school for many reasons, and they do not always tell the school district why they are doing so. As a result, there are many students for whom districts have no status data. The practice in many states has been to code these students as transfers, based on the assumption that they moved to a different school, district, or state, and are enrolled in a degree-granting program. For the purposes of the graduation rate calculation, they simply cease to exist. There is growing consensus that best practice is to code these students as missing students, leaving them in the adjusted cohort. However, some states still count these students as transfers.

The regulations did tighten one area of coding practices by requiring that for any student to be counted as a transfer there must be written confirmation that the student had enrolled in another educational institution that culminates in a regular diploma. However, unless the exit coding requirements are more strictly enforced across the board, misleading practices could continue to undermine the accuracy, consistency, and comparability of the adjusted cohort graduation rate.

Balanced Accountability for Improving Graduation Rates

Changes to the NCLB Accountability Requirements for Improving Graduation Rates

In addition to significant changes to the way in which schools, districts, and states will be required to calculate graduation rates under NCLB, the regu-

lations also alter the role of graduation rates in federal accountability.

- ***The Interaction of Four-Year and Extended-Year Rates:*** As mentioned in the previous section, the regulations allow extended-year rates to be calcu-



lated and reported, at a state’s discretion, but give no clear direction on how four-year and extended-year rates should interact to form the graduation rate indicator used to determine whether a school has made AYP. States will have to propose how that interaction will work. In nonregulatory guidance issued on December 22, 2008,¹⁸ ED suggested two possible approaches that states could adopt. (See “Extended-Year Graduation Rates in AYP” for more detail.) However, since this document is not legally binding, the possibility remains that in the absence of definitive guidelines, proposals that severely weaken accountability could be approved.

- **Targets and Growth Goals:** The secretary decided to allow schools to meet AYP requirements by *either* exceeding a statewide graduation rate goal *or* demonstrating improvement in graduation rates over time. This compromise is a vast improvement over previous policy because it recognizes not only the schools that have already achieved high graduation rates, but also schools that are struggling but improving, and should have an incentive to continue their growth even if they are not yet meeting a high goal.

The goals and growth targets will each be set by the state, with secretarial approval. Every high school will be held to a common statewide goal, while different schools may be held to different growth targets. The regulations state that growth needs to be “continuous and substantial” but offer no definition of that term. This clause seems to be a response to the extremely weak targets set by states in the past, but since the federal government has a history of approving those targets, there is some concern about the lack of specific parameters in states’ goal and target setting.

- **Subgroup Accountability:** One of the most significant improvements made by the regulations is the inclusion of graduation rate accountability for student subgroups. The former policy of only holding schools accountable for the overall graduation rate is changed to instead hold schools accountable for improving the graduation rates of every subgroup in the school. Graduation rates must be disaggregated by race/ethnicity, socioeconomic status, disability status, and English proficiency by SY 2010–11, and will begin to be used for accounta-

bility purposes the following school year. This step is of central importance to the goal of ensuring that every child graduates, and was strongly endorsed by civil rights and school reform advocates. States that receive a waiver to delay the implementation of the four-year adjusted cohort graduation rate will still be held to the same disaggregation timeline with whatever calculation they are using at the time.

Extended-Year Graduation Rates in AYP

Non-regulatory guidance issued by ED suggested—but did not limit to—two possible approaches to incorporating extended year rates into AYP determinations:

1. A state could set separate annual targets (but the same overall goal) for the four-year and extended-year rates. If a school or district met the target or goal for either rate, it would meet its graduation rate requirement for the group or subgroup being examined under AYP. ED expects that states will set more aggressive targets for extended-year rates than for the four-year rate.
2. A state could set goals and a target for a weighted average between the four-year and extended-year rates. For example, a state might assign the four-year rate 80 percent of the weight and the five-year rate 20 percent. If a school’s four-year rate is 62 percent and its five-year rate is 68 percent, its weighted rate would be 63.2%:

$$\text{Weighted Rate} = [(0.8 * 62) + (0.2 * 68)] = 63.2\%$$

If a school or district met the goals or targets for this rate, it would meet its graduation rate requirement for the group or subgroup being examined. ED strongly encourages states to give the predominant weight to the four-year rate.

The Impact of Implementation on States Across the Nation

The impact of these changes in accountability requirements is largely unknown because of the leeway states have been given in determining how to move forward. Until ED approves state proposals on growth goals, graduation rate targets, and the use of extended-year rates for AYP, there will be little clarity on the changes that will need to happen within states to accommodate this section of the regulations. However, since states are already required to report disaggregated graduation rates—even though they are not used for federal accountability—the subgroup accountability provision should not be particularly burdensome to implement.



