



# Straight A's

Public Education Policy And Progress



## **SHOW ME THE MONEY: Alliance Analysis Finds That States Could Generate Millions More in Wages by Raising High School Graduation Rates**

Improving state high school graduation rates could produce significant wage increases, resulting in healthier state economies, according to calculations by the Alliance for Excellent Education. Indeed, some states could see earnings increases of \$100 million or more if they could halve the percentage of students who do not finish high school in four years, the Alliance's analysis found.

“There is an important connection between a state's high school graduation rate and its economic vitality,” said **Bob Wise, president of the Alliance for Excellent Education and former governor of West Virginia**. “Workers with high school diplomas qualify for higher wages. And businesses benefit because they can hire an entry-level workforce prepared to be more productive.”

According to the U.S. Department of Commerce, the American worker can expect the following average annual salary, based on education level:

- high school dropout: \$19,000
- high school graduate with no postsecondary education: \$26,200
- associate's degree: \$33,400
- bachelor's degree: \$42,200
- master's degree: \$52,300
- doctoral degree: \$70,700
- professional degree: \$81,500

To determine how much additional money a state would gain by a 50 percent decrease in the percentage of students who do not finish high school in four years, the Alliance used data from the Common Core of Data from the National Center for Education Statistics, research from **Jay Greene of the Manhattan Institute**, and the average salary figures listed above.<sup>1</sup> Comparisons are drawn between those who achieve only a high school diploma, those who go on to earn some postsecondary education, and those who earn a bachelor's degree.

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<sup>1</sup> In making its calculations, the Alliance took the number of students who entered ninth grade in 1998 from the National Center for Education Statistics' Common Core of Data to establish a baseline. Then, assuming a four-year high school program that would make them potential graduates in 2002, the Alliance used Greene's graduation rate data from the class of 2002 to determine the number of additional students who would graduate if the percentage of students of who did not finish high school in four years was reduced by 50 percent. Finally, the increased number of graduates was multiplied by three different dollar figures based on the average salary figures from the U.S. Department of Commerce.

## Alliance Analysis Finds That States Could Generate Millions More in Higher Wages by Raising High School Graduation Rates

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For example, in 1998, California had 468,162 ninth-grade students, according to the Common Core of Data, and four years later showed a 67 percent graduation rate for that class. Consequently, 33 percent, or 154,493 students from that class, did not graduate in four years. If half of those students (77,247) did get a high school diploma, they would each earn \$7,200 in additional wages over a high school dropout, and California would see a total increase of \$556,178,400 in earnings. The wage calculation is very conservative because it does not assume any increased economic activity—it is likely that even more money could result from increased wages.

### A Snapshot of Selected Other States

State	Graduation Rate	Percent Not Graduating in Four Years	Increase in Earnings with High School Diploma	Increase in Earnings with Some Postsecondary Education	Increase in Earnings with Bachelor's Degree
Alabama	58%	42%	\$94,838,688	\$189,677,376	\$305,591,328
California	67%	33%	\$556,178,400	\$1,112,352,912	\$1,792,124,136
Colorado	72%	28%	\$58,731,120	\$117,462,240	\$189,244,720
Florida	59%	41%	\$316,541,484	\$633,082,968	\$1,019,967,004
Illinois	74%	26%	\$151,141,536	\$302,283,072	\$487,011,616
Iowa	85%	15%	\$22,000,140	\$44,000,280	\$70,889,340
Louisiana	63%	37%	\$85,333,248	\$170,666,496	\$274,962,688
Massachusetts	75%	25%	\$67,201,200	\$134,402,400	\$216,537,200
Michigan	78%	22%	\$105,256,008	\$210,512,016	\$339,158,248
New York	64%	36%	\$321,300,432	\$642,600,864	\$1,035,301,392
North Carolina	67%	33%	\$129,193,812	\$258,387,624	\$416,291,172
Ohio	78%	22%	\$121,158,576	\$242,371,152	\$390,399,856
Pennsylvania	80%	20%	\$107,393,760	\$214,787,520	\$346,046,560
Texas	68%	32%	\$404,055,936	\$808,111,872	\$1,301,958,016
Washington	72%	28%	\$85,812,048	\$171,624,096	\$276,505,488

“A third of our students are not graduating from high school, and another third are graduating without the necessary skills to succeed in college or in the workplace. We face a real crisis in this country,” Wise says. “Implementing programs that promote high school graduation is a shrewd investment by any state. The gains realized include higher employment, better wages, and a healthier state economy.”

