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ECONOMIC BOOST: New Alliance Report Examines Economic Impact of Reducing the High School Dropout Rate Among Students of Color

Cutting the high school dropout rate in half among students of color will greatly increase the nation's economic vitality, according to the latest report in the Alliance for Excellent Education's continuing work linking improved educational outcomes to economic returns.

"If the nation's education system does not start serving students of color better today, all Americans will feel the difference in their wallets," said **Bob Wise, president of the Alliance for Excellent Education and former governor of West Virginia**. "That means that for all of us, the best economic stimulus package is a high school diploma."

According to the report, *The Economic Benefits of Reducing the Dropout Rate Among Students of Color in the Nation's Forty-Five Largest Metropolitan Areas*, students of color made up a sizable portion of the estimated 600,000 students who dropped out from the Class of 2008 in the nation's forty-five largest metropolitan areas. Of these students, approximately 113,600 were African American, 200,000 were Latino, 30,800 were Asian American, and 3,750 were American Indian. Cutting the number of these dropouts in half would likely produce vast economic benefits by boosting the spending power of these communities of color and spurring job and economic growth in these regions. The likely contributions that the 300,000 "new graduates" would add to the nation's economy are:

- increased earnings of \$2.3 billion in an average year;
- increased home sales of an additional \$5.9 billion in mortgage capacity over what they would spend without a diploma;
- an additional 17,450 jobs from the increased spending in their local areas;
- an increase in the gross regional product by as much as \$3.1 billion;
- an additional \$1.6 billion spent and an additional \$636.6 million invested each year;
- an additional \$158.6 million spent on vehicle purchases; and
- increased tax revenues of \$249.7 million.

The metro regions would also see increased human capital, with 48 percent of these new graduates likely continuing on to pursue some type of postsecondary education after earning a high school diploma. And these findings represent the economic gains for just one class of dropouts.

Years of data have consistently demonstrated the persistent graduation gap between America's students of color and their peers. The most recent estimate shows that high school graduation

rates for African American, Latino, and American Indian students hover only slightly higher than 50 percent, which is more than 20 percentage points lower than that of their white peers.

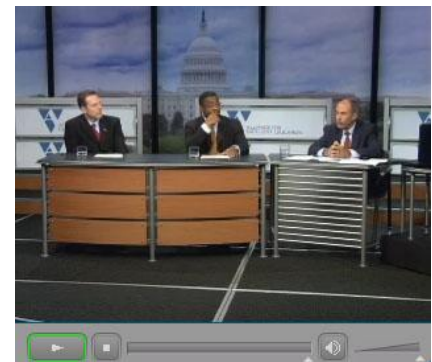
Poor educational outcomes for students of color are especially troubling given Census projections indicating that, by the middle of the century, America will become a minority-majority country in which no single demographic group commands a majority. In 2007, the U.S. Census Bureau estimated that there were slightly more than 299 million people in the United States. Of that total, 66 percent were white, 15.1 percent were Hispanic, 12.3 were African American, 4.3 were Asian, and 0.8 percent were Native American. But by 2050, minorities are projected to make up 54 percent of the U.S. population. Minorities already accounted for nearly half (49 percent) of U.S. births in the year ending July 1, 2009, a record high, according to [data released last month](#).

“Reducing dropout rates among students of color and native students could be one of the keys to righting our economy,” said **Michael Wotorson, executive director of the [Campaign for High School Equity](#)**. “Increasing the earning, investing, and purchasing power of these potential graduates would dramatically improve the economy at every level. Large metropolitan areas cannot recover and sustain economic health without seeing every high school student, regardless of zip code or race, through to graduation.”

The economic model used to generate *The Economic Benefits of Reducing the Dropout Rate Among Students of Color in the Nation’s Forty-Five Largest Metropolitan Areas* was developed by the Alliance for Excellent Education with the generous support of State Farm® and in partnership with Economic Modeling Specialists Inc.

The report includes detailed findings for each of the forty-five largest metropolitan areas in the United States: Albuquerque, Atlanta, Austin, Baltimore, Boston, Charlotte, Chicago, Cleveland, Colorado Springs, Columbus, Dallas-Fort Worth-Arlington, Denver, Detroit, El Paso, Fresno, Honolulu, Houston, Indianapolis, Jacksonville, Kansas City (MO), Las Vegas, Los Angeles-Long Beach, Louisville, Memphis, Miami, Milwaukee, Minneapolis, Nashville, New York City, Oklahoma City, Omaha, Philadelphia, Phoenix-Mesa, Portland (OR), Sacramento, San Antonio, San Diego, San Francisco-Oakland, San Jose, Seattle, Tucson, Tulsa, Virginia Beach, Washington, DC, and Wichita.