Remaining Concerns

As noted above, the open-ended allowances for states to set their own accountability policies are worrisome given ED's historical tendency to approve weak proposals. In the absence of language requiring specific high expectations, the significance of the goals and targets adopted by the states will depend on the discretion of ED officials. The secretary did suggest in nonregulatory guidance that many of the appallingly low goals that states have currently set would not be reapproved.¹⁹ Nevertheless, the regulations would be strengthened if the secretary specified high minimum targets and goals. Similarly, the lack of requirements around the setting of different growth targets make it possible for states to set lower targets for lower-performing schools. Nonregulatory guidance indicates that this is clearly not the intention of the clause, but the realization of that intention will once again depend on what ED will be willing to approve.

Another area where the regulations did not sufficiently specify guidelines for state proposals is on the interaction of four-year and extended-year graduation rates in AYP. Given the diversity of possible approaches, ED may have to approve a broad array of complex options, resulting in reduced transparen-

cy and potential confusion. In doing so, ED should at least ensure that proposals follow the secretary's request in nonregulatory guidance that any proposed averaging put the preponderance of weight on the four-year rate. It is also unclear whether states will be proposing options that affect how graduation rates interact with test scores in the overall AYP determination for a school or district. If so, it is imperative that ED approve only those plans that weight graduation rates and test scores equally, so schools have equal incentive to raise test scores and graduate all students, instead of doing one at the expense of the other. How this will play out remains to be seen.

A final concern is with the regulations' inflexibility for alternative schools, dual-enrollment schools, and other high schools that are not designed for students to graduate within four years. North Carolina, for example, has undertaken a statewide initiative called Learn and Earn that already involves sixty high schools that award both a high school diploma and an associate's degree within five years. Learn and Earn is just one of many such successful programs that would be inappropriately judged under the current regulations, which hold every high school accountable for a four-year rate, without exception.

Data and Data Systems

As discussed above, most states, particularly since the NGA Compact in 2005, have endeavored to build statewide longitudinal data systems—especially the components used to collect the data needed to calculate a cohort graduation rate.

Changes to the Collection of Longitudinal Data

Now that the regulations require the use of a cohort rate, *every* state is responsible for developing its data system so that it has the necessary data collection capabilities. This means that every state must develop the capacity to collect this data and have accrued the five years of data needed to calculate the graduation rate by SY 2010–11 or as soon as possible thereafter.

The Impact of Implementation on States Across the Nation

According to the NGA survey, the overwhelming majority of states will have the data necessary for

calculating the four-year adjusted cohort rate by SY 2010–11²⁰—the first year required under the regulations. At the time the regulations were released, only six states did not already have plans to report the NGA rate by 2011. One state planned to do so in 2012; two states already reported similar cohort rates and should not have trouble switching over; and another two did not have plans to report the compact rate in a particular year but have the data system in place to collect the necessary data and calculate a four-year cohort rate by 2011. Idaho is the only state that will not have the capacity to calculate the four-year adjusted cohort rate by 2012, and it does not currently have a timeline for acquiring the necessary data. The impact on states of the data system requirements should be minimal, since in almost all cases the regulations simply codify preexisting state plans.²¹



Remaining Concerns

Only Idaho will have to make major unplanned investments in its data system; all other states are either planning to collect the necessary data or have already done so. Requiring the use of longitudinal

data in calculating graduation rates is a truly positive step away from the former practice in many states of calculating rough graduation rate estimates based on inadequate information.

Implementation Timeline

The following box illustrates the timeline by which states will need to comply with new requirements under the regulations. States granted a waiver will receive an extension of this timeline, the length of

which will be determined on a state-by-state basis. However, these states must still use their interim calculations to report a disaggregated rate for AYP determinations by 2011–12 and each year thereafter.

	Regulatory Requirements by School Year²²			
	2008–09	2009–10	2010–11	2011–12
Calculations for Reporting	Aggregate and disaggregated rates using approved transitional calculation or the four-year cohort graduation rate calculation.		Aggregate and disaggregated rates using the four-year cohort graduation rate calculation.	
Calculations for AYP	Aggregate rate using an approved transitional calculation or the four-year cohort graduation rate calculation and any extended-year rate calculations.			Aggregate and disaggregated rates using four-year cohort rate calculation; may also use extended-year calculations.
Goals and Targets	States may use current goals and targets.	States must have a single goal and one or more growth targets that meet the criteria in the regulations. States may need to change their goal and targets when they begin using the four-year graduation rate for AYP.		



Summary of Issues and Recommendations for Further Action

- **The interaction of four-year and extended-year graduation rates for AYP:** The regulations have left it up to states to propose how their four-year and extended-year rates will factor into AYP determinations. The U.S. Department of Education (ED) will need to be careful in approving state plans to ensure that the role of graduation rates in AYP remains meaningful and transparent.

Recommendation: Federal policy should specify what the interaction of four-year and extended-year rates should be to ensure high standards and transparency, and take appropriate measures to ensure primacy remains on helping most students graduate in four years.