The complete chart with results for each state is available at [http://www.all4ed.org/press/pr\\_040405.html#Chart](http://www.all4ed.org/press/pr_040405.html#Chart).



## **CONFRONTING THE DROPOUT CRISIS IN CALIFORNIA: Conference Convenes Researchers on Dropouts, Hopes to Inform a Public That Is “Largely Unaware” of the Problem**

California’s misleading and inaccurate reporting of dropout and graduation rates has left the public “largely unaware of this educational and civil rights crisis,” according to a report that emerged from a recent conference, “Dropouts in California: Confronting the Graduation Rate Crisis.” Convened in March by the Civil Rights Project at Harvard University, the conference highlighted the fact that California reports a robust 87 percent graduation rate while in fact only 71 percent of California high school students graduated in 2002, and graduation rates for blacks (57 percent), Latinos (60 percent), and Native Americans (52 percent) were much lower.

Summarizing graduation rates from multiple researchers who appeared at the conference, the report provides an in-depth look into graduation rates at the state, district, and school levels. At the state and district levels, **Chris Swanson of the Urban Institute** used his Cumulative Promotion Index (CPI)<sup>2</sup> to determine the state graduation rates listed above. He found that graduation rates among male minority students were even lower—50 percent for black students, 54 percent for Latino students, and 46 percent for Native American students. White students graduated at a rate of 78 percent. Swanson also examined California’s ten largest school districts and found graduation rates that ranged from a high of 93.9 percent, for San Juan Unified School District (USD), to a low of 45.3 percent for Los Angeles USD, the second largest school district in the country.

Researchers at Johns Hopkins University have developed a method for analyzing data and identifying high- and low-performing high schools.<sup>3</sup> Led by **Robert Balfanz**, the researchers used school-level data to analyze the rate at which students are able to pass from grade to grade. These calculations allow them to identify California’s “dropout factories” in addition to those schools that beat the odds and graduate a higher than expected percentage of their students.

Under the Hopkins method, schools with high percentages of successful passage to the next grade are labeled as having “high promoting power.” Alternatively, schools that struggle to keep minority students in attendance and experience high rates of dropouts have “low promoting power.” According to Balfanz, schools have “low promoting power” if the freshman class shrinks by 40 percent or more by the time students reach their senior year.

In two-thirds of California’s high schools, Balfanz says, graduation is not the norm—at least 60 percent of the freshman class will no longer be in school by what should have been their senior year. In these schools, 40 percent or more of students are eligible for free or reduced price

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<sup>2</sup> The CPI method is based on the “combined average success of groups of students moving from ninth grade to tenth grade, from tenth grade to the eleventh grade, from eleventh grade to twelfth grade, and from twelfth grade to graduation, at the district and state level.” This method “allows comparisons across years, districts and states” and is “useful for determining which subgroups experience the greatest difficulty of graduating from high school and whether progress in improving high school completion rates is being achieved.” More information on the CPI method is available at [http://www.urban.org/UploadedPDF/900794\\_who\\_graduates\\_CA.pdf](http://www.urban.org/UploadedPDF/900794_who_graduates_CA.pdf).

<sup>3</sup> Using data compiled by the NCES, Hopkins researchers measured the “promoting power” of ten thousand regular and vocational high schools with enrollments of more than three hundred students. Information on the report detailing their findings is available at <http://www.all4ed.org/publications/StraightAs/Volume4No13.html#Locating>.

## Confronting the Dropout Crisis in California (Continued from p. 3)

lunches, but less than half of these schools receive Title I funding. (Nationwide, only 5 percent of high schools receive Title I funding.) He also reports that black and Latino students are three times more likely than white students to attend one of these high schools, and are only half as likely to attend schools where graduation is nearly a given (schools where only 10 percent of a freshman class is lost by the senior year).