The Alliance released the findings from the report during a webinar on July 7 and featured Alliance President Bob Wise, Michael Wotorson, **Richard Wells, vice president for partner-driven programs at the [America’s Promise Alliance](#)**, and **Mike Fernandez, vice president of corporate communications and external relations at State Farm®**. (Click on the image to the right to watch video or download audio from the webinar).



For more information and specific statistics on how lowering the high school dropout rate among students of color can increase economic growth in each of the metropolitan areas included in the study, please visit http://www.all4ed.org/publication_material/EconMSAoc.

Webinars, Webinars Everywhere: With Archived Video You Can Watch

On June 15, the Alliance held the first in its series of interactive webinars, “What’s Happening in Washington, DC on Education Reform.” The hour-long webinars consist of a short presentation on the subject of the day, followed by a question-and-answer session with webinar participants.

The June 15 webinar focused on the reauthorization of the Elementary and Secondary Education Act (ESEA), currently known as No Child Left Behind. It included a presentation by Alliance President Bob Wise on the Obama administration’s blueprint for ESEA reauthorization, as well as an update on recent congressional hearings on the subject. (To watch video from the webinar, click on the image above).



On July 1, the Alliance held its second webinar, which featured **Ann Whalen, special assistant to U.S. Secretary of Education Arne Duncan**, and Alliance **Vice President of Federal Advocacy Phillip Lovell**. Whalen and Lovell discussed the role that School Improvement Grants (SIG) can play in turning around the nation’s lowest-performing schools, including the two thousand lowest-performing high schools. They also talked about the four school turnaround models included in the Obama administration’s blueprint, unique difficulties facing rural schools, and the stimulus bill. (Click on the image to the right to watch video from the webinar).



LOG ON: New Alliance Publications Examine How Online Learning Can Help in Overcoming Three Major Educational Challenges in Each State

New state profiles from the Alliance for Excellent Education examine how three educational challenges—global skill demands versus educational achievement, tight state budgets, and looming teacher shortages—play out in each state and detail to what degree a state is using online technology to help overcome them.

The profiles, “Online Learning: Addressing Challenges and Seizing Opportunities,” are a supplement to an earlier—and now updated—Alliance report, *The Online Learning Imperative: A Solution to Three Looming Crises in Education*. The report, written by Alliance President Bob Wise, argues that state and local public officials are faced with stark realities that will force major changes in traditional education processes, especially for middle and high schools. This educational “perfect storm” includes:

- **Global skill demands vs. educational achievement.** At present, the nation cannot meet increasing national goals for college completion without dramatically improving the quality of learning in secondary schools. Improving high school graduation rates alone will not result in achieving much greater postsecondary achievement unless students are better prepared in high school.
- **The funding cliff.** The current recession will not permit continued education spending increases for most states. As a result, state policymakers and education leaders are challenged with public demands for improved student performance while dealing with tightening budgets.

- **Looming teacher shortages.** Placing high-performing teachers in thousands of low-performing classrooms becomes even more difficult due to large-scale retirements of experienced teachers in the coming years as well as low retention rates for new educators.

“Just as the internet has transformed how people receive information, interact with each other, and conduct business, online-learning opportunities can positively revamp how students learn and teachers teach, whether it’s through advanced course work for students, online instructors to address staffing shortages, or educational tools for teachers and students,” said Wise.

In addition to examining how these challenges play out in each state, the state profiles summarize the degree to which each state has embraced online-learning opportunities. For example, each state’s profile examines the kind of access its students and teachers have to computers and the internet and compares that to the average for the United States. Also highlighted is whether students and teachers in each state have access to online-learning opportunities such as virtual schools and other online programs.

“Whether offered through a completely virtual school or a traditional high school classroom, online learning is a smart investment for states facing budget dilemmas,” Wise said. “If there is a shortage of qualified or specialized teachers, technology can help fill the gaps by granting students access to effective teachers in a neighboring county, state, or even another country. Teachers can also tap into professional development opportunities outside their geographic area, build networks of peer support, and connect with experts and other online resources.”

The state profiles also summarize whether each state’s policy infrastructure nurtures online learning for students and teachers in the form of computer-based assessments, technology literacy, and other policies. Finally, they examine to what degree federal policy supports online-learning opportunities in each state through federal grants.