- **Graduation rate goals and growth targets:** The regulations require that states propose goals and growth targets that are “continuous and substantial,” but do not define what counts as meeting that requirement. Given the well-documented tendency for states to propose—and ED to approve—weak graduation rate goals, concern exists that in the absence of specified, high, universal goals and targets, this trend will continue.

Recommendation: Federal policy should set a high, universal graduation goal, such as 90 percent of students graduating in four years, and an aggressive but attainable minimum growth target, such as 3 percentage points per year.

- **Different targets for different schools:** Since the regulations allow states to set different growth targets for different high schools, but fail to specify the circumstances for which this was intended, ED needs to vigilantly ensure that it allows no state to hold lower-performing schools to lower standards.

Recommendation: Federal policy should set a minimum growth target, such as 3 percent, and only allow different targets when they exceed the minimum target.

- **Data systems:** Nearly every state should have the data capacity to calculate a four-year adjusted cohort rate by SY 2010–11, and the overwhelming majority report that they had in fact already planned to do so by that time in accordance with the NGA Graduation Rate Compact.

Recommendation: ED should issue waivers for the implementation of this rate only to the very few states that will actually need it.

- **Accurate exit coding practices:** The enforcement of accurate and transparent coding practices is a prerequisite to the implementation of graduation rates that are accurate and comparable across states. ED must ensure that schools are not improperly excluding students from the graduation rate calculation, or counting as graduates students who do not meet the definition, as has long been the practice in some states.

Recommendation: ED should more strictly enforce adherence to exit coding requirements as they relate to the calculation of graduation rates. Moreover, the secretary should require that each state report a description of every category, code, and the corresponding definitions used to track student status, and a description of how they are used in the calculation of graduation rates.

- **Non-four-year programs:** Some high schools—such as some dual-enrollment, early college, and alternative high schools—are not designed for students to graduate in four years or less. Although ED recognizes the dangers of formalizing lower expectations for certain schools, the reality is that there are a significant number of schools that display high expectations by any commonsense definition but do not typically have many students that receive a diploma within four years.

Recommendation: ED should be able to consider the needs of schools that do not fit the model of a four-year high school while at the same time ensuring that those schools are held to adequate goals and targets.



Conclusion

The evolution of graduation rate policy over the past ten years has been significant. Those graduation rates, hampered by lack of means and interest, that painted wildly misleading pictures of student outcomes in the United States have largely been replaced. The growing acknowledgment that measuring student attainment is of central importance as an indicator of school performance has led to the continued refinement of graduation rate calculations that are accurate, consistent, and comparable across institutions. Though not perfect on this front, the Title I regulations are a culmination of years of effort that represents a drastic improvement over previous federal policy on the calculation of graduation rates.

Going forward, the education community should embrace the work that has been done to this point. It should also continue working to improve the role of graduation rates in the federal accountability system where the regulations made some important strides but also left some open holes. Continued action is critical in order to better drive school improvement, inform resource allocation, and provide support to those who need it, so that every child has the opportunity to graduate prepared for postsecondary education, the modern workplace, and a life of civic engagement.

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Endnotes

¹ Editorial Projects in Education, *Diplomas Count 2008: School to College: Can State P-16 Councils Ease the Transition?* (Bethesda, MD: Editorial Projects in Education, 2008).

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¹¹ E. Klemick, *Implementing Graduation Accountability Under NCLB* (Bethesda, MD: Editorial Projects in Education, 2007).

¹² National Governors Association, Center for Best Practices, *Implementing Graduation Counts: State Progress to Date, 2008* (Author, 2008).



¹³ Title 34 C.F.R. 200.19(b)(1).

¹⁴ *Implementing Graduation Counts*.

¹⁵ *Ibid.*

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¹⁷ *Ibid.*

¹⁸ High school graduation rate nonregulatory guidance, issued by the U.S. Department of Education on December 22, 2008.

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²⁰ *Implementing Graduation Counts*.

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²² High school graduation rate nonregulatory guidance.

The mission of the Alliance for Excellent Education is to promote high school transformation to make it possible for every child to graduate prepared for postsecondary learning and success in life.

The Alliance for Excellent Education is a national policy and advocacy organization, based in Washington, DC, working to improve national and federal policy so that all students can achieve at high academic levels and graduate high school ready for success in college, work, and citizenship in the twenty-first century.

The Alliance has developed a “Framework for Action to Improve Secondary Schools,” that informs a set of federal policy recommendations based on the growing consensus of researchers, practitioners, and advocates about the challenges and solutions for improving secondary student learning.

The framework, shown graphically here, encompasses seven policy areas that represent key leverage points in ensuring a comprehensive, systematic approach to improving secondary education. The framework also captures three guiding principles that apply to all of the policy areas. Although the appropriate federal role varies from one issue area to another, they are all critically important to reducing dropouts and increasing college- and work-readiness.