“Large urban school districts in California have become ‘dropout factories,’” said **Gary Orfield, director of Harvard University’s Civil Rights Project**. “The economic and social impacts of this dropout crisis are too enormous for Californians to ignore. The State must make schools accountable for graduating their students and provide resources to help students whose careers would be wrecked by leaving school.”

The conference also featured the work of **Julie Mendoza of UC ACCORD**, an interdisciplinary, multicampus research center devoted to a more equitable distribution of educational resources and opportunities in California’s diverse public schools and universities. In her work, Mendoza found a 48 percent graduation rate among minority students in Los Angeles, but also discovered that most of the students who do not finish high school leave between the ninth and tenth grades.

In the Los Angeles USD, where 71 percent of students are Latino, only 41 percent of the district’s ninth-grade Latino students stayed in school long enough to reach the twelfth grade. Even if a black, Latino, or American Indian student managed to graduate from high school, the odds are that the high school had not adequately prepared him or her for college. In fact, Mendoza discovered that quite a few high schools in the top ten in graduation rates had large percentages of minority students who did not successfully complete the requirement to enroll in any of the state’s four-year universities.

### Top 5 LAUSD High Schools by Minority Graduation Rate

Rank	High School Name	Percentage of Minority Ninth Graders, Fall 1999	Percentage of Minority High School Graduates, Spring 2002	Percentage of Minority Graduates Who Are “College-Ready”
1	Los Angeles Center for Enriched Studies	100%	79%	71%
2	Sherman Oaks	100%	77%	26%
3	Eagle Rock	100%	71%	41%
4	Bravo Medial Magnet	100%	70%	19%
5	King/Drew Medical	100%	70%	70%

**Source:** *Confronting the Graduation Rate Crisis in California*, Harvard University Civil Rights Project.

“California’s failure to graduate so many of its students is a tragic story of wasted human potential and tremendous economic loss,” the report reads. “When high numbers of youth leave school ill-prepared to contribute to our labor force and to civil life, our economy and our democracy suffer. Life opportunities for these youth and for their offspring are dramatically curtailed.”

In addition to the cost in human potential, research from **Russell Rumberger of the University of California at Santa Barbara** demonstrates that dropouts are an enormous economic loss to the state. But, Rumberger noted, dropouts cost the state in many other ways—through increased welfare, more dependence on public health care, and higher crime and incarceration rates. In fact, 68 percent of all state prison inmates did not graduate from high school. For the 66,657 students that California reported as dropouts in 2002–04, Rumberger estimates that the state will see 1,225 additional state prisoners, spend \$73 million in additional incarceration costs, and lose \$14 billion in state and national income.

With a national graduation rate of 68 percent and a college readiness rate of 34 percent, according to Jay Greene, no state in the nation is isolated from the crisis that is affecting California’s high schools. Every year, 1.3 million students do not graduate with their peers. That means that every school day our country loses 7,000 students. These young people live in our cities, suburbs, and rural areas, and reflect all income levels.

*Confronting the Graduation Rate Crisis in California* is available at <http://www.civilrightsproject.harvard.edu/research/dropouts/dropouts05.php>.

The Alliance has compiled other state-by-state information, including teachers’ salaries, graduation rates, college readiness, and academic achievement, which is available at [http://www.all4ed.org/press/pr\\_022205.html](http://www.all4ed.org/press/pr_022205.html).



### **A CITY AT RISK: New Research Identifies Sixth-Grade “Risk Factors” That Can Predict Future High School Dropouts in Philadelphia**

Almost half of the students who ultimately drop out of Philadelphia high schools can be identified as early as the sixth grade, according to research by the Philadelphia Education Fund in conjunction with Johns Hopkins University. The research found that a student displaying any one of four risk factors—**attendance below 80 percent, poor behavior, a failing math grade, and a failing English grade**—has, at best, *only a 10 percent chance* of graduating from high school on time, and only a 20 percent chance of graduating one year late.