“Education has trailed most other sectors in effectively applying new technologies to boost productivity and outcomes,” Wise said, “but now is the time to move from thinking about technology as an add-on tool to ensuring that it is integrated into all educational settings.”

During an Alliance webinar on July 8, panelists discussed how creative educators are using technology to better meet the needs of students and teachers. The webinar featured Bob Wise; **Allison Powell, PhD, vice president at International Association for K–12 Online Learning; Barbara Treacy, director of EdTech Leaders Online at the Education Development Center; and Lori Westhoff, principal of Humboldt High School in Humboldt, Iowa.** (To watch video or download audio from the webinar, click on the image to the right).



The “Online Learning: Addressing Challenges and Seizing Opportunities” state profiles are available at http://www.all4ed.org/publication_material/OnlineLearningStateProfiles.

The Online Learning Imperative: A Solution to Three Looming Crises in Education is available at <http://www.all4ed.org/files/OnlineLearning.pdf>.



TRANSFORMING THE HIGH SCHOOL EXPERIENCE: New MDRC Report Examines How New York City's Small Schools Are Boosting Student Achievement and Raising Graduation Rates

A new report from MDRC, a nonprofit, nonpartisan education and social policy research firm in New York City, finds that “small high schools of choice” in New York City increase students’ likelihood of earning credits, progressing through school, and graduating in four years with Regents diplomas.¹ According to the report, *Transforming the High School Experience: How New York City’s New Small Schools Are Boosting Student Achievement and Graduation Rates*, students attending these schools had a 68.7 percent on-time graduation rate, compared to 61.9 percent of students who did not.

“When the nation’s attention is focused squarely on turning around failing urban high schools, this study provides the first reliable evidence that transformation at scale within a large, urban public school system is possible,” said **Gordon Berlin, MDRC president**. “Serving low-income students of color, two-thirds of whom were far behind grade level as entering ninth graders, these small schools of choice are having important effects on student engagement, grade-to-grade progression, and graduation rates, nearly all of which was driven by an increase in Regents diplomas, and with scores that demonstrate evidence of college readiness—something we haven’t seen elsewhere. These results underscore the historic nature of the small schools work undertaken in New York City and its implications for reforming failing high schools in other communities.”

Beginning in 2002, New York City has closed more than twenty failing high schools and opened more than two hundred new secondary schools while implementing a centralized high school admission process in which approximately 80,000 students a year indicate their school preference from a wide-ranging choice of programs. By 2008, twenty-three high schools with graduation rates below 45 percent were closed while 216 new small schools had opened.

Of the new schools, thirty-eight were “general” high schools that were small and academically selective, twenty-one were small, personalized, full-time schools designed to help over-age and undercredited students overcome obstacles to graduation, one was a “specialized” high school that serves students who are high-performing academically and/or artistically, and 123 were “small schools of choice,” or SSCs.

The report focuses its attention on SSCs. It is careful to point out that SSCs are small not only in size but also in function. “Structures such as reduced teacher load and common planning time—in which teachers meet together to discuss their students’ progress and problems—were recommended to ensure that all students were known well and to promote strong, sustained relationships between students and teachers,” the report reads.

There are four other essential features the report identifies in each of the SSCs. First, they serve predominately disadvantaged communities whose neighborhood high schools were closing. Second, they are established via a “demanding and competitive proposal process” that emphasizes the common design principles of academic rigor, personalization, and community

¹ The report defines small high schools of choice as small, academically nonselective, public high schools that are accessible to students of all academic levels.

partnerships. Third, SSCs enjoy an infusion of outside resources in the form of new principals and teachers, partnerships with intermediary organizations with experience in starting new schools, and start-up funding from the district and its philanthropic partners. Finally, SSCs have certain policy protections during their start-up period, including opening with only one founding grade of students (ninth grade) and having access to “supports to facilitate procurement and hiring” such as special training for school principals and teachers; an amendment to the collective bargaining agreement, which gives principals more hiring discretion; and the conversion from a management system of regional offices to one in which schools have greater control over their budgets and educational programs.