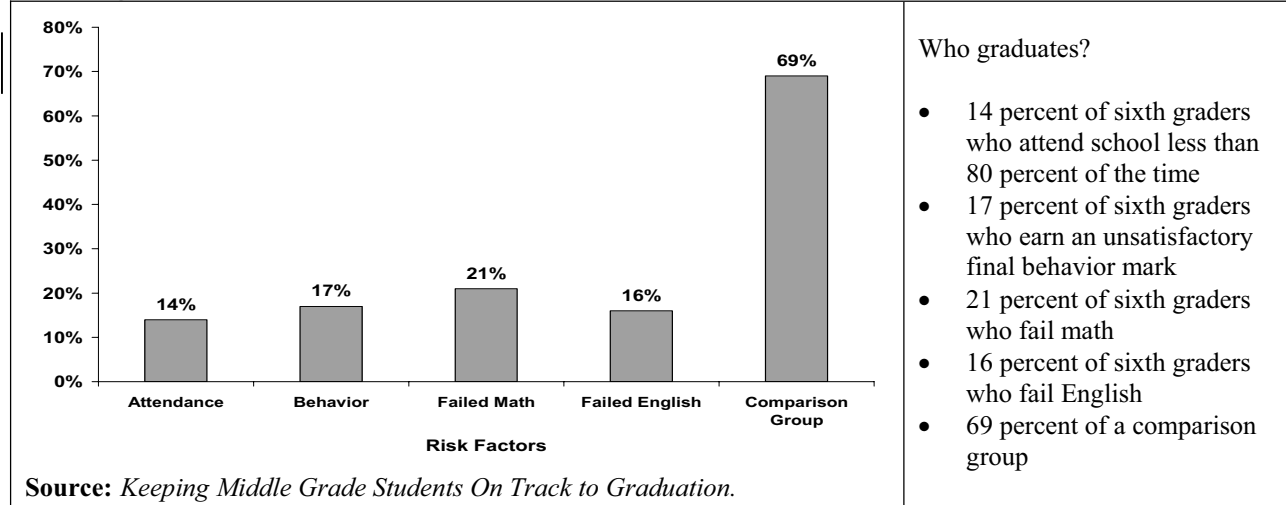
“As early as the sixth grade, you can identify kids at risk and who won’t graduate unless something is done,” said Robert Balfanz of Johns Hopkins, the coauthor of the study along with **Liza Herzog of the Philadelphia Education Fund**. “They’re just starting to fall off track, and there’s time to pull them back in.”

About 3,500 of the Philadelphia School District’s 11,000 sixth graders in the 1996–97 school year had one or more of the risk factors. In addition to facing extremely long odds against receiving their diploma, these students also scored poorly on the Pennsylvania System of School Assessment (PSSA), became overage in the middle grades, and became ninth-grade repeaters—often for several years. As the chart on page six demonstrates, very low percentages of sixth graders with just one risk factor graduated on time or with one extra year. Meanwhile, 69 percent of students in the comparison group graduated on time. The comparison group represents sixth graders with 90 percent or higher attendance, excellent behavior, passing grades in English and math, and scores at or above basic on the fifth-grade PSSA for math and reading.

## A City at Risk (Continued from p. 5)

According to Balfanz and Herzog, “intervening early and getting students back on track will not only decrease the dropout rate, but will have positive impacts on middle grade and high school test scores, attendance, and overall school climate.” They note that students who enter high school two or more years behind grade level in math and literacy have only a fifty-fifty chance of on-time promotion to the tenth grade. More information is available at <http://www.philaedfund.org/>.

**Percentage of Sixth Graders Who Graduate on Time or Within One Extra Year Given Certain “Risk Factors”**



## **OVERVIEW OF 2005 SMALLER LEARNING COMMUNITIES ACTIVITIES: U.S. Department of Education Announces Special Competition to Evaluate Supplemental Reading Programs Targeted at “Striving Readers”**

This spring, the U.S. Department of Education’s Office of Vocational and Adult Education (OVAE) is administering two competitions under the Smaller Learning Communities (SLC) program. The first is a special competition that will fund a national evaluation of supplemental reading programs in freshman academies. The second will award SLC grants using new requirements and selection criteria.