According to the report, New York City introduced a centralized choice process in the spring of 2004 that governs the placement of all entering ninth-grade students called the High School Application Processing System (HSAPS). Annually HSAPS uses an objective, computer-based process to assign about 72,500 entering ninth graders to about four hundred public schools. Specifically, eighth graders who participate in HSAPS indicate, in order of preference, up to twelve high schools they would like to attend. Each year, some schools have more applicants than seats available. When an SSC is oversubscribed, a lottery is created within HSAPS that randomly determines which students are assigned to that school. The MDRC report uses data from this process to identify a sample of students who choose SSCs, but were assigned via lottery to that school or to a subsequent choice on their list. Its analysis includes four groups of students—those who entered high school in the fall of 2005, 2006, 2007, and 2008—for a total of 21,085 students who applied to the 105 SSCs that were oversubscribed, and for which lotteries were held.

At the end of ninth-grade year, 73.1 percent of students, on average, who enrolled in SSCs had earned ten or more credits, compared to 62.3 percent of students who enrolled in other schools. They were also 7.8 percentage points less likely to fail more than one core subject and 10 percentage points more likely to be on track to graduate in four years.

The report notes that these positive effects on the transition into high school were seen among nearly all subgroups as defined by students’ academic proficiency, socioeconomic status, race/ethnicity, and gender. The positive effects continued into the second year of high school, during which 69.4 percent of second-year SSC enrollees had earned twenty or more credits toward graduation compared to 58.3 percent of nonenrollees. SSCs also increased students’ engagement, as evidenced by the increase in the percentage of tenth-grade students who attended school “regularly,” defined as 90 percent of the time (55.2 percent for SSC students versus 49.0 percent for non-SSC students). That progress carried through into the eleventh grade where SSC students were 8.1 percentage points more likely to attend school regularly.

According to the report, these improvements in students’ academic progress and school engagement in grades nine through eleven translate into higher rates of on-time graduation. It finds that 68.7 percent of SSC enrollees graduate from high school, compared to 61.9 percent for students who attend schools other than SSCs. SSCs also increase the proportion of students (by 5.3 percentage points) who passed the English Regents exam with a score of 75 or higher—the point at which incoming students at the City University of New York are exempted from remedial courses.

When at full capacity, the 105 SSCs in the study sample will serve over 45,000 students, which, the report notes, is roughly equivalent to the entire high school population of Houston, the nation's seventh largest school district. "Readers should understand the magnitude of the present report's findings in that context," the report reads. "Imagine, *for a school district the size of Houston*, increasing the percentage of ninth graders who are eligible for on-time promotion by 10.8 percentage points, the percentage of black males in ninth grade who are on track to graduate by 8.5 percentage points, or the percentage of high school graduates by 6.8 percentage points."

The report is careful to point out that the schools included in its analysis are not the best or most popular of the SSCs in New York City, but 105 schools on average. It also notes that students enrolled in SSC did not just attend schools that were *small*. "SSC enrollees attended schools that were purposefully organized around smaller, personalized units of adults and students, where students had a better chance of being known and noticed, and where teachers knew enough about their charges to provide appropriate academic and socioemotional supports," the report reads. SSCs are not only new but are mission-driven and benefit from the four essential features noted earlier in this article.

Policymakers or educators looking to duplicate New York City's reforms should consider them as a package of integrated reinforcing strategies, the report cautions. It notes the effects are not simply the result of closing low-performing schools or of creating SSCs, but rather a "purposeful marriage of the two strategies supported by the implementation of several enabling reforms." The report urges that as much attention be paid to how these reforms were operationalized as to what was conceptualized.

"Closing the failing schools would likely not have been singularly effective without the intentional creation of a range of viable alternative options to educate the displaced students," the report reads. "Similarly, the creation of new schools would likely not have gained the traction it did without the introduction of a districtwide choice process that motivated previously underserved students and their families to explore their high school options and exercise choice. Thus, while this study provides compelling evidence in support of a particular small school model, that model cannot be understood as existing in isolation but rather as one integral component of a comprehensive and coordinated set of district reforms."

The report cautions that the results it found are "uniformly encouraging," but still early. Only one of the student subgroups has been followed through high school and up to graduation. As a result, the full effects of New York City's high school reform initiative will not begin to be revealed until the remaining three classes of students graduate from high school and go into postsecondary education and the labor market.

The complete report is available at <http://www.mdrc.org/publications/560/overview.html>.

Straight A's: Public Education Policy and Progress is a biweekly newsletter that focuses on education news and events in Washington, DC and around the country. The format makes information on federal education policy accessible to everyone from elected officials and policymakers to parents and community leaders. The Alliance for Excellent Education is a national policy and advocacy organization that works to improve national and federal policy so that all students can achieve at high academic levels and graduate from high school ready for success in college, work, and citizenship in the twenty-first century. For more information about the Alliance, visit <http://www.all4ed.org>.