The special competition, which the department has dubbed “Enhanced Reading Opportunities” (ERO), will serve as the national research evaluation of supplemental reading programs. Through the competition, OVAE will award ten to twelve SLC grants to local educational agencies that apply on behalf of two to four large public high schools that are implementing freshman academies. Each school will be able to receive up to \$1,250,000 per high school to support SLC activities, plus the implementation of a supplemental reading program in each school. School districts can apply on behalf of eligible high schools whether they are current SLC grantees, have previously received SLC funding, or have never received any funding through the SLC program. ERO will test the effectiveness of two supplemental literacy interventions targeted to “striving ninth-grade readers,” or students with reading comprehension skills that are two to four years below grade level and who are enrolled in freshman academies. The interventions will include direct classroom instruction, reading materials that are targeted to adolescents, ongoing student assessments, and professional development for teachers.

A panel of literacy experts from across the country selected the two supplemental literacy programs that will be evaluated: Reading Apprenticeship for Academic Literacy, developed and supported by WestEd; and the Strategic Instruction Model, developed and supported by the Center for Research on Learning at the University of Kansas.

The deadline for transmittal of applications for the special competition is May 16, 2005.

The second SLC competition will award grants to school districts applying on behalf of large public high schools to create and expand SLC structures and strategies. This year, the U.S. Department of Education is proposing to increase the amount of time schools can undertake SLC grant-funded activities—from three years up to five years—and to increase the maximum amount of funds available per grant—from \$550,000 per high school to \$1,175,000 per high school. School districts can apply on behalf of eligible high schools that have not yet received an SLC grant, or that received an SLC grant in 2000 and have now completed their SLC project.

A notice of final priorities and a notice inviting applications for the second SLC competition are expected to be published this month.

More information on the special competition, the supplementary reading programs that will be the focus of this evaluation, and updated information on the reading competition and the general SLC competition, which will be announced in a few weeks, is available on the SLC website at [www.ed.gov/programs/slcp/applicant.html](http://www.ed.gov/programs/slcp/applicant.html).

#### **Secretary Spellings Announces “A New Path” for NCLB**

Last week, U.S. Secretary of Education Margaret Spellings announced a new approach to implementing the No Child Left Behind Act that will give states additional alternatives and flexibility if they can show they are raising student achievement and closing the achievement gap. While the new guidelines, *Raising Achievement: A New Path for No Child Left Behind*, are a comprehensive approach to implementing the law, Spellings stressed that the “bright lines of the statute”—annual testing, reporting results by student subgroups, and highly qualified teachers—are not up for negotiation.

“Think of this new policy as an equation,” Spellings said. “The principles of the law, such as annual testing and reporting of subgroup data, plus student achievement and a narrowing of the achievement gap, plus overall sound state education policies, equal a new, common sense approach to implementation of No Child Left Behind. In other words, it is the results that truly matter, not the bureaucratic way that you get there. That’s just common sense, sometimes lost in the halls of the government.”

The new guidelines include the four key principles of NCLB: ensuring that students are learning; making the school system accountable; ensuring information is accessible and parents have options; and improving teacher quality.

More information on the new guidelines, including the secretary’s speech and fact sheets on the new policy and No Child Left Behind, is available at <http://www.ed.gov/news/pressreleases/2005/04/04072005.html>.

**Straight A’s: Public Education Policy and Progress** is a biweekly newsletter that focuses on education news and events both in Washington, D.C., 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 nonprofit organization working to make it possible for America’s secondary school students to achieve high standards and graduate prepared for college and success in life.



ALLIANCE FOR  
EXCELLENT EDUCATION

1201 Connecticut Ave., NW  
Suite 901  
Washington, DC 20036

Phone 202 828-0828  
Fax 202 828-0821  
Alliance@all4ed.org  
www.all4ed.org

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**Bob Wise**  
President

**Jason Amos**  
Editor

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First Class Mail  
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Woodbridge, VA

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